

Form No. MR-3
SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED MARCH 31, 2023

*[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies
(Appointment and Remuneration of Managerial Personnel) Rules, 2014]*

To,
The Members,
SHANKARA BUILDING PRODUCTS LIMITED
G-2, Farah Winsford, No.133, Infantry Road,
Bangalore - 560001, Karnataka

I have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **SHANKARA BUILDING PRODUCTS LIMITED** having CIN: **L26922KA1995PLC018990** (hereinafter called "the Company"). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts and statutory compliances and expressing my opinion thereon.

Based on my verification of the Company's Books, Papers, Minute Books, Forms and Returns filed and other Records maintained by the Company and also the information provided by the Company, its Officers, Agents and Authorized Representatives during the conduct of Secretarial Audit, I hereby report that in my opinion, the Company has, during the Audit Period covering the Financial Year ended on March 31, 2023 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the Books, Papers, Minute Books, Forms and Returns filed and other Records maintained by the Company for the Financial Year ended on March 31, 2023 according to the provisions of:

- (i)** The Companies Act, 2013 ('the Act') and the Rules made there under;
- (ii)** The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;

- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment and Overseas Direct Investment and there were no External Commercial Borrowings during the period under review;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
 - (a) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - (c) The Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021; (Not applicable to the Listed Entity during the Review Period)
 - (d) The Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021; (Not applicable to the Listed Entity during the Review Period)
 - (e) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
 - (f) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - (g) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;
 - (h) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021; (Not applicable to the Listed Entity during the Review Period); and
 - (i) The Securities and Exchange Board of India (Buyback of Securities), Regulations, 2018; (Not applicable to the Listed Entity during the Review Period).
- (vi) There were no specific Laws, Norms and Directions applicable to the Company except Labour Laws.

I have also examined compliance with the applicable clauses of the following:

- (i) The Listing Agreements entered into by the Company with BSE Limited (BSE) and National Stock Exchange of India Limited (NSE);
- (ii) Secretarial Standards 1 and 2 issued by The Institute of Company Secretaries of India.

During the period under review the Company has complied with the applicable provisions of the Act, Rules, Regulations, Guidelines, Standards, etc., mentioned above subject to the following observations:

1. *Pursuant to Regulation 29(1)(e) and (2) of SEBI (LODR) Regulation, 2015, the listed entity shall give two days prior intimation to stock exchange about declaration/recommendation of dividend. However, the Company has not given two days prior Intimation about Meeting of board of directors held on May 16, 2022 in which dividend was recommended and NSE and BSE had imposed a fine of Rs. 10,000/- each which was duly paid by the Company.*

I further report that:

Based on the information provided by the Company, its Officers and Authorized Representatives, during the conduct of the Audit and also on the review of the Details, Records, Documents and Papers provided, in my opinion, adequate systems and processes and control mechanism exists in the Company to monitor and to ensure compliance with applicable General Laws like Labour Laws, Competition Law and Environmental Law.

The compliance of applicable Financial Laws, like direct and indirect tax laws, have not been reviewed in this Audit since the same have been subject to review by statutory financial audit and other designated professionals.

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors, Independent Directors and Women Director. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notices were given to all the Directors to schedule the Board Meetings, Agenda and detailed Notes on Agenda were sent at least Seven Days in advance and Independent Director was present wherein the Board meetings were held at a shorter notice to transact urgent matters and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

As per the minutes of the meetings duly recorded and signed by the Chairman, the decisions were carried out with requisite majority and the dissenting members' views are captured and recorded as part of the minutes.

There were adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

I further report that during the audit period:

1. The authorized capital of the Company was increased from the existing INR 25,00,00,000/- (Indian Rupees Twenty Five Crores) divided into 2,50,00,000 (Two Crores Fifty Lakhs) Equity Shares of INR 10/- (Indian Rupees Ten) each to INR 30,00,00,000/- (Indian Rupees Thirty Crores) divided into 3,00,00,000 (Three Crore) Equity Shares of INR 10/- (Indian Rupees Ten) each and the Company has obtained approval of the Shareholders for the same.
2. The Company has issued and allotted 14,00,000 (Fourteen Lakhs) share warrants, each carrying a right to subscribe to 1 (one) equity share at an exercise price of INR 750/- (Indian Rupees Seven Hundred and Fifty) per equity share aggregating to INR 105,00,00,000/- (Indian Rupees One Hundred and Five Crore) on preferential allotment basis to APL Apollo Mart Limited, wholly owned subsidiary of APL Apollo Tubes Limited and the Company has obtained approval of the Committee, Board of Directors and Shareholders.
3. The Company has obtained necessary approvals from the members by way of Special Resolution as per the provisions of Section 180 (1) (c) of Companies Act, 2013 to increase the borrowing limits from INR 350,00,00,000/- (Indian Rupees Three Hundred and Fifty Crores) to INR 500,00,00,000/- (Indian Rupees Five Hundred Crores) in the Extraordinary General Meeting held on April 20, 2022.

4. The Company has obtained necessary approvals from the members by way of Special Resolution as per the provisions of Section 180 (1) (a) of Companies Act, 2013 to create charge/mortgage/hypothecation on the Company's moveable and immovable properties upto INR 500,00,00,000/- (Indian Rupees Five Hundred Crores) in the Extraordinary General Meeting held on April 20, 2022.
5. The Company has entered in to related party transactions during the Financial Year and has considered all the related party transactions are on arm's length basis in the ordinary course of business and the Company has obtained necessary approvals from the Audit Committee and Board of Directors which were not in the Ordinary Course of Business.

This report is to be read with our letter of even date which is annexed as Annexure A and forms an integral part of this report.

Date: 11/05/2023

Place: Bengaluru

K. Jayachandran

Company Secretary

ACS No.: 11309/CP No.: 4031

UDIN: A011309E000290335

Peer Review No: 784/2020

Annexure A

To,
The Members,
SHANKARA BUILDING PRODUCTS LIMITED
G-2, Farah Winsford, No.133, Infantry Road,
Bangalore - 560001

Our report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Wherever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

Date: 11/05/2023
Place: Bengaluru

K. Jayachandran
Company Secretary
ACS No.: 11309/CP No.: 4031
UDIN: A011309E000290335
Peer Review No: 784/2020