

CODE OF CONDUCT

FOR BOARD MEMBERS AND SENIOR MANAGEMENT PERSONNEL

PHILOSOPHY

Aban Loyd Chiles Offshore Ltd.'s (Aban) commitment to ethical and lawful business conduct is a fundamental shared value of the Board of Directors and the senior Management Personnel of the Company.

Aban has formulated the following Code of Conduct as a guide. The Code does not attempt to be comprehensive or cover all possible situations. It encourages the members of the Board and Senior Management personnel to take positive actions, which are not only commensurate with the Values and Beliefs, but are also perceived to be so.

The Company endeavors to preserve the confidentiality of un-published price sensitive information and to prevent misuse of such information. The Company is committed to transparency and fairness in dealing with all stakeholders and in ensuring adherence to all laws and regulations.

INTRODUCTION

This Code of Conduct shall be called "The Code of Conduct for Board Members and Senior Management Personnel" of ABAN LOYD CHILES OFFSHORE LTD. (herein after referred to as the Company)

The subject code has been framed specially in compliance with the provisions of Clause 49 of the Listing Agreement

The purpose of this code is to enhance further an ethical and transparent process in managing the affairs of the Company

It shall come into force with effect from 31.12.2005

DEFINITIONS

The Board of Directors shall mean the Director on the Board of the Company for the time being

The Senior Management Personnel shall mean persons who are functional heads reporting to the Directors of the Company.

The term relative shall have the same meaning as per section 6 of the Companies Act, 1956 (List of Relatives – Annexure – I)

In this code words importing the masculine shall include feminine and words importing singular shall include the plural or vice versa.

APPLICABILITY

The code shall apply to Members of Board and the Senior Management Personnel of the Company

KEY REQUIREMENT

The Board Members and Senior Management Personnel must act within the authority conferred upon them and in the best interests of the company and observe the following Code of Conduct :

Shall act in accordance with the highest standard of honesty, integrity, fairness and ethical conduct while working for the Company as well representing the Company without allowing their independent judgment to be subordinated and fulfill the fiduciary obligations.

Shall not involve themselves in making any decision on a subject matter in which a conflict of interest arises or could arise, between the personal interest and the interest of the Company. In the event of apprehending of such conflict of interest, the relevant facts shall be disclosed in writing explaining the circumstances that create or could create the conflicts of interest to the Board in case of Board of Directors and to the concerned Director to whom the Senior Management Personnel are reporting to.

In case of Board of Directors they shall avoid conducting business on behalf of the Company with a relative or with a firm in which a relative is a partner or with private Company in which the relative is a member or director shall avoid having any personal financial interest in works or contract awarded by the Company. If the same is essential in the best interest of the Company the same shall be reported to the Board before entering into such contracts.

Shall avoid any relationship with a contractor or supplier that could compromise the ability to transact business on a professional, impartial and competitive basis or influence decision to be made by the Company.

Shall not hold any positions or jobs or engage in outside businesses or other interests that adversely affect the performance of duties of the Company. The Executive Directors and Senior Management Personnel are expected to devote their full attention to the business interest of the Company.

Shall not exploit for their own personal gain, opportunities that are discovered through company's business, information or position, unless the opportunity is disclosed fully in writing to the Company's Board of Directors and the concerned Director to whom the respective person is reporting to as the case may be.

Shall comply with all applicable laws, rules and regulations and any violation thereon may make them personally liable. Directors and Senior Management Personnel may

be subjected to disciplinary action by the Company for violation of provisions of law.

The Executive Directors and Senior Management Personnel shall not serve as a Director of any other Company or as a partner of a firm that competes with the Company. Executive Directors and Senior Management Personnel shall obtain approval of the respective authority to whom they are reporting to, prior to accepting such Directorship / Partnership.

Shall not derive benefit or assist others to derive benefit by giving investment advice from the access to and possession of information about the Company, not in public domain and therefore constitute insider information. The Board Members and Senior Management Personnel shall make timely disclosures of (i) trading in the shares of the Company, (ii) transactions having personal interest and (iii) related party transactions that are required to be made under laws, rules & regulations and Code for prevention of Insider Trading in the Securities of Aban Loyd Chiles Offshore Ltd. (Annexure –II – Related Party transactions disclosure)

Any information concerning the Company's business, its customers, suppliers, etc, which is not in the public domain and to which the Board Members and Senior Management Personnel have access or possesses such information, must be considered confidential and held in confidence, unless authorized to do so and when disclosure is required as a matter of law. No Board Members and Senior Management Personnel shall provide any information either formally or informally, to the press or any other publicity media, unless specifically authorized.

Conduct of Business

The Board Members and the Senior Management team shall conduct the Company's business in an efficient and transparent manner and in meeting its obligations to shareholders and other stakeholders.

The Board Members and the Senior Management team shall not be involved in any activity that would have an adverse effect on the objectives of the company or against national interest. The corporate objectives to be pursued shall be to sustain the competitive edge of the company and not to indulge in any activity which is detrimental to the society at large.

Wealth Creation

The Board Members and the Senior Management team shall be committed to enhance the shareholders' wealth and shall strictly comply with all regulations and laws that govern shareholders' rights. The Board shall duly and fairly inform the shareholders all relevant aspects about the Company's business and disclose such information as may be required, from time to time, in accordance with the applicable rules and regulations.

Declarations to the Board

A Board Member shall not take membership of more than such number of committees or act as Chairman of more than such number of committees across all companies as

is prescribed under applicable law or provisions of Listing Agreement with Stock Exchanges. Every Board Member shall inform the Board of all such membership at the beginning of each financial year and also of every change as and when they take place.

The Board Members and the Senior Management team shall inform their equity holding in the company and any changes that may take place and shall not indulge in any trading of the securities of the company which would come within the purview of the Company's Insider Trading Regulations. In case of any agreement or contract which is or shall be entered into by and between two corporate entities, in which a Director is interested, the Director shall forthwith draw the attention of the Board about the fact and shall not participate in the deliberations nor vote on the resolution relating to the same.

Financial reporting and disclosures

The Board of Directors shall ensure that the financial statements and reporting, made on behalf of the Company, do not contain any untrue statement or omit any material fact or content that might be misleading and shall strive to present a true and fair view of the company's affairs in compliance with the prevailing Accounting Standards, applicable laws and regulations.

Protecting Company's Assets

The Directors and the Senior Management team shall not indulge or encourage any activity which would result in misuse of the Company's assets. This would include both tangible and intangible assets such as equipment, machinery, systems, material resources, intellectual property rights, goodwill, trademarks, patents, etc. Shall protect the Company's assets, labour and information and may not use these for personal use, unless authorised to do so.

Outside Activities

All Board Members as well as the Senior Management team shall be free to pursue any kind of civil/political activities and can become Members or Office Bearers of any Trade Organisation so long as it does not adversely affect or is detrimental to the business interests of the Company.

Reporting

The Directors and the Senior Management team shall immediately bring to the notice of the Board about any unethical behaviour, actual or suspected fraud or violation of Company's policies.

Gifts & Donations

Shall not seek or accept or offer directly or indirectly any gifts, donations, remuneration, hospitality, illegal payments, favour in whatsoever form howsoever described by the customers. vendors. consultants. etc.. that is perceived as intended.

directly or indirectly, to influence any business decision, any act or failure to act, any commitment of fraud, opportunity for committing any fraud. However normal gifts which are customary in nature or associated with festivals are exempted.

Compensation and Disclosures

The fees and compensation payable to the Board Members (both executive and non-executive) shall be fixed in accordance with the approvals as per the applicable provisions of law and the same will be fully disclosed in the Annual Report to the Members.

ENFORCEMENT OF CODE OF CONDUCT

Company Secretary shall be the Compliance Officer for the purpose of this code. Each Board Member and Senior Management Personnel shall be accountable for fully complying with this code.

Compliance Officer shall report breach of this code, if any, which comes to his notice to the (a) Board in case of the Board members and (b) Managing Director in case of Senior Management Personnel.

All Board Members and Senior Management Personnel shall be subject to any internal or external investigation of possible violations of this code.

The Company shall ensure confidentiality and protection to any person who has, in good faith, reported a violation or a suspected violation of law, of this code or other Company policies, or against any person who is assisting in any investigation or process with respect to such a violation.

Penalty for breach of this code by Senior Management Personnel shall be determined by the Managing Director . In case of breach of this code by the Directors the same shall be examined by the Board.

Penalty may include serious disciplinary action, removal from office and dismissal as well as other remedies, including recommendations for any of the above penalty, to the extent permitted by law and as considered appropriate under the circumstances.

WAIVER AND AMENDMENTS OF THE CODE

No waiver of any of the provisions of this code shall be valid unless, the Board of Directors of the Company approves such waiver in case of Board members and by Managing Director in case of Senior Management Personnel.

The provisions of this code can be amended by the Board of Directors of the Company from time to time.

ADOPTION

This Code of Conduct was adopted by the Board of Directors by a Resolution dated 19.12.2005 passed by circulation and shall be deemed to have come into force with effect from 31.12.2005.

INSERTION OF THE CODE IN THE WEBSITE

As required by clause 49 of the listing agreement, this code and any amendments thereto shall be posted on the website of the Company.

AFFIRMATION OF COMPLIANCE OF THE CODE

It terms of clause 49 of the listing agreement all Board members and Senior Management Personnel shall within 30 days of close of every financial year affirm compliance with the Code. A Performa of Annual Compliance Report is annexed to this Code as Appendix-III. The Annual Compliance Report shall be forwarded to the Compliance Officer of the Company.

ACKNOWLEDGEMENT OF RECEIPT OF THE CODE

All Board Members and Senior Management Personnel shall acknowledge the receipt of this code in the acknowledgement form annexed to this Code (Appendix-IV) indicating that they have received, read and understood, and agreed to comply with the code and send the same to the Compliance Officer. Upon revision of this code, the Board Members and Senior Management Personnel shall acknowledge and execute an understanding of the Code and an agreement to comply. New Directors will sign such a deed at the time when their directorship begins.

This Code embodies the belief that acting always with the company's legitimate interest in mind and being aware of the company's responsibility towards its stakeholders is an essential element of the company's long term excellence.

Annexure - I
Extract of Section 6 of the Companies Act, 1956

Meaning of "*relative*"

6. A person shall be deemed to be a relative of another if, and only if,-
- (a) they are members of a Hindu undivided family; or
 - (b) they are husband and wife; or
 - (c) the one is related to the other in the manner indicated in Schedule IA.

Schedule IA
List of Relative

1. Father
2. Mother (including step-mother)
3. Son (including step-son)
4. Son's wife
5. Daughter (including step-daughter)
6. Father's father
7. Father's mother
8. Mother's mother
9. Mother's father
10. Son's son
11. Son's son's wife
12. Son's daughter
13. Son's daughter's husband
14. Daughter's husband
15. Daughter's son
16. Daughter's son's wife
17. Daughter's daughter
18. Daughter's daughter's husband
19. Brother (including step-brother)
20. Brother's wife
21. Sister (including step sister)
22. Sister's husband

PRICE SENSITIVE INFORMATION

'Price Sensitive Information' any information which relates directly or indirectly to a company and which if published is likely to materially affect the price of securities of Company.

Explanation : The following shall be deemed to be price sensitive information:-

1. periodical financial results of the company;
2. intended declaration of dividends (both interim and final);
3. issue of securities or buy-back of securities;
4. any major expansion plans or execution of new projects;
5. amalgamation, mergers or takeovers;
6. disposal of the whole or substantial part of the undertaking;
7. any significant changes in policies, plans or operations of the company.
8. disruption of operations due to natural calamities;
9. commencement of any new commercial production or commercial operations where the contribution there from is likely to exceed 5% of the total turnover of the Company during that financial year;
10. developments with respect to changes in pricing / realisation on goods and services arising out of changes in government policy;
11. Litigation/dispute with a material impact;
12. Revision of credit ratings assigned to any debt or equity instrument of the Company;
13. Any information which, if disclosed, in the opinion of the person disclosing the same is likely to materially affect the prices of the securities of the Company;

ANNEXURE II

Board Members and the Senior Management Personnel shall disclose the following, in respect of all transactions with related parties, as covered in AS-18 (Accounting Standard –18) issued by The Institute of Chartered Accountants of India.

- i) the name of the transacting relate party
- ii) a description of the relationship between the parties
- iii) a description of the nature of transactions
- iv) volume of the transactions either as an amount or as an appropriate proportion
- v) any other elements of the related party transactions, necessary for an understanding of the financial statements.

Signature _____

Name _____

Designation _____

Date _____

Place _____

Note: The following are illustrative and not exhaustive list of examples of the related party transactions in respect of which disclosures should be made by Directors

- a) Purchase or sale of goods (finished or unfinished)
- b) Purchase or sale of fixed assets
- c) Rendering or receiving services
- d) Agency arrangements
- e) Leasing or hirepurchase arrangements
- f) Transfer or research and development
- g) Licence agreements
- h) Finance (including loans and equity contributions in cash or in kind)
- i) Guarantees and collaterals and
- j) Management contracts including for deputation of employees

ANNEXURE III

I _____ do hereby solemnly affirm to the best of my knowledge and belief that I have fully complied with the provisions of the CODE OF CONDUCT FOR BOARD MEMBERS AND SENIOR MANAGEMENT PERSONNEL during the year ending 31st March _____

Signature _____

Name _____

Designation _____

Date _____

Place _____

ANNEXURE IV

I _____ have received and read the Company's CODE OF CONDUCT FOR THE BOARD OF DIRECTORS AND SENIOR MANAGEMENT PERSONNEL. I understood the standards and policies contained in this Code. I agree to comply with this Code.

Signature _____

Name _____

Designation _____

Date _____

Place _____

