

EXXARO TILES LIMITED



Dividend Distribution Policy (“Policy”)

**(Approved by the Board of Directors of the Company at its meeting held on
18th August 2021)**

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



DIVIDEND DISTRIBUTION POLICY

Pursuant to Regulation 43A of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

1. PREAMBLE

Each Company follows different methodology based on various parameters for deciding the quantum of profit to be distributed as dividend to the shareholders and the quantum of profit to be retained. Since the business considerations, the environmental factors and requirement of funds for the growth of any Company differ based on the type of business, the scale of operations and the movement of business and economic cycles, each Company follows a different policy for the distribution of profits.

To enable the shareholders to make reasonable estimate of quantum of dividend that they are likely to receive, it would be important for them to know and understand the parameters influencing the Company's decision making in the matter.

2. Statutory and Regulatory Parameters

The Securities and Exchange Board of India ("SEBI") has amended the Listing Regulations by inserting Regulation 43A in the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") mandating the formulation of a Dividend Distribution Policy for the top 1000 listed entities based on their market capitalization calculated as on March 31 of every financial year.

Further, Regulation 43A(3) of the Listing Regulations provides that listed entities other than top 1000 listed entities, based on their market capitalization calculated as on March 31 of every financial year, may disclose their dividend distribution policies on a voluntary basis on their websites and provide a web-link in their annual reports.

3. OBJECTIVE

Considering the provisions of the aforesaid Regulation 43A(3), the Board of Directors (the "Board") has on a voluntary basis decided to lay down a broad framework for considering the decisions by the Board of Exxaro Tiles Limited, with regard to distribution of dividend to its shareholders.

4. EFFECTIVE DATE

This Policy is effective from the date of its adoption by the Board i.e. 18th August, 2021.

5. DEFINITIONS

- a) 'Act' means the Companies Act, 2013 and rules made thereunder, including any amendments or modifications thereof.
- b) 'Board of Directors' or 'Board' means the collective body of the directors of the Company.
- c) 'Company' means Exxaro Tiles Limited.
- d) 'Dividend' shall mean Dividend as defined under the Companies Act, 2013.
- e) 'Policy' means Dividend Distribution Policy.

6. PARAMETERS/FACTOR GOVENING DECLARATION OF DIVIDED

The decision regarding dividend pay-out is a crucial decision as it determines the amount of profit to be distributed among shareholders and amount of profit to be retained in business for future growth.

The circumstances for dividend pay-out decision depends on various external and internal factors such as:-

- a) **External Factors:-** Condition of economic scenario, market scenario, various regulatory restrictions/ obligations, statutory obligations under various Acts, Agreement with lenders and any other factor beyond control of the management.
- b) **Internal Factors:-** Future outlook and profitability, mergers & acquisition, expansion/modernization and other capex needs, funds required to meet any contingent liability, buyback and any other factors as deemed appropriate by the Board.

7. GUIDELINES FOR DISTRIBUTION OF DIVIDEND

- 5.1 The Company shall pay dividend (including interim dividend) in compliance with the provisions of Section 123 of the Act and Companies (Declaration and Payment of Dividend) Rules, 2014, Listing Regulations and all other applicable laws governing dividends and the Articles of Association of the Company, as in force and as amended from time to time.

- 5.2 The Company shall ensure that distribution of dividend protects the rights of minority shareholders.
- 5.3. In case of sufficient reasonable profits, the Board may endeavor to recommend dividend in the Dividend Payout Ratio mentioned in this Policy. However, in case of inadequacy of profits in any year, the Board may decide to conserve profits of the Company and may recommend a lesser dividend or the Board shall not recommend dividend, if it is of opinion that it is financially not prudent to do so.
- 5.4. The Company shall pay dividend to its shareholders after taking into consideration, the various factors as under:
- a) Depending upon the performance of the Company in terms of the net profits earned by it during any financial year and the liquidity position of the Company.
 - b) After taking into consideration the near term investment plans of the Company including maintenance capex and working capital need, diversification, expansion, acquisitions, etc.
 - c) The Board shall take into account the historical dividends payout as well as also those declared by its peers and other leading companies of similar size.

While the Company endeavours to conserve resources for its future growth plans, the dividend payout will **be within the range of 5% - 10% of the Net Profit After Tax as dividend** of the Company in any financial year subject to sufficiency of stand-alone profits available for distribution of dividend in the relevant year and the said payout shall include tax on dividend as per relevant regulations. However, the Board reserves the right to recommend a higher or a lower dividend based on the performance of that year and after taking into consideration other factors enumerated above.

6. UTILISATION OF RETAINED EARNINGS

Company may utilize the retained earnings by:

- a) Investing into new markets/verticals or research and development of new product;
- b) Payment of capital expenditure including technology infrastructure or physical infrastructure etc.;
- c) Entering into restructuring activities like merger and acquisitions as it may deem necessary from time to time; and
- d) By spending on any other business requirement.
- e) Repayment of Debt.
- f) Issue of Fully paid – up bonus shares.
- g) Any other permitted use.



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7. MULTIPLE CLASSES OF SHARES

Currently, the Company has only one class of equity shares. In future, if the Company issues multiple classes of shares, the parameters of dividend distribution policy that shall be adopted with regard to various classes of shares may be addressed.

8. AMENDMENTS

The Policy will be subject to revision/ amendment in accordance with the guidelines as may be issued by the Ministry of Corporate Affairs, Securities and Exchange Board of India or such other regulatory authority as may be authorized, from time to time, on the subject matter.

The Board reserves the right to amend, modify or review this Policy in whole or in part, at any point of time, as may be deemed necessary.

9. DISCLOSURE

The Policy shall be uploaded under a separate section on the website of the Company at www.exxarotiles.com
