



Form No. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2018

[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
CIN: L26922KA1995PLC018990
G-2, Farah Winsford, No.133, Infantry Road,
Bangalore - 560001

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 (formerly SHANKARA INFRASTRUCTURE MATERIALS 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 31st March, 2018 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 31st March, 2018 according to the provisions of:

- (i) The Companies Act, 2013 ('the Act') and the Rules made there under and the relevant provisions of The Companies Act, 1956;
- (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 there under to the extent of Foreign Direct Investment and External Commercial Borrowings;
- (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, 2009;
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - (c) The SEBI (listing obligations and disclosure requirements) Regulations, 2015;
 - (d) 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.
- (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 Agreement entered into by the Company with Bombay Stock Exchange Limited and National Stock Exchange Limited;
- (ii) Secretarial Standard- 1 (Secretarial Standard on Meetings of the Board of Directors) and Secretarial Standard - 2 (Secretarial Standard on General Meetings) 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 Company has not filed Annual return on Foreign Liabilities and Assets (FLA Return) as per the provisions of Foreign Exchange Management Act, 1999 with respect to overseas investment in Steel Network Holdings Pte. Ltd. Singapore during the financial year. However, it was brought to the notice of the Board and the Board has confirmed that it is taking necessary steps to comply with the provisions in consultation with the authorized dealer.*



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 and Independent Directors. 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 at least one 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 unanimously and there were no dissenting views.

There are 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. Pursuant to Initial Public Offering (IPO) by way of fresh issue of 9,78,289 Equity Shares and an Offer for Sale of 65,21,740 Equity shares by selling shareholders at an offer price of Rs. 460/- per Equity Shares including a premium of Rs. 450/- per Equity Share, the Company has listed 2,28,49,326 Equity Shares of 10/- each on BSE Limited(BSE) and National Stock Exchange of India Limited (NSE) on 5th April, 2017.



2. The Company has given guarantee to wholly owned subsidiary companies.
3. The Board has considered all the related party transactions are on arm's length basis and are in the ordinary course of business.

Date: May 10, 2018
Place: Bangalore




K. Jayachandran
ACS No.: 11309
CP No.: 4031

Annexure A


To,
The Members,
SHANKARA BUILDING PRODUCTS LIMITED
CIN: L26922KA1995PLC018990
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: May 10, 2018
Place: Bangalore




K. Jayachandran
ACS No.: 11309
CP No.: 4031