

XL ENERGY LIMITED

C2, Pooja Plaza, Vikrampuri, Secunderabad – 500009.

CIN: L31300TG1985PLC005844

RELATED PARTY TRANSACTION POLICY

(Pursuant to Clause 49 of the Listing Agreement)

PREAMBLE

The Board of Directors (the "Board") of M/s XL ENERGY LIMITED (the "Company" or "XL"), have adopted the following policy and procedures with regard to Related Party Transactions. The policy envisages the procedure governing Related Party Transactions required to be followed by the Company to ensure compliance with the Law and Regulation. The Audit committee will review the same from time to time and propose the amendment required in the policy to the Board of Directors.

PURPOSE

The policy is intended to ensure the proper approval and reporting of transactions between the Company and its Related Parties in the best interest of the Company and its stakeholders.

The provisions of this policy are designed to govern the transparency of approval process and disclosures requirements to ensure fairness in the conduct of Related Party Transactions, in terms of the applicable laws.

DEFINITIONS

"**Act**" means the Companies Act, 2013 including any amendment or modification thereof.

"**Arm's Length Transaction**" means a transaction between two related parties that is conducted as if they were unrelated.

"**Audit Committee**" or "**Committee**" means Committee of Board of Directors of the Company constituted under the provisions of Listing Agreement and Companies Act, 2013.

"**Board**" means Board of Directors of the Company.

"**Company**" means XL Energy Limited.

"**Key Managerial Personnel**" means key managerial personnel as defined under the Companies Act, 2013 and includes:

- (i) Managing Director, or Chief Executive Officer or manager and in their absence, a whole-time director;
- (ii) Company Secretary; and
- (iii) Chief Financial Officer

“Material Related Party Transaction” means a transaction with a related party if the transaction / transactions to be entered into individually or taken together with previous transactions 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.

“Ordinary Course of Business” usual transactions, customs and practices undertaken by the Company to conduct its business operations and activities which are frequent and the activity is a source of income for business.

“Policy” means Related Party Transaction Policy.

“Related Party” means related party as defined in Companies Act 2013 and in Clause 49 of the Listing Agreement which is as follows:

A **‘Related Party’** is a person or entity that is related to the Company. Parties are considered to be related if one party has the ability to Control the other party or exercise significant influence over the other party, directly or indirectly, in making financial and/or operating decisions and includes the following:

1. A person or a close member of that person’s family is related to a company if that person,
 - a) is a related party under Section 2(76) of the Companies Act, 2013 which are as follows:
 - (i) a director or his relative ;
 - (ii) a key managerial personnel or his relative ;
 - (iii) a firm, in which a director, manager or his relative is a partner ;
 - (iv) a private company in which a director or manager or his relative is a member or director ;
 - (v) a public company in which a director or manager is a director or holds along with his relatives, more than two per cent of its paid-up share capital ;
 - (vi) anybody corporate whose Board of directors, managing director, or manager is accustomed to act in accordance with the advice, directions or instructions of a director or manager ;
 - (vii) any person under whose advice, directions or instructions a director or manager is accustomed to act :
Provided that nothing in sub-clauses (vi) and (vii) shall apply to the advice, directions or instructions given in a professional capacity;
 - (viii) any company which is –
 - (A) a holding, subsidiary or an associate company of such company ; or
 - (B) a subsidiary of a holding company to which it is also a subsidiary ;
 - (ix) Director, other than an Independent Director or key managerial personnel of the holding company or his relative with reference to a company;

2. An entity is related to a company if any of the following conditions applies:
 - a. The entity is a related party under Section 2(76) of the Companies Act, 2013; or
 - b. The entity and the company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others); or
 - c. One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member); or
 - d. Both entities are joint ventures of the same third party; or

- e. One entity is a joint venture of a third entity and the other entity is an associate of the third entity; or
- f. The entity is a post-employment benefit plan for the benefit of employees of either the company or an entity related to the company. If the company is itself such a plan, the sponsoring employers are also related to the company; or
- g. The entity is controlled or jointly controlled by a person identified in (1).
- h. A person identified in (1)(b) has significant influence over the entity (or of a parent of the entity); or

“Related Party Transaction” means any transaction directly or indirectly involving any Related Party which is a transfer of resources, services or obligations between a company and a related party, regardless of whether a price is charged and includes:

- a. Sale or purchase or supply of any goods or materials
- b. Selling or otherwise disposing of, or buying, property of any kind
- c. Leasing of property of any kind
- d. Availing or rendering of any services
- e. Appointment of any agent for purchase or sale of goods, materials, services or property
- f. Such Related Party’s appointment to any office or place of profit in the Company, its subsidiary companies or associates companies; and
- g. Underwriting the subscription of any securities or derivatives thereof, of the Company

“Relative” means relative as defined under the Companies Act, 2013 and includes anyone who is related to another, if –

- i. They are members of a Hindu undivided family;
- ii. They are husband and wife; or
- iii. Father (including step-father)
- iv. Mother (including step-mother)
- iv. Son (including step-son)
- v. Son’s wife
- vi. Daughter
- vii. Daughter’s husband
- ix. Brother (including step-brother)
- x. Sister (including step-sister)

POLICY & PROCEDURES

All Related Party Transactions must be reported to the Audit Committee and referred for approval by the Committee in accordance with this Policy on regular basis (Section 177 (4) (iv) of Companies Act,2013). All Related Party Transactions shall require prior approval of Audit Committee. The Audit Committee may grant Omnibus Approval for Related Party Transactions proposed to be entered into by the Company subject to compliance with the following conditions:

- a. The Audit Committee shall lay down the criteria for granting the omnibus approval in line with the policy on Related Party 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
- a. the name/s of the Related Party, nature of transaction, period of transaction, maximum amount of transaction that can be entered into;
- b. the indicative base price / current contracted price, and the formula for variation in the price if any; and
- c. such other conditions as the Audit Committee may deem fit.
- 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, atleast on a quarterly basis, the details of Related Party Transactions entered into by the Company pursuant to each of the omnibus approvals given;
- e. Such omnibus approvals shall be valid for a period not exceeding 1 year and shall require fresh approvals after expiry of one year.
- In the event, the transaction, contract or arrangement with the Related Party is either not in the Ordinary Course of Business or is not at Arm's Length or both, the Company shall comply with the provisions of the Companies Act, 2013 and the Rules framed thereunder and obtain approval of the Board and its shareholders, as applicable.

APPROVAL OF BOARD

If the Committee determines that a Related Party Transaction should be brought before the Board, or if the Board in any case decides to review any such matter or it is mandatory under any law for Board to approve the Related Party Transaction, then the Board shall consider and approve the Related Party Transaction and the considerations set forth above shall apply to the Board's review and approval of the matter, with such modification as may be necessary or appropriate under the circumstances.

APPROVAL OF SHAREHOLDERS

All Material Related Party Transactions require the approval of the shareholders through special resolutions irrespective of the fact if the transaction, contract or arrangement is in the Ordinary Course of Business or at Arm's Length or both and the Related Party shall abstain from voting on such resolutions.

DISCLOSURES

Every Related Party Transaction with proper justification shall be disclosed in the Directors Report. Details of all Material Transactions with Related Parties shall be disclosed quarterly along with the compliance report on Corporate Governance. The Company shall disclose the policy on dealing with Related Party Transactions on its website and also in the Annual Report.
