

**SHANKARA BUILDING PRODUCTS LIMITED**  
**POLICY ON RELATED PARTY TRANSACTIONS AND MATERIALITY**

## 1. PREAMBLE

The board of directors of Shankara Building Products Limited (the “**Company**”), on recommendation of the Audit Committee, has adopted this policy to regulate Related Party Transactions (defined below) of the Company in compliance with various applicable laws, including under the Companies Act, 2013 and the rules there under, each as amended (the “**Act**”) and the provisions of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (the “**SEBI Listing Regulations**”), prescribed for Related Party Transactions.

## 2. OBJECTIVE

The Related Party may have potential or actual conflicts of interests. Such transactions are appropriate only if they are in the best interest of the Company. The provisions of this policy are designed to govern the approval process and disclosure requirements to ensure transparency in the conduct of Related Party Transactions in the best interest of the Company and its shareholders and to comply with the statutory provisions in this regard (this “**Policy**”).

In order to ensure timely identification, approval, disclosure and reporting of transactions between the Company and any of its Related Parties in compliance with the applicable laws, including the Act and the SEBI Listing Regulations, the board of directors of the Company (the “**Board**”) has adopted this Policy.

## 3. DEFINITIONS

- 3.1 “**Arm’s Length Transaction**”, means a transaction between two Related Parties that is conducted as if they were unrelated, so that there is no conflict of interest.
- 3.2 “**Board**”, means the board of directors of the Company, as constituted from time to time.
- 3.3 “**Committee**”, means the Audit Committee of the Board, as constituted from time to time.
- 3.4 “**Materiality**”, means a transaction with a Related Party shall be considered material if the transaction(s) 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.
- 3.5 “**Ordinary Course of Business**”, means activities that are normal, regular, frequent and incidental to the business of the Company.
- 3.6 “**Related Party**”, means a related party as defined under sub-section (76) of section 2 of the Act or under the applicable accounting standards
- 3.7 “**Related Party Transaction**”, includes a transfer of resources, services or obligations between a company and a Related Party, regardless of whether a price is charged. A transaction with a Related Party shall be construed to include single transaction or a group of transactions in a contract.
- 3.8 “**Relative**”, means relative as defined under sub-section (77) of section 2 of the Act and rules prescribed thereunder.

## 4. MANNER OF DEALING WITH RELATED PARTY TRANSACTIONS

All Related Party Transactions must be reported for approval to the Committee and may be referred by the Committee to the Board and / or shareholders for its / their approval, as may be required in accordance with this Policy, the Act and the SEBI Listing Regulations. The Committee may also make omnibus approval for Related Party Transactions proposed to be entered into by the Company subject to certain conditions (as set forth in paragraph 8).

## **5 IDENTIFICATION OF RELATED PARTY**

- 5.1 Related Parties shall be identified under the Act and as per Regulation 23 of the SEBI Listing Regulations.
- 5.2 The secretarial department of the Company (the “**Secretarial Department**”) shall request from all the directors and key managerial personnel information that may be required for inclusion in the list of Related Parties of the Company.
- 5.3 Each director and key managerial personnel of the Company shall inform the Secretarial Department of any change in the information previously provided on the list of Related Parties of the Company.
- 5.4 Each director and key managerial personnel is responsible for providing notice to the Board or Committee of any potential Related Party Transaction involving him or her or his or her Relative, including any additional information about the transaction that the Board/ Committee may reasonably request.
- 5.5 The list of identified Related Parties will be tagged and updated in the accounting system regularly and also periodically sent out to those staff of the Company that might be in the position to conduct or know of the possible conduct for Related Party Transactions.

## **6 IDENTIFICATION OF RELATED PARTY TRANSACTIONS**

As a policy, the Company will identify transactions falling under contracts and arrangements, as per the applicable laws, entered into with Related Parties for the consent of the Committee, Board and shareholders, as applicable.

## **7. POLICY**

- 7.1 The Related Party Transactions should be in conformity with the prevailing rules and regulations prescribed by law.
- 7.2 All Related Party Transactions shall be placed before the Committee for prior approval of the Committee, as required under the provisions of the Act and the SEBI Listing Regulations.

## **8. OMNIBUS APPROVALS RELATED TO RELATED PARTY TRANSACTIONS**

The Committee may grant omnibus approval for Related Party Transactions proposed to be entered into by the Company subject to compliance with following conditions:

- a. The Committee, upon obtaining approval from the Board shall lay down the criteria for granting the omnibus approval which shall include the following:
  - (i) maximum value of the transactions, in aggregate, which can be allowed under the omnibus approval route in a year;
  - (ii) the maximum value per transaction which can be allowed;

- (iii) extent and manner of disclosures to be made to the Committee at the time of seeking omnibus approval;
  - (iv) review, at such intervals as the Committee may deem fit, Related Party Transactions entered into by the Company pursuant to each of the omnibus approval made; and
  - (v) transactions which cannot be subject to the omnibus approval by the Committee.
- b. The Committee shall satisfy itself the need for such omnibus approval and that such approval is in the interest of the Company and shall consider the following factors while specifying the criteria for making omnibus approval:
- (i) repetitiveness of the transactions (in past or in future); and
  - (ii) justification for the need of omnibus approval.
- c. Such omnibus approval shall specify
- (i) the name/s of the Related Party, nature of transaction, period of transaction, maximum amount of transaction that can be entered into,
  - (ii) the indicative base price / current contracted price and the formula for variation in the price if any, and
  - (iii) such other conditions as the Committee may deem fit;

Where the need for Related Party Transaction cannot be foreseen and aforesaid details are not available, the Committee may grant omnibus approval for such transactions subject to their value not exceeding Rs. 1.0 crore per transaction.

- d. The Committee shall review, at least on a quarterly basis, the details of Related Party Transactions entered into by the Company pursuant to each of the omnibus approval given.
- e. Omnibus approval shall not be made for transactions in respect of selling or disposing of the undertaking of the Company.
- f. Such omnibus approvals shall be valid for a period not exceeding one financial year and shall require fresh approvals after the expiry of such financial year.

## **9. POLICY ON DETERMINATION OF MATERIALITY OF RELATED PARTY TRANSACTIONS**

All transactions which are not in the Ordinary Course of Business or not at arm's length pricing or both will be put up for prior approval of the Board. In case the Company has a paid-up share capital exceeding the amount as may be prescribed or the value of the specified transaction exceeds the prescribed thresholds under the Act, it will also be put up for prior approval of the shareholders.

All material Related Party Transactions (within the meaning of the SEBI Listing Regulations) shall require approval of the shareholders and all Related Parties shall abstain from voting on such resolutions irrespective of whether the entity is a party to the particular transaction or not.

**Exclusion:** Transactions entered into between Company and its wholly owned subsidiary in India and overseas, shall be outside the scope of the provisions of Clause 9 as per Regulation 23 (5) (b) of the SEBI Listing Regulations, provided that provisions of the Act and rules made thereunder, SEBI Listing Regulations and other applicable laws, as amended from time to time will be complied with.

## **10. REVIEW OF TRANSACTIONS WITH RELATED PARTY**

To review a Related Party Transaction, the Committee will be provided with all relevant material information of the Related Party Transaction, including the terms of the transaction, the business purpose of the transaction, the benefits to the Company and to the Related Party, and any other relevant matters. For this purpose, the Committee / Board, as the case may be, is entitled to seek the assistance of any employee of the Company or one or more independent experts of its choice at the expense of the Company.

If the Committee determines that a Related Party Transaction should be brought before the Board, or if the Board in any case elects to review any such matter or it is mandatory under any applicable law for the Board to approve the Related Party Transaction, then 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.

In the event any member of the Committee or the Board, as the case may be, has potential interest in any Related Party Transaction, such member will not remain present at the meeting during discussions on the subject matter of the resolution relating to such contract or arrangement. Further, all entities falling under the definition of Related Party shall abstain from voting irrespective of whether the entity is a party to the particular transaction or not.

## **11. RELATED PARTY TRANSACTIONS NOT APPROVED UNDER THIS POLICY**

11.1 In the event the Company becomes aware of a Related Party Transaction with a Related Party that has not been approved under this Policy prior to its consummation, the matter shall be reviewed by the Committee. The Committee shall consider all of the relevant facts and circumstances regarding the Related Party Transaction, and shall evaluate all options available to the Company, including ratification, revision or termination of the Related Party Transaction. The Committee shall also examine the facts and circumstances pertaining to the failure of reporting such Related Party Transaction to the Committee under this Policy, and shall take any such action it deems appropriate.

In cases where the Board and / or shareholders' approval is required, and a contract or arrangement is entered into by a director or any other employee, without obtaining such consent of the Board or approval by a special resolution in the general meeting and if it is not ratified by the Board or, as the case may be, by the shareholders at a meeting within three months from the date on which such contract or arrangement was entered into, such contract or arrangement shall be voidable at the option of the Board and if the contract or arrangement is with a Related Party to any director, or is authorized by any other director, the directors concerned shall indemnify the company against any loss incurred by it.

11.2 In any case, where the Committee determines not to ratify a Related Party Transaction that has commenced without approval, the Committee, as appropriate, may direct additional actions including, but not limited to, immediate discontinuation or rescission of the transaction. In connection with any review of a Related Party Transaction, the Committee has authority to modify or waive any procedural requirements of this Policy.

11.3 Any director or other employee of the Company who has entered into or authorized any arrangement, transaction or contract in violation of this Policy, the Act, the SEBI Listing Regulations or any other applicable law or regulation, may be subject to such disciplinary proceedings as the Board may decide and penal consequences as prescribed under applicable law.

## **12. DISCLOSURE AND REPORTING**

- 12.1 Details of the Related Party Transactions during the quarter shall be disclosed in the Committee and Board meeting. The Committee shall review, at least on a quarterly basis, the details of Related Party Transactions entered into by the Company pursuant to each of the omnibus approval given, if any.
- 12.2 The Company shall disclose to the stock exchange along with the compliance report on corporate governance on a quarterly basis details of all material transactions with Related Parties.
- 12.3 The Board's report shall contain details of Related Party Transactions, along with the justification for entering into such contract or arrangement, as required under the Act and Regulation 23 of the SEBI Listing Regulations.
- 12.4 The Policy shall be made available on the website of the Company at [[www.shankarabuildpro.com](http://www.shankarabuildpro.com)] and a web link thereto shall be provided in the Company's annual report. This Policy will be communicated to all operational employees and other concerned persons of the Company.

### **13. AMENDMENTS**

The Board in consultation with Committee will review this Policy from time to time based on the Related Party Transactions and make suitable modifications, as may be necessary