

AUDIT COMMITTEE
SHANKARA BUILDING PRODUCTS LIMITED

The Company has an Audit Committee, which has been functioning in accordance with the provisions of Company Law. The Audit Committee of the Board consists of three members.

In compliance with Section 177 and any other applicable provisions of the Companies Act, 2013, and the rules and regulations made thereunder, each as amended the "Companies Act"), Regulation 18 and any other applicable provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations") and the listing agreements to be entered into between the Company and the respective stock exchanges on which its equity shares are proposed to be listed, and any other applicable law or enactment for the time being in force, the Board of Directors hereby adopt the revised terms of reference of the audit committee, constituted by the Board of Directors by resolution dated 19th September, 2016 and last re-constituted by a meeting of the Board of Directors held on 29th July, 2015 which shall include the following:

- a. Overseeing our Company's financial reporting process and disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
- b. Recommending to the Board, the appointment, re-appointment, and replacement, remuneration, and terms of appointment of the statutory auditor and the fixation of audit fee;
- c. Review and monitor the auditor's independence and performance and the effectiveness of audit process;
- d. Approval of payments to the statutory auditors for any other services rendered by statutory auditors;
- e. Reviewing with the management, the annual financial statements and auditor's report thereon before submission to the Board for approval, with particular reference to:
 - i) Matters required to be stated in the Director's responsibility statement to be included in the Board's report in terms of Section 134(3)(c) of the Companies Act, 2013;
 - ii) Changes, if any, in accounting policies and practices and reasons for the same;
 - iii) Major accounting entries involving estimates based on the exercise of judgment by management;
 - iv) Significant adjustments made in the financial statements arising out of audit findings;

- v) Compliance with listing and other legal requirements relating to financial statements;
 - vi) Disclosure of any related party transactions; and
 - vii) Qualifications and modified opinions in the draft audit report.
- f. Reviewing with the management, the quarterly, half-yearly and annual financial statements before submission to the Board for approval;
 - g. Scrutiny of inter-corporate loans and investments;
 - h. Valuation of undertakings or assets of our Company, wherever it is necessary;
 - i. Evaluation of internal financial controls and risk management systems;
 - j. Approval or any subsequent modification of transactions of our Company with related parties;
 - k. Reviewing with the management, the statement of uses/application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;
 - l. Approving or subsequently modifying transactions of our Company with related parties;
 - m. Evaluating undertakings or assets of our Company, wherever necessary;
 - n. Establishing a vigil mechanism for directors and employees to report their genuine concerns or grievances;
 - o. Reviewing, with the management, the performance of statutory and internal auditors and adequacy of the internal control systems;
 - p. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
 - q. Discussion with internal auditors on any significant findings and follow up thereon;
 - r. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of

internal control systems of a material nature and reporting the matter to the Board;

- s. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
- t. Looking into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
- u. Approval of appointment of the chief financial officer after assessing the qualifications, experience and background, etc. of the candidate;
- v. Reviewing the functioning of the whistle blower mechanism, in case the same is existing;
- w. Carrying out any other functions as provided under the Companies Act, the SEBI Listing Regulations and other applicable laws; and
- x. To formulate, review and make recommendations to the Board to amend the Audit Committee charter from time to time.”

The powers of the Audit Committee will include the following:

- a. To investigate activity within its terms of reference;
- b. To seek information from any employees;
- c. To obtain outside legal or other professional advice; and
- d. To secure attendance of outsiders with relevant expertise, if it considers necessary.”

The Audit Committee shall mandatorily review the following information:

- a. Management discussion and analysis of financial condition and result of operations;
- b. Statement of significant related party transactions (as defined by the Audit Committee), submitted by management;
- c. Management letters/letters of internal control weaknesses issued by the statutory auditors;
- d. Internal audit reports relating to internal control weaknesses;
- e. The appointment, removal and terms of remuneration of the chief internal auditor; and

f. Statement of deviations:

i) quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of Regulation 32(1) of the SEBI Listing Regulations; and

ii) Annual statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice in terms of Regulation 32(7) of the SEBI Listing Regulations

The Audit Committee shall have authority to investigate into any matter in relation to the items as set out above or referred to it by the Board and for this purpose shall have the power to obtain professional advice from external sources and have full access to information contained in the records of the Company.”