



XL ENERGY LTD.

29th September, 2014

Mr Vikas Nayyar
6-3-1216/115-116,
Flat No - 305,
Sai Praveenkuteer,
Methodist Colony,
Begumpet,
Hyderabad-500016.

SUB: Appointment Letter

REF: Annual General Meeting held on 29th September, 2014

Dear Sir,

We are pleased to inform you that the Members of the Company at the Twenty Seventh Annual General Meeting (AGM) held on Monday, the 29th September, 2014, have appointed you as an Independent Director of the Company for a period of 5 (five) consecutive years w.e.f. 29th September, 2014 i.e. the date of the Twenty-Seventh Annual General Meeting (AGM) of the Company.

The terms and conditions of your appointment are as follows:

1. Appointment:

- You will be appointed as a Non-Executive Independent Director on the Board of Directors of the Company with effect from 29th September, 2014 for a period of five years. Your appointment is subject to the extant provisions of the Companies Act, 2013, as amended from time to time.
- The term "Independent Director" should be construed as defined under the Companies Act, 2013 and the Listing Agreement.
- The Company has adopted the provisions with respect to appointment and tenure of Independent Directors as are consistent with the Companies Act, 2013 and the Listing Agreement. The Company is at liberty to disengage a Non-Executive Independent Director earlier subject to compliance of the relevant provisions of the Companies Act, 2013 and the Listing Agreement.
- As an Independent Director you are not liable to retire by rotation.

2. Role and Functions:

Your role and functions shall be guided as per the Code for Independent Directors (Schedule IV) pursuant to Section 149(8) of the Companies Act, 2013 and you are expected to follow the business ethics which have been stipulated as under:

- bringing an independent judgment to bear on the Board's deliberations especially on

XL ENERGY LIMITED

C2, Pooja Plaza, Vikrampuri, Secunderabad - 500 009. INDIA

Tel: +91-40-27883333 Fax : +91-40-27883344

E-mail : info@xlenergy.co Visit us at www.xlenergy.co

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issues of strategy, performance, risk management, resources, key appointments and standards of conduct;

- bringing an objective view in the evaluation of the performance of board and management;
- scrutinising the performance of management in meeting agreed goals and objectives and monitoring the reporting of performance;
- satisfying oneself on the integrity of financial information and that financial controls and the systems of risk management are robust and defensible;
- safeguarding the interests of all stakeholders, particularly the minority shareholders;
- balancing the conflicting interest of the stakeholders;
- determining appropriate levels of remuneration of executive directors, key managerial personnel and senior management and have a prime role in appointing and where necessary recommending removal of executive directors, key managerial personnel and senior management.
- moderating and arbitrating in the interest of the company as a whole, in situations of conflict between management and shareholder's interest.

3. **Commitment:**

As a Non-Executive Independent Director you are expected to bring objectivity and independence to the Board's discussions and help provide the Board with effective leadership in relation to the Company's strategy, performance, and risk management, as well as ensuring high standards of financial probity and corporate governance. The Board expects the following in this regard:

- You shall strive to attend all meetings of the Board of Directors and of the Board Committees of which you are a Member;
- You shall participate constructively and actively in the Committees of the Board in which you are a Chairperson or Member;
- You shall strive to attend the general meetings of the Company. You shall be intimated in advance of the date, time and venue of the meetings of the Board or Committee thereof in which you are a member and Annual General Meeting and general meetings, if any, for attending the said meetings.

4. **Duties:**

Your duties will be those normally required of a Non-Executive Independent Director under the Companies Act, 2013 and the Listing Agreement. There are certain duties prescribed for all Directors, both Executive and Non-Executive, which inter alia are as under:

- undertake appropriate induction and regularly update and refresh skills, knowledge and familiarity with the Company
- seek appropriate clarification or amplification of information and, where necessary, take and follow appropriate professional advice and opinion of outside experts at the expense of the Company;

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- ensure, where you have concerns about the running of the Company or a proposed action, that these are addressed by the Board and, to the extent that they are not resolved, insist that concerns are recorded in the minutes of the Board meeting;
- keep yourself well informed about the company and the external environment in which it operates;
- not to unfairly obstruct the functioning of an otherwise proper Board or Committee of the Board;
- pay sufficient attention and ensure that adequate deliberations are held before approving related party transactions and assure that the same are in the interest of the Company;
- ascertain and ensure that the Company has an adequate and functional vigil mechanism and to ensure that the interests of a person who uses such mechanism are not prejudicially affected on account of such use;
- report concerns about unethical behaviour, actual or suspected fraud or violation of the Company's code of conduct or ethics policy;
- act within authority, assist in protecting the legitimate interests of the Company, shareholders and its employees;
- not disclose confidential information, including commercial secrets, technologies, advertising and sales promotion plans, unpublished price sensitive information, unless such disclosure is expressly approved by the Board or required by law;

5. Status of Appointment and Remuneration:

You will not be an employee of the Company and this letter shall not constitute a contract of employment. You will be paid such remuneration by way of sitting fees for attending meetings of the Board and its Committees as may be decided by the Board from time to time.

6. Confidentiality:

All information acquired during your tenure of directorship is confidential and should not be disclosed, either during your tenure or following termination (by whatever means) to third parties without prior clearance from the Chairman, unless required by law or by the rules of any stock exchange or regulatory body. In the latter case, you would be required to suitably inform the Chairman of such an event or disclosure. You should direct any media queries or approaches to the appropriate spokesperson within the Company. On reasonable request, you shall surrender any documents and other materials made available to you by the Company.

7. Evaluation:

The Company will carry out an evaluation of the performance of the Board as a whole, Board Committees and the Directors on an annual basis. Your appointment and reappointment on the Board shall be subject to the outcome of the yearly evaluation process.

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8. Dealing in shares:

You are required to comply with the Company's Insider Trading Code of Conduct. This code inter alia prohibits the Directors from dealing in the Company's shares during the period when the trading window is closed. Further, directors, being designated officers of the Company for the purpose of Insider Trading Guidelines, are to pre-clear all trades (buy/sell) from the Chairman/ Compliance Officer of the Company, if the trade involves 20,000 securities or more in a month or market value of trade is expected to exceed Rs.25lac in a month. You are also required to comply with the applicable SEBI Insider Trading laws and regulations.

9. Declaration and Disclosure of interest:

You shall give an annual declaration as required under the provisions of Section 149(7) of the Companies Act, 2013 and the rules made thereunder and Clause 49 of the Listing Agreement with Stock Exchanges. Besides above, you shall provide following disclosures as required under the Companies Act, 2013 and Rules framed thereunder as well as the Listing Agreement:

- consent in writing to act as Director in Form DIR-2;
- intimation in Form DIR-8 to the effect that you are not disqualified under Section 164(2) of the Companies Act, 2013;
- Disclosure of interest or concern directly or indirectly, in any company, body corporate, firms or other association of individuals in form MBP-1 pursuant to Section 184(1) of the Companies Act, 2013 and rules thereunder at the first Board Meeting in which you participate as a Director and thereafter at the first Board Meeting in every financial year.

10. Termination:

- You may resign from your position at any time and should you wish to do so, you are requested to serve a reasonable written notice to the Board.
- Continuation of your appointment is contingent on your getting re-elected by the shareholders in accordance with provisions of the Companies Act, 2013 and Listing Agreement, from time to time in force. You will not be entitled to any compensation if the shareholders do not re-elect you at any time.

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Schedule IV of Companies Act, 2013
 [See section 149(8)]
CODE FOR INDEPENDENT DIRECTORS

The Code is a guide to professional conduct for independent directors. Adherence to these standards by independent directors and fulfilment of their responsibilities in a professional and faithful manner will promote confidence of the investment community, particularly minority shareholders, regulators and companies in the institution of independent directors.

I. Guidelines of professional conduct:

An independent director shall:

- 1) uphold ethical standards of integrity and probity;
- 2) act objectively and constructively while exercising his duties;
- 3) exercise his responsibilities in a *bona fide* manner in the interest of the company;
- 4) devote sufficient time and attention to his professional obligations for informed and balanced decision making;
- 5) not allow any extraneous considerations that will vitiate his exercise of objective independent judgment in the paramount interest of the company as a whole, while concurring in or dissenting from the collective judgment of the Board in its decision making;
- 6) not abuse his position to the detriment of the company or its shareholders or for the purpose of gaining direct or indirect personal advantage or advantage for any associated person;
- 7) refrain from any action that would lead to loss of his independence;
- 8) where circumstances arise which make an independent director lose his independence, the independent director must immediately inform the Board accordingly;
- 9) assist the company in implementing the best corporate governance practices.

II. Role and functions:

The independent directors shall:

- 1) help in bringing an independent judgment to bear on the Board's deliberations especially on issues of strategy, performance, risk management, resources, key appointments and standards of conduct;
- 2) bring an objective view in the evaluation of the performance of board and management;
- 3) scrutinize the performance of management in meeting agreed goals and objectives and monitor the reporting of performance;
- 4) satisfy themselves on the integrity of financial information and that financial controls and the systems of risk management are robust and defensible;
- 5) safeguard the interests of all stakeholders, particularly the minority shareholders;
- 6) balance the conflicting interest of the stakeholders;
- 7) determine appropriate levels of remuneration of executive directors, key managerial personnel and senior management and have a prime role in appointing and where necessary recommend removal of executive directors, key managerial personnel and senior management;
- 8) moderate and arbitrate in the interest of the company as a whole, in situations of conflict between management and shareholder's interest.

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III. Duties:

The independent directors shall—

- 1) undertake appropriate induction and regularly update and refresh their skills, knowledge and familiarity with the company;
- 2) seek appropriate clarification or amplification of information and, where necessary, take and follow appropriate professional advice and opinion of outside experts at the expense of the company;
- 3) strive to attend all meetings of the Board of Directors and of the Board committees of which he is a member;
- 4) participate constructively and actively in the committees of the Board in which they are chairpersons or members;
- 5) strive to attend the general meetings of the company;
- 6) where they have concerns about the running of the company or a proposed action, ensure that these are addressed by the Board and, to the extent that they are not resolved, insist that their concerns are recorded in the minutes of the Board meeting;
- 7) keep themselves well informed about the company and the external environment in which it operates;
- 8) not to unfairly obstruct the functioning of an otherwise proper Board or committee of the Board;
- 9) pay sufficient attention and ensure that adequate deliberations are held before approving related party transactions and assure themselves that the same are in the interest of the company;
- 10) ascertain and ensure that the company has an adequate and functional vigil mechanism and to ensure that the interests of a person who uses such mechanism are not prejudicially affected on account of such use;
- 11) report concerns about unethical behaviour, actual or suspected fraud or violation of the company's code of conduct or ethics policy;
- 12) acting within his authority, assist in protecting the legitimate interests of the company, shareholders and its employees;
- 13) not disclose confidential information, including commercial secrets, technologies, advertising and sales promotion plans, unpublished price sensitive information, unless such disclosure is expressly approved by the Board or required by law.

IV. Manner of appointment:

- 1) Appointment process of independent directors shall be independent of the company management; while selecting independent directors the Board shall ensure that there is appropriate balance of skills, experience and knowledge in the Board so as to enable the Board to discharge its functions and duties effectively.
- 2) The appointment of independent director(s) of the company shall be approved at the meeting of the shareholders.
- 3) The explanatory statement attached to the notice of the meeting for approving the appointment of independent director shall include a statement that in the opinion of the Board, the independent director proposed to be appointed fulfills the conditions specified in the Act

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and the rules made thereunder and that the proposed director is independent of the management.

4) The appointment of independent directors shall be formalized through a letter of appointment, which shall set out :

- a. the term of appointment;
- b. the expectation of the Board from the appointed director; the Board-level committee(s) in which the director is expected to serve and its tasks;
- c. the fiduciary duties that come with such an appointment along with accompanying liabilities;
- d. provision for Directors and Officers (D and O) insurance, if any;
- e. the Code of Business Ethics that the company expects its directors and employees to follow;
- f. the list of actions that a director should not do while functioning as such in the company; and
- g. the remuneration, mentioning periodic fees, reimbursement of expenses for participation in the Boards and other meetings and profit related commission, if any.

5) The terms and conditions of appointment of independent directors shall be open for inspection at the registered office of the company by any member during normal business hours.

6) The terms and conditions of appointment of independent directors shall also be posted on the Company's website.

V. Re-appointment:

The re-appointment of independent director shall be on the basis of report of performance evaluation.

VI. Resignation or removal:

1) The resignation or removal of an independent director shall be in the same manner as is provided in sections 168 and 169 of the Act.

2) An independent director who resigns or is removed from the Board of the company shall be replaced by a new independent director within a period of not more than one hundred and eighty days from the date of such resignation or removal, as the case may be.

3) Where the company fulfils the requirement of independent directors in its Board even without filling the vacancy created by such resignation or removal, as the case may be, the requirement of replacement by a new independent director shall not apply.

VII. Separate meetings:

1) The independent directors of the company shall hold at least one meeting in a year, without the attendance of non-independent directors and members of management;

2) All the independent directors of the company shall strive to be present at such meeting;

3) The meeting shall:

a. review the performance of non-independent directors and the Board as a whole;

b. review the performance of the Chairperson of the company, taking into account the views of executive directors and non-executive directors;

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c. assess the quality, quantity and timeliness of flow of information between the Company management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

VIII. Evaluation mechanism:

- 1) The performance evaluation of independent directors shall be done by the entire Board of Directors, excluding the director being evaluated.
- 2) On the basis of the report of performance evaluation, it shall be determined whether to extend or continue the term of appointment of the independent director.

The Appointment Letter is issued based on the Companies Act, 2013 and Rules framed thereunder, Listing Agreement with the Stock Exchanges and other Regulations prevalent at the time of appointment . Any change in the above shall automatically entail changes in the terms and conditions.

We look forward for your valuable contribution and guidance to the growth of the Company.

Thanking You

Yours faithfully,

**For and on behalf of the Board of Directors
Of XL Energy Limited**



Dinesh Kumar
Managing Director

I have read and agreed to the above terms regarding my appointment as an Independent Director of M/s XL Energy Limited



Mr Vikas Nayyar
Independent Director
DIN: 06550288
29th September, 2014.

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