

Material Subsidiary Policy

1. Introduction

1.1 This policy intends to determine the material subsidiaries of the Company. This policy also stipulates the governance procedures with regard to material subsidiaries so determined.

1.2 The Board of Directors (the “Board”) of Panama Petrochem Limited (the “Company”), has adopted this policy and procedures with regard to determination of Material Subsidiaries.

1.3 This policy substitutes the current Material Subsidiary Policy of the Company dated October 01, 2014 with effect from April 01, 2019. The provisions of the listing agreement are being substituted by the provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“SEBI Listing Regulations”) as amended from time to time.

2. Purpose

The objective of this policy is to determine the material subsidiaries of the Company and to provide governance framework for such subsidiaries.

3. Definitions:

- a. “Board” means the Board of Directors of Panama Petrochem Limited.
- b. “Company” means Panama Petrochem Limited.
- c. “Policy” means this Policy, as amended from time to time.
- d. “Material Subsidiary” is a subsidiary, whose turnover or net worth exceeds ten percent of the consolidated turnover or net worth respectively, of the listed entity and its subsidiaries in the immediately preceding accounting year.
- e. “Significant Transaction or Arrangement” shall mean any individual transaction or arrangement that exceeds or is likely to exceed ten per cent of the total revenues or total expenses or total assets or total liabilities, as the case may be, of the unlisted material subsidiary for the immediately preceding accounting year.

4 Role of Audit Committee:

- The Audit Committee of the Company shall review the financial statements, in particular, the investments made by the unlisted subsidiary company.

> The management shall present to the Audit Committee annually in the meeting scheduled to be held in first quarter for approval of financial results, the list of material subsidiaries together with the details of the materiality defined herein for its review.

5. Deputation of Independent Directors:

> At least one Independent Director on the Board of Directors of the Company shall be a Director on the Board of Directors of an unlisted material subsidiary, incorporated in India or abroad.

For the purposes of this provision, “material subsidiary” shall mean a subsidiary, whose turnover or net worth exceeds ten percent of the consolidated turnover or net worth respectively, of the Company and its subsidiaries in the immediately preceding accounting year.

6. Divestment in a Material Subsidiary

The Company, only with prior approval of the members by Special Resolution in a General Meeting, (except in such cases where divestment is made under a scheme of arrangement duly approved by a court or tribunal) shall:

- > dispose shares in Material Subsidiary that reduces its shareholding (either on its own or together with other subsidiaries) to less than 50%; or
- > cease the exercise of control over the Material Subsidiary; or
- > sell, dispose or lease the assets amounting to more than 20% of the assets of the Material Subsidiary

7. General governance principles:

- > The minutes of the Board meetings of the unlisted subsidiary company shall be placed at the Board meeting of the Company.
- > The management shall periodically (at least annually) bring to the attention of the Board of Directors of the Company, a statement of all significant transactions or arrangements entered into by the unlisted subsidiary company.

8. Disclosure

This policy for determining material subsidiaries is to be disclosed on the website of the Company (www.panamapetro.com) and a weblink thereto will be provided in the Annual report of the Company.



9. Amendments

The Board of Directors on its own and / or as per the recommendations of Audit Committee can amend this Policy, as and when deemed fit. Any or all provisions of this Policy would be subject to revision / amendment in accordance with the Rules, Regulations, Notifications etc. on the subject as may be issued by relevant statutory authorities, from time to time. In case of any amendment(s), clarification(s), circular(s) etc. issued by the relevant authorities, not being consistent with the provisions laid down under this Policy, then such amendment(s), clarification(s), circular(s) etc. shall prevail upon the provisions hereunder and this Policy shall stand amended accordingly from the effective date as laid down under such amendment(s), clarification(s), circular(s) etc.
