

SHANKARA BUILDING PRODUCTS LIMITED

Corporate Identity Number (CIN): L26922KA1995PLC018990

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Website: www.shankarabuildpro.com

Policy for determining Material Subsidiaries

1. Preamble

- a. The object of this Policy is to determine the “Material Subsidiaries” of Shankara Building Products Limited (the “Company”) pursuant to Regulation 16 (1)(c) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 with regard to determination of ‘Material Subsidiaries’ (as defined hereinafter) and to provide a governance framework for such subsidiaries.
- b. The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”), requires every listed entity to formulate a policy for determination of material subsidiaries for the purpose of making appropriate disclosures to the stock exchanges and such policy is required to be disclosed on the Company's website.
- c. Considering the aforesaid requirements, the Company has formulated this Policy for determining material subsidiaries for the purpose of disclosures to be made by the Company to the stock exchanges and to ensure uniformity in the Company's approach to disclosures, raise awareness and reduce the risk of selective disclosures.
- d. All other words and expressions used but not defined in this Policy, shall have the same meaning as defined in the Listing Regulations, and if not defined therein, then as per the Companies Act, 2013 or the Securities Contracts (Regulation) Act, 1956 or the Depositories Act, 1996 and/or the rules and regulations made thereunder, or any other Act and/or applicable laws or any statutory modification or re-enactment thereto, as the case may be.

2. Definitions

- a. **Audit Committee** - means the Audit Committee constituted by the Board of Directors of the Company, from time to time, under provisions of Listing Regulations and the Companies Act, 2013.
- b. **Board of Director or “Board”** - means the Board of Directors of the Company as constituted from time to time.
- c. **Company**- means the Shankara Building Products Limited.
- d. **Independent Director**- means a Non-Executive Director of the Company, not being a Managing or Whole Time Director or Nominee Director and who is neither a promoter nor belongs to the promoter group of the Company and who satisfies other criteria for Independence under the Section 149(6) Companies Act, 2013 and Listing Regulations
- e. **Material subsidiary** - mean a subsidiary, whose income or net worth exceeds 10% (ten percent) of the consolidated income or net worth respectively, of the listed entity and its subsidiaries in the immediately preceding accounting year.
- f. **Net Worth** shall mean the Net Worth as defined in Section 2(57) of the Companies Act 2013

- g. **Subsidiary** means a subsidiary as defined under the Companies Act, 2013 and the Rules made thereunder.

3. Governance Framework

- a. At least one Independent Director on the Board of Directors of the Company shall be a Director on the Board of Directors of an unlisted material subsidiary, whether incorporated in India or not.

Explanation - For the purposes of this provision, notwithstanding anything to the contrary contained in Clause 2(e) above, the term "Material Subsidiary" shall mean a subsidiary, whose income or net worth exceeds 20% (twenty percent) of the consolidated income or net worth respectively, of the Company and its subsidiaries in the immediately preceding accounting year.

- b. The audit committee of the Company shall review the financial statements, in particular, the investments made by the unlisted subsidiary
- c. The minutes of the meetings of the Board of Directors of the unlisted subsidiary shall be placed at the meeting of the Board of Directors of the Company.
- d. The Management of the unlisted subsidiary shall periodically bring to the notice of the Board of Directors of the Company, a statement of all significant transactions and arrangements entered into by the unlisted subsidiary.

Explanation. - For the purpose of this regulation, the term "significant transaction or arrangement" shall mean any individual transaction or arrangement that exceeds or is likely to exceed 10% (ten percent) of the total revenues or total expenses or total assets or total liabilities, as the case may be, of the unlisted subsidiary for the immediately preceding accounting year.

- e. The Company shall not dispose of shares in its material subsidiary resulting in reduction of its shareholding (either on its own or together with other subsidiaries) to less than or equal to 50% (fifty percent) or cease the exercise of control over the subsidiary without passing a Special Resolution in its General Meeting except in cases where such divestment is made under a Scheme of Arrangement duly approved by a Court/Tribunal or under a resolution plan duly approved under Section 31 of the Insolvency Code and such an event is disclosed to the recognized stock exchanges within one day of the resolution plan being approved.
- f. Selling, disposing and leasing of assets amounting to more than 20% (twenty percent) of the assets of the material subsidiary on an aggregate basis during a financial year shall require prior approval of shareholders by way of Special Resolution, unless the sale/disposal/lease is made under a Scheme of Arrangement duly approved by a Court/Tribunal[, or under a resolution plan duly approved under Section 31 of the Insolvency Code and such an event is disclosed to the recognized stock exchanges within one day of the resolution plan being approved.
- g. Where the Company has a listed subsidiary, which is itself a holding company, the provisions of this regulation shall apply to the listed subsidiary in so far as its subsidiaries are concerned.
- h. Every material unlisted subsidiaries of the Company incorporated in India shall undertake Secretarial Audit and shall annex a Secretarial Audit report given by a Company Secretary in Practice, in such form as specified, with the Annual Report of the Company

4. Other matters

- a. **Disclosures** - This Policy shall be disclosed on the website of the Company at www.shankarabuildpro.com
- b. **Policy review** – The policy shall be subject to review and changes as may be deemed necessary by the Board of Directors and to comply with any regulatory requirements.
- c. **Scope and Limitation** - In the event of any conflict between the provisions of this Policy and the Listing Regulations / the Companies Act, 2013 or any other statutory enactments, rules, the provisions of the Listing Regulations / the Companies Act, 2013 or statutory enactments and rules shall prevail over this Policy.
- d. **Adoption** – This policy was adopted by the Board of Directors on 19th September, 2016.