

POLICY ON RELATED PARTY TRANSACTIONS

1. PREAMBLE

The Company is committed to upholding the highest ethical and legal conduct in fulfilling its responsibilities and recognizes that related party transactions can present a risk of actual or apparent conflict of interest, of the Directors, Senior Management etc. with the interest of the Company.

The Board of Directors (the "Board") of Panama Petrochem Limited (the "Company") adopts the following policy and procedures with regard to Related Party Transactions (RPT) as defined below, in compliance with the requirements of Section 188 of the Companies Act 2013 and Rules made thereunder (the "Act"), SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the "Listing Regulations") and any subsequent statutory amendments/modifications thereto in order to ensure transparency and procedural fairness of such transactions.

2. PURPOSE

This policy aims to chart out procedures to ensure that the transactions with related parties are fair and true in terms of the applicable laws.

Further, this policy intends to establish transparency in the approval process and disclosure requirements in order to achieve fairness in the conduct of related party transactions.

3. DEFINITIONS

"Act" shall mean the Companies Act, 2013 and the Rules framed thereunder, including any modifications, amendments, clarifications, circulars or re-enactment thereof.

"Arm's Length basis" means a transaction between two related parties that is carried out as if they were unrelated, so that there is no conflict of interest. For determination of Arm's Length basis, guidance may be taken from provisions of Transfer Pricing under Income Tax Act, 1961.

"Associate Company" shall have the same meaning as defined under Section 2(6) of the Companies Act, 2013 and rules made thereunder.

"Audit Committee" or "Committee" means "Audit Committee" of the Board of Directors of the Company.

"Board of Directors" or "Board" means the Board of Directors of the Company.

"Company" means Panama Petrochem Limited.

“Key Managerial Personnel” means Key Managerial Personnel; of the Company in terms of Section 2(51) Companies Act, 2013 and the Rules made thereunder.

“Policy” means Related Party Transaction Policy of the Company.

“Related Party” shall have the same meaning as described to it in SEBI Listing Regulations, the Companies Act 2013, and under the applicable accounting standards, including all amendments and modifications thereof from time to time.

“Related Party Transaction” shall have the meaning as described to it in SEBI Listing Regulations and the Companies Act 2013, including all amendments and modifications thereof as applicable to the Company from time to time.

“Relatives” shall have the same meaning as defined under section 2(77) of the Companies Act, 2013, and the rules made thereunder.

“Material Related Party Transaction” a transaction with a Related Party shall be considered material if the transaction / transactions to be entered into individually or taken together with previous transactions during a financial year, exceeds Rs. One Thousand Crore or ten percent of the consolidated annual turnover as per the last audited financial statements of the Company, whichever is lower.

“Material Modifications” will mean and include any further modifications in the monetary value of the related party transactions resulting in a variance of 20% or more from the existing limit as previously sanctioned by the Audit Committee/Board/Shareholders, as the case may be.

4. POLICY

Each director and Key Managerial Personnel is responsible for providing a prior notice to the Board or Audit Committee of any potential Related Party Transaction involving him or her or his or her Relative, including any additional information about the transaction that the Board/Audit Committee may reasonably request.

5. REVIEW AND APPROVAL OF RELATED PARTY TRANSACTIONS

Audit Committee:

Every Related Party Transaction and subsequent material modifications shall be subject to a prior approval of the Audit Committee, provided only those members of the Audit Committee, who are independent directors, are entitled to approve such related party transactions.

The Audit Committee shall annually grant omnibus approval subject to an estimated value of Related Party Transactions, proposed to be entered into by the Company which are repetitive in nature, are in the ordinary course of business and on an Arm’s Length basis, while simultaneously are in compliance with the conditions contained in regulation 23 of the Listing Regulations and the policy framed hereunder.

The Audit Committee shall on a quarterly basis, review the transactions with related party/ies entered into by the Company vis-a vis omnibus approval has been granted earlier.

To review a Related Party Transaction, the Committee shall be provided with the necessary information, to the extent relevant, with respect to actual or potential Related Party and / or prescribed under the Companies Act, 2013 and Rules thereunder, and the Listing Regulations.

Contracts and arrangements entered into with its wholly owned subsidiary are exempt from prior approval of the Audit Committee if the same are in the ordinary course of business, on an arm's length basis and whose accounts are consolidated with the Company to be placed before the shareholders at the general meeting for approval.

Shareholder Approval:

All the Material Related Party Transaction and subsequent material modifications shall require prior approval of the shareholders through resolution and the Related Party/ies with whom such transaction is to be entered into shall not vote to approve on such resolution.

All the transactions with related parties, other than the material Related Party Transactions, which are not in the ordinary course of business or at Arm's Length basis shall also require a prior approval of the shareholders, through resolution if so necessary under any law and the Related Party/ies with whom such transaction is entered into shall not vote on such resolution.

6. GENERAL PRINCIPAL

- i) It shall be the responsibility of the Board to monitor and manage potential conflict of interests of management, board members and shareholders, including abuse in Related Party Transactions.
- ii) The Independent Directors of the Company shall ensure that adequate deliberations are held before approving related party transactions.
- iii) The Audit Committee shall have the following powers with respect to Related Party Transactions:
 - To seek information from any employee.
 - To obtain outside legal or other professional advice.
 - To secure attendance of outsiders with relevant expertise, if it considers necessary.
 - To investigate any Related Party Transaction.
- iv) The CFO of the Company is authorised to issue necessary instructions for implementation of this Policy.
- v) The Company while entering into any Related Party Transaction shall ensure that such Related Party Transaction is in the best interest of the Company and adheres to this Policy.

7. DISCLOSURES

Upon publication of the standalone and consolidated financial results, the Company shall submit to the stock exchange, disclosures of the related party transactions.

Moreover, details of all material transactions with Related Parties shall be disclosed quarterly to the stock exchange, along with the compliance report on corporate governance.

The company shall disclose the policy on dealing with Related Party Transactions on its website and the web-link of the same shall be provided in the Annual Report.

8. AMENDMENTS IN LAW

Any subsequent amendment / modification in the Companies Act, 2013, the listing Regulations and / or other applicable laws in this regards shall automatically become applicable.

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