

SHANKARA BUILDING PRODUCTS LIMITED

CORPORATE SOCIAL RESPONSIBILITY POLICY

1. PREAMBLE

We, at Shankara Building Products Limited (the “**Company**”) are conscious of our responsibility to conduct our business in an economically, socially and environmentally sustainable manner that is transparent and ethical. We strongly believe in inclusive growth, where the community around our various facilities also partake in the Company’s growth. We equally believe that creation of large societal capital is as important as wealth creation for our shareholders and we are committed to the well-being of all the stakeholders. As a responsible human organization, we are committed towards the above objectives and we are keen on developing a sustainable business model to ensure and activate our future growth drivers. In line with the regulatory expectations, we are putting in place a formal policy as a guide towards our social commitment going forward.

This corporate social responsibility policy (this “**Policy**”) shall be read in line with Section 135 of the Companies Act, 2013, as amended (the “**Act**”), and the Companies (Corporate Social Responsibility Policy) Rules, 2014, as amended (the “**Rules**”) and such other rules, regulations, circulars, and notifications as may be applicable and as amended from time to time.

2. POLICY OBJECTIVES

The objective of this Policy is to lay down the guiding principles in undertaking various programs and projects by or on behalf of the Company relating to Corporate Social Responsibility (“**CSR**”) within the meaning of Section 135 of the Act read with Schedule VII of the Act and the Rules.

3. MEASURES

This Policy has been broadly framed taking into account the following measures:

- (i) The CSR activities shall be undertaken by Company, as stated in this Policy, as projects or programs or activities (either new or on-going), excluding activities undertaken in pursuance of its normal course of business.
- (ii) The following is the CSR projects or programs, which Company plans to undertake pursuant to Schedule VII of the Act:
 - ***include details of the CSR activities proposed to be undertaken, along with modalities of execution of such projects or programs and implementation schedules for the same.***
 - Any other measures/schemes would be introduced, subject to the approval of Board of Directors of the Company (the “**Board**”) on the recommendation of CSR Committee (defined below), and subject to the provisions of Section 135 of the Act and Rules made thereunder.

4. APPLICABILITY

This Policy shall be applicable to all CSR activities of the company whether carried by it or through any implementation agency with effect from **19TH SEPTEMBER, 2016**

5. CSR COMMITTEE

Section 135 of the Act and the rules made there under require the incorporation of the Corporate Social Responsibility Committee having a minimum of three directors with at least one such director as an independent director. The Company has constituted a Corporate Social Responsibility Committee (the “**CSR Committee**”) in terms of Section 135 of the Act read with Rule 5 of the Rules comprising three directors with two such directors who are independent directors to perform the following functions:

- (i) To formulate and recommend to the Board, the Policy of the Company which shall indicate the activities to be undertaken by the Company, in accordance with Schedule VII of the Act;
- (ii) To recommend the amount of expenditure to be incurred on the activities referred to in (i) above
- (iii) Monitor the Policy of the Company from time to time; and
- (iv) Any other matter, as the CSR Committee may deem appropriate, after approval of the or as may be directed by the Board from time to time.

The CSR Committee shall institute a transparent monitoring mechanism for implementation of the CSR projects or programs or activities undertaken by the Company. The current composition of the CSR Committee is as follows:

1. Jayashri Murali, Chairman;
2. Chandu Nair; and
3. Siddhartha Mundra.

The CSR Committee will meet at regular intervals for the above purpose.

6. ROLE OF THE BOARD

- (i) After taking into account the recommendations made by the CSR Committee, approve the Policy for the Company.
- (ii) Ensure that the CSR activities included in this Policy are undertaken by the Company.
- (iii) Ensure that, in each financial year, the Company spends at least 2% of the average net profits of the Company made during the three immediate preceding financial years, in pursuance of its Policy. Further, while spending the amount earmarked for CSR activities, preference should be given to local areas and areas around the Company where it operates.
- (iv) As per Section 135 of the Act, specify the reasons for failure to spend the CSR amount in the Board's Report.

7. CSR MONITORING AND REPORTING FRAMEWORK

In compliance with the Act and to ensure that funds spent on CSR activities are benefitting the target group, a comprehensive monitoring and reporting framework has been put in place by the Company. The CSR Committee shall monitor the implementation of the Policy through periodic reviews of the CSR activities **include designation of the employee/officer of the Company who shall be in charge of implementation of the CSR Policy** will present the annual budgets along with the list of approved CSR activities conducted by the Company to the CSR Committee together with the progress made from time to time as a part of the evaluation process under the monitoring mechanism.

8. CSR EXPENDITURE

The CSR activities undertaken in India only shall amount to CSR expenditure. CSR expenditure shall include all expenditure, including contribution to corpus for CSR activities approved by the Board on the recommendation of the CSR Committee, but does not include any expenditure on an item not in conformity or not in line with activities which fall within the purview of Schedule VII of the Act. Any surplus arising out of CSR projects or programs or activities shall not form part of the business profit of the Company.

The following contributions shall not be considered as CSR Expenditure;

- (i) Contributions of any amount, whether directly or indirectly, to any political party or any person associated with a political party;
- (ii) Amount spent, whether directly or indirectly, for the benefit of employees of the Company, its group companies and their families;
- (iii) Expenses incurred by the Company for the fulfilment of obligations under any act / statute or regulations (such as labour laws);
- (iv) Expenses incurred by the Company for one off events such as marathons / awards / charitable contribution / advertisement / sponsorships of TV programs etc;
- (v) Expenses incurred by the Company for activities undertaken in pursuance of its normal course of business; and
- (vi) Other contributions / expenses not recognized under the Act / Rules.

9. DISCLOSURE OF THE POLICY

The Policy recommended by the CSR Committee and approved by the Board shall be displayed on the Company's website, as per the particulars specified in the annexure to the Rules. Further, all relevant disclosures required to be made in the annual report of the Company pertaining to CSR including the

details of the Policy, the CSR Committee, the CSR activities undertaken by the Company, the CSR expenditure during the relevant financial year and other information as may be required under law, Section 134, Section 135 and Schedule VII of the Act and the Rules and any other applicable laws.

10. CSR REPORTING

The Board Report of a Company shall include an annual report on CSR containing particulars specified in annexure to the Rules as per the prescribed format.

11. MISCELLEANOUS

This Policy shall be updated from time to time by the Company in accordance with the amendments, if any, to the Act, the Rules and any other rules made there under or any other applicable enactment for the time being in force.