

EXXARO TILES LIMITED



**POLICY ON MATERIAL SUBSIDIARIES
AND GOVERNANCE OF SUBSIDIARIES**

**(Approved by the Board of Directors of the Company at its meeting held on
05th January 2021)**

**Exxaro Tiles Limited
Regd. Office: Survey No: 169 &
170, Vavdi Harsol Road, Mahelav,
Talod, Sabarkantha-383305,
Gujarat.**

1. INTRODUCTION

The Board of Directors (the "**Board**") of Exxaro Tiles Limited ("**Exxaro**" or "**Company**") has adopted the following policy and procedures with regard to Material Subsidiaries as defined below. The Board may review and amend this policy from time to time.

2. OBJECTIVE

- 2.1 This Policy on Material Subsidiaries and Governance of Subsidiaries ("**Policy**") is framed as per the requirements of as per the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015.
- 2.2 The objective of this Policy is to lay down criteria for identification and dealing with material subsidiaries and to formulate a governance framework for subsidiaries, if any, of Exxaro Tiles Limited ("**Exxaro**" or "**the Company**").

3. DEFINITIONS

3.1 **Audit Committee:**

Audit Committee or Committee means Audit Committee constituted by the Board of Directors of the Company, from time to time, under SEBI (LODR) Regulation 2015 and the Companies Act, 2013.

3.2 **Board Directors:**

Board of Director or Board means the Board of Directors of Exxaro, as constituted from time to time.

3.3 **Independent Director:**

Independent Director means a director of the Company, not being a whole time director and who is neither a promoter nor belongs to the promoter group of the Company and who satisfies other criteria for independence under the Companies Act, 2013 and SEBI (LODR) Regulations 2015.

3.4 **Material non-listed Indian subsidiary**

A Material non-listed Indian subsidiary shall mean an unlisted subsidiary, incorporated in India, whose income or net worth (i.e. paid up capital and free reserves) exceeds twenty percent of the consolidated income or net worth respectively of the Company in the immediately preceding accounting year.

3.5 **Material Subsidiary:**

A Subsidiary Company shall be treated Material if:

- a) Income exceeds ten percent of the consolidated income of Exxaro and its subsidiaries in the preceding accounting year; or
- b) net worth exceeds ten percent of the consolidated net worth of Exxaro and its subsidiaries in the preceding accounting year;

3.6 Policy:

Policy means Policy on Material Subsidiaries.

3.7 Significant transactions or arrangements:

Significant transactions or arrangements shall mean any individual transaction or arrangement that exceeds or is likely to exceed 10% of the total revenues or total expenses or total assets or total liabilities, as the case may be, of the unlisted Subsidiary for the immediately preceding accounting year.

3.8 Subsidiary:

Subsidiary shall mean a subsidiary defined as per Companies Act, 2013.

4. GOVERNANCE FRAMEWORK

- a) minutes of the Board meetings of Subsidiary Companies, if any, shall be placed before the Board of Directors of Exxaro on quarterly basis;
- b) a statement of all significant transactions and arrangements entered into by the Subsidiary Companies during the quarter shall be brought to the attention of the Board of Directors of Exxaro on quarterly basis,
- c) the Audit Committee of Exxaro shall review the financial statements, in particular, the investments made by the unlisted Subsidiary Company on an annual basis;
- d) any transaction between Exxaro and its Subsidiary Company shall be entered into in accordance with Related Party Transaction Policy of the Company.
- e) the list of Material Subsidiaries shall be placed before the Audit Committee of Exxaro on an annual basis;
- f) at least one Independent Director on the Board of Exxaro shall be appointed as a Director on the Board of Material Unlisted Indian Subsidiary Company;
- g) The management shall present to the Audit Committee annually the list of such subsidiaries together with the details of the materiality defined herein. The Audit Committee shall review the same and make suitable recommendations to the Board including recommendation for appointment of Independent Director on the board of material non-listed Indian subsidiary.

5. DISPOSAL OF MATERIAL SUBSIDIARY

The Company shall not without passing a special resolution in its general meeting:

- a) dispose shares in Material Subsidiaries that reduces its shareholding (either on its own or together with other subsidiaries) to less than fifty percent ; or

- b) ceases the exercise of control over the subsidiary; or
- c) sell, dispose or lease the assets amounting to more than twenty percent of the assets of the material subsidiary.

Provided that no such prior approval of shareholders by way of special resolution in general meeting will be required if the sale, disposal, lease is made pursuant to a scheme of arrangement duly approved by a Court/Tribunal.

6. RESPONSIBILITY:

- 6.1. The Company Secretary shall be responsible for ensuring the compliance of this Policy.
- 6.2. A list of Material Subsidiary shall be maintained by the Company Secretary and the same shall be placed before the Audit Committee on an annual basis.
- 6.3. The Audit Committee shall review the list of Material Subsidiary and make suitable recommendations, including recommendation for appointment of Independent Director on the Board of Material Subsidiary.

7. DISSEMINATION:

Pursuant to Regulation 46 of SEBI (LODR) Regulations 2015, this Policy and any amendment thereto shall be posted on the website of the Company and a web link thereto shall be provided in the Annual Report.