

**Form No. MR-3**  
**SECRETARIAL AUDIT REPORT**

**FOR THE FINANCIAL YEAR ENDED MARCH 31, 2024**

*[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, 2024 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, 2024 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. *The listed entity was required to convert the Share warrants into Equity shares within a period of 18 months from the date of allotment of Share warrants as per Regulation 162 of the SEBI (ICDR) Regulation 2018 and as per point 2 of SEBI Circular No. SEBI/HO/CFD/DIL2/CIR/P/2019/94. However the listed entity has converted Share Warrants in to Equity Shares after completing 18 months from the date of allotment of Share warrants and there was a delay of 3 days in converting the Share warrants and there by violated the provision of Regulation 162 of the SEBI (ICDR) Regulation 2018 and point 2 of SEBI Circular No. SEBI/HO/CFD/DIL2/CIR/P/2019/94 and further National Stock Exchange of India Limited ("NSE") and BSE Limited ("BSE") have imposed a fine of INR 60,000/- each on the listed entity.*

**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 Company has incorporated a wholly owned Subsidiary Company (WOS) on October 13, 2023 in the name and style of SHANKARA BUILDPRO PRIVATE LIMITED (CIN: U24311KA2023PTC179791) with an Initial Investment of INR 1,00,000/- (Indian Rupees One Lakh Only) divided in to 10,000 (Ten Thousand) Equity shares of INR 10/- (Indian Rupees Ten only) each and the Company has obtained necessary approvals from the Board of Directors for this incorporation and this wholly owned Subsidiary Company was converted into Public Company with effect from November 30, 2023.
2. 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 the Board of Directors for those related party transactions which were not in the Ordinary Course of Business.

3. During the previous financial year, the Company had 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 had obtained necessary approvals from the Committee, Board of Directors and Shareholders for issue of above said Share Warrants and during the current financial year the Company has issued and allotted 14,00,000 (Fourteen Lakhs) Equity shares of INR 10/- (Indian Rupees Ten only) each at a premium of INR 740/- (Indian Rupees Seven Hundred and Forty only) on November 09, 2023.
4. The Board of Directors of the Company has approved the proposed Scheme of Arrangement amongst Shankara Building Products Limited (CIN: L26922KA1995PLC018990) ("the Company" or "Demerged Company"), Shankara Buildpro Limited (CIN:U24311KA2023PLC179791) ("the Resulting Company") and their respective shareholders and creditors in accordance with the provisions of Sections 230 to 232 and other applicable provisions of the Companies Act, 2013 ("the Act") read with the applicable Rules framed thereunder in the Board meeting held on December 18, 2023 and the Company has given intimation to National Stock Exchange of India Limited ("NSE") and BSE Limited ("BSE").

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:** 20/05/2024

**Place:** Bengaluru

**K. Jayachandran**

**Company Secretary**

**ACS No.: 11309/CP No.: 4031**

**UDIN: A011309F000407353**

**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:** 20/05/2024

**Place:** Bengaluru

**K. Jayachandran**

**Company Secretary**

**ACS No.: 11309/CP No.: 4031**

**UDIN: A011309F000407353**

**Peer Review No: 784/2020**