

SHANKARA BUILDING PRODUCTS LIMITED

POLICY ON CRITERIA FOR DETERMINING MATERIALITY OF EVENTS/ INFORMATION

1. LEGAL FRAMEWORK

The board of directors of Shankara Building Products Limited (the “**Company**”) has adopted a policy for determination of materiality of events or information for disclosure (this “**Policy**”) pursuant to Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the “**SEBI Listing Regulations**”). This Policy will be effective from the date of listing of the equity shares of the Company on the BSE Limited, the National Stock Exchange of India Limited and/or any other recognized stock exchanges (the “**Stock Exchanges**”).

2. OBJECTIVE

Pursuant to the SEBI Listing Regulations, the Company is under an obligation to make disclosure of any events or information which, in the opinion of the Board of Directors is material.

The objective of this Policy is therefore to lay down the criteria for determination of materiality of events and information that need to be disclosed to the Stock Exchanges in a timely manner and other matters related thereto.

3. DEFINITIONS

“**Act**” shall mean the Companies Act, 2013 and the rules framed there under, including any modifications, clarifications, circulars or re-enactment thereof.

“**Board of Directors**” or “**Board**” means the Board of Directors of the Company, as constituted from time to time.

“**Key Managerial Personnel**” means Key Managerial Personnel as defined in subsection (51) of section 2 of the Companies Act, 2013;

“**Listing Agreement**” shall mean an agreement that is to be entered into between a recognized stock exchanges and the Company pursuant to the SEBI Listing Regulations.

“**Schedule**” means a Schedule III of the SEBI Listing Regulations.

“**Material Event**” or “**Material Information**” shall mean such event or information as set out in the Annexure to this Policy or as may be determined in terms of the SEBI Listing Regulations. as amended read with all circulars and clarifications issued thereunder. In this Policy, the words, “material” and “materiality” shall be construed accordingly.

“**SEBI**” means the Securities and Exchange Board of India.

Any other term not defined herein shall have the same meaning as defined in the Act the SEBI Listing Regulations or any other applicable law or regulation to the extent applicable to the Company.

4. GUIDELINES FOR DETERMINATION OF MATERIALITY

Following are the criteria which shall be applied to determine Materiality for the purpose of making disclosure in terms of the SEBI Listing Regulations;

- (i) If the estimated impact of an event exceeds 10% or more on consolidated turnover as per the last consolidated accounts of the Company;
- (ii) in the management's assessment likely to have an impact of drop of 10% or more on consolidated net profits (excluding exceptional or extraordinary items) of the Company, as compared to the consolidated net profits for the immediately preceding financial year of the Company]
- (iii) the omission of an event or information is likely to result in significant market reaction if such omission came to light at a later date;
- (iv) any other event/information which is treated as being material in the opinion of the Board of Directors of the Company;
- (v) the event or information is in any manner unpublished price sensitive information; and
- (vi) the omission of an event or information, which is likely to result in discontinuity or alteration of event or information already available publicly.

5. DISCLOSURE OF EVENTS OR INFORMATION

- (i) Events specified in **Annexure A** to this Policy are deemed to be Material Events and the Company shall make disclosure of such events or information as soon as reasonably possible and not later than twenty-four (24) hours from the occurrence of such event or information in the following manner:
 - (a) inform the stock exchanges on which the securities of the Company are listed; and
 - (b) upload on the website of the Company

Provided that in case the disclosure is made after twenty-four (24) hours of occurrence of such event or information, the Company shall, along with such disclosure(s), provide an explanation for delay. Provided further that disclosure with respect to events specified in para 4 of Annexure A shall be made within thirty minute of the conclusion of the Board meeting.

- (ii) The Company shall make disclosure of events as specified in **Annexure B** based on application of guidelines for determining Materiality as set out in this Policy.
- (iii) The Company shall make disclosures updating Material Events or Material Information on a regular basis, until such time the event is resolved/closed, with relevant explanations
- (iv) The Company shall disclose all events or information with respect to its material subsidiaries.
- (v) The Company shall provide specific and adequate reply to all queries raised by Stock Exchange(s) with respect to any events or information . Further it shall confirm or deny any event or information to Stock Exchange(s) reported in the media.

- (vi) The Company may on its own initiative also, confirm or deny any reported event or information to Stock Exchange(s).
- (vii) In case where an event occurs or information is available with the Company, which has not been indicated in **Annexure A** or **Annexure B**, but which may have material effect on it, the Company will make adequate disclosures in regard thereof.
- (viii) The guidance on when an event/information can said to have occurred is in **Annexure C**.

All the above disclosures would be hosted on the website of the Company for a minimum period of five years and thereafter as per archival policy of the Company.

6. AUTHORIZATION FOR DETERMINING MATERIALITY

The Board of Directors of the Company has authorized managing director, company secretary and chief financial officer (“**CFO**”) to determine severally Materiality of event or information that has taken place, for the purpose of making adequate disclosure to the Stock Exchanges.

The materiality of events outlined in Annexure A and Annexure B are indicative in nature. The authorized officers of the Company shall exercise their own judgement while assessing and determining the materiality of events associated with the Company.

The contact details of the managing director, company secretary and CFO to be disclosed to the Stock Exchanges and be posted on the Company’s website.

7. DISSEMINATION OF POLICY

This Policy shall be hosted on website of the Company viz; [www.shankarabuildpro.com]

8. POLICY REVIEW

This Policy shall be subject to review of the Board of Directors and managing director, company secretary and CFO are severally authorised to amend it suitably as may be deemed necessary in accordance with any regulatory requirements/ amendments.

DATE: 19TH SEPTEMBER, 2016

Annexure A

Events which shall be disclosed without any application of the guidelines for Materiality:

1. Acquisition(s) (including agreement to acquire), Scheme of Arrangement (amalgamation/ merger/ demerger/restructuring), or sale or disposal of any unit(s), division(s) or subsidiary of the Company or any other restructuring;

Explanation. – ‘Acquisition’ shall mean, -

- (i) acquiring control, whether directly or indirectly; or,
 - (ii) acquiring or agreeing to acquire shares or voting rights in, a company, whether directly or indirectly, such that –
 - (a) the Company holds shares or voting rights aggregating to five per cent or more of the shares or voting rights in the said company, or;
 - (b) there has been a change in holding from the last disclosure and such change exceeds two per cent of the total shareholding or voting rights in the said company.
2. Issuance or forfeiture of securities, split or consolidation of shares, buyback of securities, any restriction on transferability of securities or alteration in terms or structure of existing securities including forfeiture, reissue of forfeited securities, alteration of calls, redemption of securities etc.;
 3. Revision in credit rating(s);
 4. Outcome of Meetings of the Board of Directors: The Company shall disclose to the stock exchange(s), within 30 minutes of the closure of the meeting, held to consider the following:
 - (i) dividends and/or cash bonuses recommended or declared or the decision to pass any dividend and the date on which dividend shall be paid/dispatched;
 - (ii) any cancellation of dividend with reasons thereof;
 - (iii) the decision on buyback of securities;
 - (iv) the decision with respect to fund raising proposed to be undertaken
 - (v) increase in capital by issue of bonus shares through capitalization including the date on which such bonus shares shall be credited/dispatched;
 - (vi) reissue of forfeited shares or securities, or the issue of shares or securities held in reserve for future issue or the creation in any form or manner of new shares or securities or any other rights, privileges or benefits to subscribe to;
 - (vii) short particulars of any other alterations of capital, including calls;
 - (viii) financial results;
 - (ix) decision on voluntary delisting by the Company from stock exchange(s).
 5. Agreements (viz. shareholder agreement(s), joint venture agreement(s), family settlement agreement(s) (to the extent that it impacts management and control of the

- Company), agreement(s)/treaty(ies)/contract(s) with media companies) which are binding and not in normal course of business, revision(s) or amendment(s) and termination(s) thereof;
6. Fraud/defaults by promoter or Key Managerial Personnel or by Company or arrest of Key Managerial Personnel or promoter;
 7. Change in directors, Key Managerial Personnel (managing director, chief executive officer, chief financial officer, company secretary etc.), auditor and compliance officer;
 8. Appointment or discontinuation of share transfer agent;
 9. Corporate debt restructuring;
 10. One-time settlement with a bank;
 11. Reference to the Board for Industrial and Financial Reconstruction and winding-up petition filed by any party /creditors;
 12. Issuance of notices, call letters, resolutions and circulars sent to shareholders, debenture holders or creditors or any class of them or advertised in the media by the Company;
 13. Proceedings of annual and extraordinary general meetings of the Company;
 14. Amendments to memorandum and articles of association of Company, in brief;
 15. Schedule of analyst or institutional investor meet and presentations on financial results made by the Company to analysts or institutional investors.
 16. Such events as maybe specified in SEBI circular number CIR/CFD/CMD/4/2015 dated September 9, 2015 or as any other circulars, notifications, rules or regulations specified by SEBI.

Annexure B

Events which shall be disclosed upon application of the guidelines for materiality:

1. Commencement or any postponement in the date of commencement of commercial production or commercial operations of any unit/division;
2. Change in the general character or nature of business brought about by arrangements for strategic, technical, manufacturing, or marketing tie-up, adoption of new lines of business or closure of operations of any unit/division (entirety or piecemeal);
3. Capacity addition or product launch;
4. Awarding, bagging/ receiving, amendment or termination of awarded/bagged orders/contracts not in the normal course of business;
5. Agreements (viz. loan agreement(s) (as a borrower) or any other agreement(s) which are binding and not in normal course of business) and revision(s) or amendment(s) or termination(s) thereof;
6. Disruption of operations of any one or more units or division of the Company due to natural calamity (earthquake, flood, fire etc.), force majeure or events such as strikes, lockouts etc.;
7. Effect(s) arising out of change in the regulatory framework applicable to the Company;
8. Litigation(s) / dispute(s) / regulatory action(s) with impact;
9. Fraud/defaults etc. by directors (other than Key Managerial Personnel) or employees of Company;
10. Options to purchase securities including any ESOP/ESPS Scheme;
11. Giving of guarantees or indemnity or becoming a surety for any third party;
12. Granting, withdrawal, surrender, cancellation or suspension of key licenses or regulatory approvals;
13. Any other information/event viz. major development that is likely to affect business, e.g. emergence of new technologies, expiry of patents, any change of accounting policy that may have a significant impact on the accounts, etc. and brief details thereof and any other information which is exclusively known to the Company which may be necessary to enable the holders of securities of the Company to appraise its position and to avoid the establishment of a false market in such securities.
14. Any other information/event as specified by the Board of Directors from time to time;
15. Such events as maybe specified in SEBI circular number CIR/CFD/CMD/4/2015 dated September 9, 2015 or as any other circulars, notifications, rules or regulations specified by SEBI

Annexure C

1. The Company will determine when an event/information can be said to have occurred, in accordance with the following guidelines read with any circulars/ clarifications/ notifications issued by SEBI or the Stock Exchanges from time to time:
2. In cases where the determination of occurrence of a Material Event depends upon the stage of discussion, negotiation or approval and in other instances where there is no such discussion, negotiation or approval required viz. in case of natural calamities, disruptions etc, the answer to the above question would depend upon the timing when the Company became aware of the event/information.
 - (a) In the former, the events/information can be said to have occurred upon receipt of approval of Board of Directors e.g. further issue of capital by rights issuance and in certain events/information after receipt of approval of both i.e., Board of Directors and the shareholders.

However, considering the price sensitivity involved, for certain events e.g., decision on declaration of dividends etc., disclosure shall be made on receipt of approval of the event by the Board of Directors, pending shareholder's approval.

- (b) In the latter, the events/information can be said to have occurred when the Company becomes aware of the events/information, or as soon as, an officer of the Company has, or ought to have reasonably come into possession of the information in the course of the performance of his duties.

The term 'officer' shall have the same meaning as defined under the Act and shall also include promoter of the Company.