



# **ABAN OFFSHORE LIMITED**

## **Policy for dealing with Related Party Transactions**

## 1. Objective

The Board of Directors (“the Board”) of Aban Offshore Limited (“the Company” or “Aban”), acting upon the recommendation of its Audit Committee has adopted the following policy (the “policy”) and procedures with regards to Related Party Transactions (“RPT”). The Audit Committee (AC) shall review and may amend the policy from time to time. This policy is framed as per requirement of Clause 49 of the Listing Agreement.

The objective of this policy and procedure is to ensure that transactions between Aban and its related parties are based on principals of transparency and arm’s length pricing. Likewise, this policy aims at preventing and providing guidance in situations of potential conflict of interests in the implementation of transactions involving such related parties.

## 2. Definitions

- a) **“Audit Committee”** means Committee of the Board of Aban constituted under the provisions of listing agreement with the stock exchanges.
- b) **“Arm’s length transaction”** means a transaction between two Related Parties that is conducted as if they were unrelated, so that there is no conflict of interest.
- c) **“Material transaction”** (as per the Revised Clause 49) shall mean a transaction with a related party which, if the transaction(s) individually or taken together with previous transactions during a financial year, exceeds ten percent of the annual consolidated turnover as per the last audited financial statements of the company. However, it may be noted that as per New Companies Act 2013 all RPTs shall require prior approval of the AC except for certain specified transactions.
- d) **“Relative”** means relative as defined under the Companies Act 2013 and includes anyone who is related to another, if-
  - i. Husband and wife
  - ii. Father (including step father)

- iii. Mother (including step mother)
- iv. Son (including step son)
- v. Son's wife
- vi. Daughter
- vii. Daughter's husband
- viii. Brother (including step brother)
- ix. Sister (including step sister)

and as may be amended from time to time.

The terms Director, Managing Director, Dy. Managing Director, Chief Financial Officer, Company Secretary, Key Managerial Personnel ("KMP") shall have the same meaning as assigned to it under the Companies Act, 2013.

- e) "**Related Party**" shall mean a personal entity that is related to the company as defined under Section 2(76) of the Companies Act, 2013 or under Clause 49(VII) of the Listing Agreement with the Stock Exchanges as may be amended from time to time.
- f) "**Related Party Transaction**" shall mean all transactions as per Section 188 of the Companies Act, 2013 or Clause 49 (VII) of the Listing Agreement with the Stock Exchanges as may be amended from time to time.

### **3. Policy**

All Related Party Transactions must be referred to the AC for approval in accordance with the Policy.

### **4. Identification of Related Party and Related Party Transactions:**

- a) Each Director and Key Managerial Personnel is responsible for providing notice to the Company Secretary of any potential RPT involving him/her or his or her Relative, including any additional information about the transaction that the Board/AC may request, for being placed before the AC and Board may request, for being placed before the AC and the Board.

- b) The Company should receive such notice of any potential RPT well in advance so that the AC has adequate time to obtain and review information about the proposed transaction.
- c) Any potential RPTs that are brought to the attention of the Company Secretary and Chief Financial Officer shall be analysed by them. The Board shall record the disclosure of interest and the AC shall determine whether the transaction does, in fact, constitute a RPT requiring compliance with this policy.

## **5. Review and Approval of Related Party Transaction**

Every RPT shall be subject to prior approval of the AC whether at a meeting or by circular resolutions.

Any member of the AC who has a potential interest in any RPT shall abstain from discussion and voting on the approval of the RPT.

### **5.1 General criteria for approval of RPT**

The AC shall be provided with all the relevant information of the RPTs, including the terms of transaction, business purpose of the transaction, the benefits to the Company and any other relevant matters including information required under Rule 15 (1) of the Companies (Meetings of Board and its Powers) Rule, 2014 as may be amended from time to time.

The relevant information provided shall specifically cover the following:

- a) The name of the Related Party and nature of relationship
- b) The nature, duration of the contract and particulars of the contract or arrangement
- c) The material terms of the contract or arrangement including the value, if any
- d) Any advance paid or received for the contract or arrangement

- e) The manner of determining the pricing and other commercial terms
- f) Details of any factors not considered with the rationale for not considering those factors
- g) Persons/authority approving the transaction
- h) Any other relevant information that would facilitate the AC to take decision on the proposed transaction
- i) Valuation methodology used and other possible methods for valuation of the transaction
- j) Extent of the related party's interest in the transaction

The AC may lay down the terms and conditions and processes that management shall follow before/after entering into a RPT, which shall include monetary limits, period, manner of reporting of transactions to the AC in each quarter.

## **6. Material RPT**

The transaction(s) which exceeds the limits of materiality prescribed under Clause 49 or exceeds the materiality limits prescribed under the Companies Act 2013 but are not in ordinary course of business/arm's length, shall be referred to the AC with its recommendations to the Board. The Board would record its reasons for agreeing/not agreeing with the recommendations of the AC and if it decides to approve the transactions, then shareholder approval will be sought through a special resolution in the manner and to the extent it is required under the Companies Act 2013 and Listing Agreement, subject to the restriction on voting as per law.

The AC /Board may decide to refer the RPT to an external law firm/advisor to obtain opinion on the aspects of "ordinary course of business/Arm's length or any other aspect.

## **7. Omnibus approval by AC for RPT proposed to be entered**

The AC grants omnibus approval for normal transactions in ordinary course of business with related parties and the same being recurring in nature. The AC would review on a quarterly basis the aforesaid RPTs entered into by the company pursuant to each of the omnibus approval given. Fresh approval would be obtained on an annual basis.

## **8. Reporting of transaction and records**

The Company Secretary shall be responsible for giving adequate disclosures of RPTs in the Board's Report to the extent it is required under the Companies Act 2013 and Clause 49 of the Listing Agreement and also make necessary entries in the register maintained for this purpose. The management may put in place an internal process document to monitor compliance of the RPTs with this Policy and transactions approved by the AC.

## **9. Non-compliance with the provisions of the Policy**

If a transaction is done without the approval of the AC and if the AC determines not to ratify a RPT that been entered into without approval, then the AC, as felt appropriate, may direct additional actions including, but not limited to discontinuation of the transactions or seeking approval of the shareholders, payment of compensation for the loss suffered by the related party etc. In connection with any review of a RPT, the AC has the authority to modify or waive any procedural requirements of the Policy.

Any violation of the provisions of the Policy that comes to the knowledge shall be reported to the AC