

GOL OFFSHORE LIMITED

Policy on materiality and dealing with related party transactions

TITLE :

This Policy shall be called 'GOL_Policy on materiality and dealing with related party transactions'.

COMMENCEMENT:

The Policy shall come in to existence upon the approval by the Board of Directors of GOL Offshore Limited i.e. with effect from 13th August 2014.

OBJECTIVE :

Related party transactions have been one of the major areas of focus for the corporate governance reforms being initiated by Indian legislature.

The Changes introduced in the Corporate Governance norms through the Companies Act, 2013 and the revised clause 49 of the Listing Agreement require the companies to have enhanced transparency and due process for approval of the related party transactions.

One of such requirements is that companies are required to formulate a policy on materiality of related party transactions and also on dealing with Related Party Transactions.

DEFINITIONS :

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.

Audit Committee means the Audit Committee of the Board of Directors of GOL OFFSHORE LIMITED

Board means the Board of Directors of GOL OFFSHORE LIMITED.

Company means GOL OFFSHORE LIMITED.

Material Related Party Transaction in relation to the Company means a related party transaction which individually or taken together with previous transactions with a related party during a financial year, exceeds ten percent of the annual consolidated turnover of the Company as per the last audited financial statements of the Company.

Policy means this Policy, as amended from time to time.

Related Party in relation to the Company means a party related with the Company in any of the ways as are laid down in section 2 (76) of the Companies Act, 2013 and / or the applicable accounting standards.

Related Party Transaction in relation to the Company means a transaction which is:

- a) a transfer of resources, services or obligations between the Company and a related party regardless of whether a price is charged;
- b) a contract or arrangement with a related party with respect to –
 - i) sale, purchase or supply of any goods or materials;
 - ii) selling or otherwise disposing of, or buying, property of any kind;
 - iii) leasing of property of any kind;
 - iv) availing or rendering of any services;
 - v) appointment of any agent for purchase or sale of goods, materials, services or property;
 - vi) such related party's appointment to any office or place of profit in the Company, its subsidiary company or associate company; and
 - vii) underwriting the subscription of any securities or derivatives thereof, of the Company;
- c) defined as a 'related party transaction' under the relevant provisions of the Companies Act, 2013 or the listing agreement or any other related law, regulation, accounting standards etc.

APPLICABILITY :

This Policy shall be applicable to all the Related Party Transactions entered in to by the Company except the following:

- a) Loans / advances given to a related party.
- b) Guarantee given or security provided in connection with a loan to a related party.
- c) Investment(s) made in a related party.

- d) Transfer / assignment of obligation under an existing contract / arrangement with a related party to some other person or related party.
- e) Amendment of an existing contract / arrangement with a related party.
- f) Cancellation of an existing contract / arrangement with a related party.
- g) Transfer of resources assigned to one related party contract / arrangement to another related party contract / arrangement.

Provided that in case of d), e), f) and g) above, the transfer, amendment, cancellation etc. does not result in to writing off of any amount paid by the Company or enhancement of amount payable by the Company under the said contract / arrangement or reduction in the amount payable to the Company under the said contract / arrangement or waiver of any right with adverse financial implications for the Company.

APPROVAL OF RELATED PARTY TRANSACTIONS :

- a) All Related Party Transactions shall require prior approval of the Audit Committee. The approval of the Audit Committee may be granted by way of a Circular Resolution.

Provided that the Audit Committee may grant omnibus approval for Related Party Transactions proposed to be entered in to by the company subject to the following conditions:

- a. The Audit Committee shall lay down the criteria for granting the omnibus approval in line with the policy on Related Part Transactions of the company and such approval shall be applicable in respect of transactions which are repetitive in nature;
- b. The Audit Committee shall satisfy itself the need for such omnibus approval and that such approval is in the interest of the company;
- c. Such omnibus approval shall specify (i) the name/s of the related party, nature of transaction, period of transaction, maximum amount of transaction that can be entered into, (ii) the indicative base price / current contracted price and the formula for variation in the price if any and (iii) such other conditions as the Audit Committee may deem fit, provided that where the need for Related Party Transaction cannot be foreseen and aforesaid details are not available, Audit Committee may grant omnibus approval for such transactions subject to their value not exceeding Rs. 1 crore per transaction.
- d. Audit Committee shall review, at least on a quarterly basis, the details of RPTs entered into by the company pursuant to each of the omnibus approval given.

- e. Such omnibus approvals shall be valid for a period not exceeding one year and shall require fresh approvals after the expiry of one year.

Provided further that a transaction with a wholly owned subsidiary of the Company shall not require prior approval of the Audit Committee.

- b) All Material Related Party Transactions shall require prior approval of the shareholders through special resolution. However, a transaction with a wholly owned subsidiary of the Company shall not require prior approval of the Audit Committee.
- c) In case of Related Party Transaction which is not in the ordinary course of business and / or which is not a Arm's Length Transaction, (whether or not it is a Material Related Party Transaction) prior approval of the Board granted at the meeting of the Board and prior approval of the shareholders of the Company by a special resolution shall be necessary IF the transaction exceeds the limits mentioned below:
 - (i) sale, purchase or supply of any goods or materials, directly or through appointment of agent, exceeding ten percent. of the turnover of the company or rupees one hundred crore, whichever is lower, as mentioned in clause (a) and clause (e) respectively of sub-section (1) of section 188;
 - (ii) selling or otherwise disposing of, or buying, property of any kind, directly or through appointment of agent, exceeding ten percent of the turnover of the company or rupees one hundred crore, whichever is lower, as mentioned in clause (b) and clause (e) respectively of sub-section (1) of section 188;
 - (iii) leasing of property of any kind exceeding ten percent of the net worth of the company or ten percent of turnover of the company or rupees one hundred crore, whichever is lower, as mentioned in clause (c) of sub-section (1) of section 188;
 - (iv) availing or rendering of any services, directly or through appointment of agent, exceeding ten percent of the turnover of the company or rupees fifty crore, whichever is lower, as mentioned in clause (d) and clause (e) of sub-section (1) of section 188;

Explanation.- It is hereby clarified that the limits specified in sub-clauses (i) to (iv) shall apply for transaction or transactions to be entered into either individually or taken together with the previous transactions during a financial year.

- (v) appointment to any office or place of profit in the company, its subsidiary company or associate company at a monthly remuneration exceeding two and half lakh rupees as mentioned in clause (f) of sub-section (1) of section 188; or
- (vi) is for remuneration for underwriting the subscription of any securities or derivatives thereof ,of the company exceeding one percent. of the net worth as mentioned in clause (g) of sub-section (1) of section 188.

Explanation.- (1) The Turnover or Net Worth referred in the above sub-rules shall be on the basis of the Audited Financial Statement of the preceding Financial year.

- d) In case of wholly owned subsidiary, the special resolution passed by the Company shall be sufficient for the purpose of entering into the transactions between wholly owned subsidiary and the Company.
- e) A Related Party Transaction which is not a Material Related Party Transaction and which is in the ordinary course of the business and an Arm's Length Transaction, shall only require the prior approval of the Audit Committee or shall be covered under the omnibus approval of the Audit Committee.
- f) Where any director is interested in any contract or arrangement with a related party, such director shall not be present at the meeting during discussions on the subject matter of the resolution relating to such contract or arrangement.
- g) All the related parties shall abstain from voting as shareholders in case of Related Party Transactions which require the approval of shareholders.

PROCESS FOR DEALING WITH RELATED PARTY TRANSACTIONS :

- a) A list of all the Related Parties in relation to the Company shall be provided by the Secretarial Department to all the concerned departments, and updated from time to time.
- b) Every department, prior to entering in to any contract or arrangement with a related party, shall fill the details of the contract or arrangement in the format enclosed as an annexure to the Policy and submit the same to the Secretarial Department.
- c) The Secretarial Department shall, within 24 hours of submission of details, convey to the concerned department the approvals required if any for the contract / arrangement and approximate time within which such approval can be obtained.

- d) The Secretarial Department may ask for further information about the contract / arrangement, if felt necessary, to determine the nature / type of transaction.
- e) The contract / arrangement shall not be entered in to without the necessary approval from the Audit Committee / Board / shareholders, if such prior approvals are necessary under the Policy.
- f) The Secretarial Department shall arrange for the approval of the Audit Committee / Board / Shareholders, as may be necessary and upon receipt of necessary approvals, convey the same to the concerned department.

AMENDMENTS :

The Board of Directors shall have the power to amend any of the provisions of this Policy, substitute any of the provisions with a new provision or replace this Policy entirely with a new Policy.

INTERPRETATION :

- a) Any words used in this policy but not defined herein shall have the same meaning ascribed to it in the Companies Act, 2013 or Rules made thereunder, SEBI Act or Rules and Regulations made thereunder, Listing Agreement, Accounting Standards or any other relevant legislation / law applicable to the Company.
- b) The reference to the male gender in the Policy shall be deemed to include a reference to female gender.
- c) In case of any dispute or difference upon the meaning / interpretation of any word or provision in this Policy, the same shall be referred to the Audit Committee and the decision of the Audit Committee in such a case shall be final. In interpreting such term / provision, the Audit Committee may seek the help of any of the officers of the Company or an outside expert as it deems fit.

GOL OFFSHORE LIMITED
Format for reporting of Related Party Transactions

Name of the Department	:	
Name and designation of the person submitting the form	:	
Name of the Related Party	:	
Nature of relationship of the Related Party with the Company	:	
Brief Description of the Contract / Arrangement	:	
Total value of the Contract / Arrangement in Indian rupees	:	
Duration of the Contract / Arrangement	:	
Advance paid / received if any	:	
Other material terms of the Contract / Arrangement	:	
Manner of determining commercial terms including pricing.	:	
Details of the factors relating to the Contract / Arrangement not considered, if any, and rationale for the same	:	

Whether the Contract / Arrangement shall be considered an 'Arm's Length Transaction' under the Policy. If yes then reasons / rationale therefor.	:	
Any other relevant / important information relating to the Contract / Arrangement which the submitter may like to provide.	:	

Sign :

(Name of the submitter)

Date :

(To be filled in by the Secretarial Department)

Date of the approval by the Audit Committee :

Date of the approval by the Board :

Date of the approval by Shareholders :