

EXXARO TILES LIMITED



**MATERIAL GROUP COMPANIES, MATERIAL OUTSTANDING LITIGATIONS AND
OUTSTANDING DUES TO CREDITORS IN THE OFFER DOCUMENTS ISSUED IN
PURSUANCE OF THE PROPOSED INITIAL PUBLIC OFFERING OF THE COMPANY**

**(Approved by the Board of Directors of the Company at its meeting held on
01th February 2021)**

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

Material Group Companies

It was noted that the SEBI ICDR Regulations *inter-alia* define 'Group Companies' to include those companies (other than promoter(s) and subsidiary/subsidiaries) with which there were related party transactions, during the period for which financial information is disclosed in the Offer Documents, as covered under the applicable accounting standards as well as those companies that are considered material by the Board. The Board has consider and approve the materiality policy based on which material group companies will be determined and disclosures pertaining to which, shall made in the Offer Documents.

Companies (other than promoter(s) and subsidiary/subsidiaries) with which there were related party transactions, during the period for which financial information is disclosed in the Offer Documents, as covered under Indian Accounting Standards 24, shall be considered as group companies of the Company for the purpose of disclosure in the offer documents to be filed in relation to the Company's proposed Initial Public Offering.

A company/entity shall be considered material and will also be disclosed as a group company if:

- (i) The investment in the form of equity or loan by the Company in such companies exceeds 10% of the net worth of the Company for the last audited financial year as per the Restated Financial Statements; and
- (ii) Where the Company has entered into one or more transactions with such company/ entity in the last audited financial year, cumulatively exceeding 10% of the total revenue of the Company for the last audited financial year as per the Restated Financial Statements.

Any companies which, subsequent to March 31, 2020, have ceased to be related parties of the Company in terms of Ind AS 24 solely on account of there being no significant influence/control over such company in terms of Ind AS 24 (as confirmed by the IPO Committee in a resolution) shall not be considered as 'group companies' for the purpose of disclosure in this Draft Red Herring Prospectus.

Material Outstanding Dues to Creditors

It was noted that the SEBI ICDR Regulations *inter-alia* mandate that the Board needs to disclose material outstanding dues to the micro, small and medium enterprises and other creditors for the purpose of disclosure in the Offer Documents in relation to its proposed initial public offering, in accordance with the policy of materiality defined by the Board.

In view of the nature and extent of outstanding dues of the Company and the nature and extent of the business operations undertaken by the Company, the dues owed by the Company to the micro, small and medium enterprises and other creditors exceeding 5% of the Company's trade payables for the for the last audited financial year as per the Restated Financial Statements, shall be considered as material dues for the Company.

The details of outstanding dues to such micro, small and medium enterprises and other creditors shall be uploaded on the webpage of the Company as required under the SEBI ICDR Regulations."

Materiality of Outstanding Litigations involving the Company and its Directors, Promoters and Group Companies

It was noted that SEBI ICDR Regulations *inter-alia* mandate that the Offer Documents must contain disclosures pertaining to all criminal proceedings, all actions by statutory/regulatory authorities, all disciplinary actions including penalty imposed by SEBI or Stock Exchanges against the promoters in the last five financial years, including outstanding action and tax related litigations involving the issuer, its directors, and promoters. Further, the Board must define a materiality policy to determine the other pending material outstanding litigations involving the Company, its directors, promoters and group companies, which need to be disclosed in the Offer Document(s) in relation to its proposed initial public offering. The Board has consider and approve the materiality policy based on which the said outstanding litigations shall be disclosed in the offer document.

In view of the nature and extent of operations of the Company and its directors, promoters and group companies, the outstanding litigations involving the Company and its directors, promoters and group companies shall be considered material if:

- (a) where the aggregate amount involved, in such individual litigation exceeds 5% of the profit after tax of our Company, as per last audited financial year as per the Restated ; Financial Statement or
- (b) where the decision in one litigation is likely to affect the decision in similar litigations, even though the amount involved in such single litigation individually may not exceed 5% of the profit after tax of the Company as per the last audited financial year as per the Restated Financial Statements, if similar litigations put together collectively exceed 5% of the profit after tax of the Company, or
- (c) Litigations whose outcome could have a material impact on the business, operations, prospects or reputation of our Company, will be considered as material litigation (“Material Litigation”).