



# Shetron Limited

THE NAME BEHIND THE NAMES

18<sup>th</sup> September, 2019

The Listing Manager  
BSE Limited  
Phiroze Jeejeebhoy Towers  
Dalal Street  
Mumbai - 400 001

Dear Sirs,

Sub: Copy of Annual Report

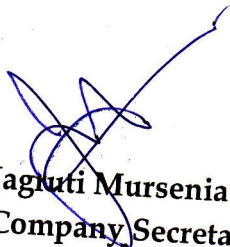
Pursuant to the provisions of Regulation 34 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed the adopted copy of Annual Report of 39<sup>th</sup> Annual General Meeting of the Company held on 17<sup>th</sup> September, 2019 at Hotel Ajantha, #22/ A, M.G. Road, Bengaluru - 560001 as per the Companies Act, 2013.

Please take the documents on record and kindly treat this as compliance with SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Thanking you  
Yours faithfully

For Shetron Limited



  
Jagruti Mursenia  
Company Secretary and Compliance Officer  
M. No.: A 35339



• Factory & Regd. Off : Plot No.1, Bommasandra Industrial Area, Hosur Road, Bangalore-560-099, INDIA. • Tel : +91-80-49064300 • Fax : +91-80-27832293  
• E-mail : roblr@shetrongroup.com, • Website : www.shetrongroup.com,  
CIN: L21014KA1980PLC003842



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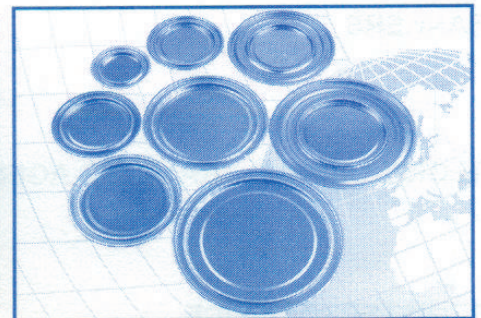
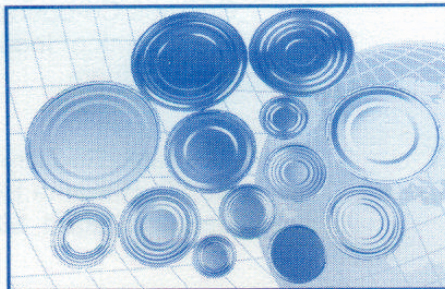
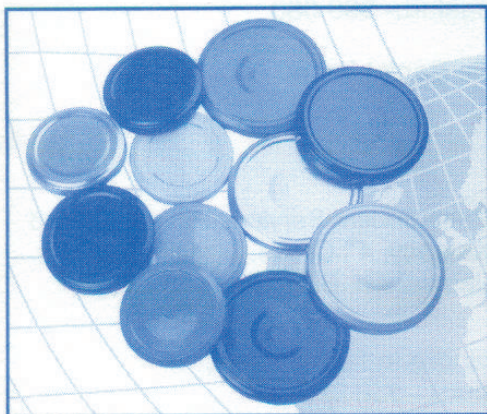






# SHETRON LIMITED

THE NAME BEHIND THE NAMES



**39<sup>th</sup> Annual Report**  
**2018-19**



## SHETRON LIMITED

### BOARD OF DIRECTORS

: Mr. Divakar S. Shetty	Executive Chairman
: Mr. Kartik Nayak	Jt. Managing Director
: Mr. Praveen Mally	Jt. Managing Director
: Mr. B.S. Patil	Independent Director
: Dr. P P Shastri	Independent Director
: Mr. Mohan Narayan Menon	Independent Director
: Mrs. Yashoda D Shetty	Non-Executive Director
** Resigned w.e.f., 20 <sup>th</sup> May, 2019	
: Dr. Narendra Mairpady	
**Resigned w.e.f., 17 <sup>th</sup> April, 2019	
	Independent Director

### KEY MANAGERIAL PERSONNEL

: Mr. Vilas Dingre	Chief Financial Officer
: Ms. Neethi D'Cunha	Company Secretary
**Resigned w.e.f., 14 <sup>th</sup> March, 2019	
: Mrs. Jagruti Mursenia	Company Secretary
**Appointed w.e.f. 02 <sup>nd</sup> May, 2019	
	and Compliance Officer

### SHARES OF THE COMPANY ARE LISTED AT

: BSE LIMITED
Phiroze Jeejeebhoy Towers,
Dalal Street, Mumbai - 400 001

### STATUTORY AUDITORS

: MESSRS NARESH AND CO.
Chartered Accountants
#23, Amarjyothi Layout, Sanjay Nagar Main Road
Bengaluru - 560 094

### SECRETARIAL AUDITOR

: MR. VIJAYAKRISHNA K T
Practising Company Secretary
# 496/4, II Floor, 10 <sup>th</sup> Cross, Near Bashyam Circle,
Sadashivnagar, Bengaluru- 560 080

### BANKERS

: Cosmos Co-operative Bank Limited
State Bank of India
Bank of India

### REGISTRAR AND TRANSFER AGENT

: Integrated Registry Management Services Private Limited
No.30, Ramana Residency, 4 <sup>th</sup> Cross,
Sampige Road, Malleswaram, Bengaluru-560 003

### REGISTERED OFFICE

: Plot No.1, Bommasandra Industrial Area,
Hosur Road, Bengaluru - 560 099

### FACTORIES

: i. Plot No.1, Bommasandra Industrial Area
Hosur Road, Bengaluru - 560 099
ii. Mumbai-Nasik Highway, Post Vasind,
Taluk Shahapur, Dist. Thane,
Maharashtra - 421 604



# SHETRON LIMITED

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## **SHETRON LIMITED**

Dear Member,

**Sub : Green initiative in Corporate Governance - Electronic Mode of Service of Documents**

The Ministry of Corporate Affairs (MCA) has taken a "Green Initiative in Corporate Governance" and vide Circular no. 17/2011 dated 21.4.2011 and Circular No. 18/2011 dated 29.4.2011, has allowed Companies to dispatch documents to shareholders through electronic mode to their registered e-mail addresses. Regulation 36 of the Listing Regulations require Companies to send soft copies of full annual reports to all those shareholders who have registered their e-mail addresses for the purpose.

This welcome move will reduce paper consumption to a great extent and allow public at large to contribute towards greener environment. It will also, ensure prompt receipt of communication and avoid loss in postal transit. Considering all these factors, your company has taken a step forward to participate in this initiative and therefore delivering this notice of AGM and Annual Report 2018-19 electronically in compliance with the said circulars.

Please note that these documents will also be available on the Company's website [www.shetrongroup.com](http://www.shetrongroup.com).

Upon receipt of a requisition from you, we will supply a printed copy of the Annual Report by post.

We thank you for your participation in the "Green Initiative" of the Government. Please inform any changes in your e-mail address to us / our 'Registrar & Transfer Agent Integrated Registry Management Services Pvt Ltd (for share held in physical mode) or to your Depository Participant (for shares held in Demat mode).

Thanking You,

Yours Faithfully

**For Shetron Limited**

**Kartik Nayak**

Joint Managing Director

DIN: 00477686





## AGM NOTICE

Notice is hereby given that the **39<sup>th</sup> Annual General Meeting** of the Members of Shetron Limited will be held on Tuesday, the **17<sup>th</sup> day of September, 2019 at 10:00 A.M. at Hotel Ajantha, #22/A, M.G. Road, Bengaluru - 560001** to transact the following business:

### ORDINARY BUSINESS:

#### 1) **ADOPTION OF FINANCIAL STATEMENTS:**

To receive, consider and adopt the Audited Standalone and Consolidated Financial Statements for the Financial Year ended 31<sup>st</sup> March, 2019 together with the reports of the Board of Directors and of the Auditors thereon.

#### 2) **RE-APPOINTMENT OF MR. DIVAKAR SANKU SHETTY, WHO RETIRES BY ROTATION:**

To appoint Mr. Divakar Sanku Shetty (DIN: 00432755), who retires by rotation as per the provisions of Section 152 of the Companies Act, 2013 and being eligible, offers himself for re-appointment.

### SPECIAL BUSINESS:

#### 3) **RE-APPOINTMENT OF MR. BABUGOWDA SANGANAGOWDA PATIL (DIN: 00061959) AS AN INDEPENDENT DIRECTOR:**

To consider and if thought fit, to pass, the following resolution as a **Special Resolution**:

**"RESOLVED THAT** based on the recommendation of the Nomination and Remuneration Committee and pursuant to the provisions of Sections 149, 150, 152 read with Schedule IV and any other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 and the applicable provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred as "Listing Regulations") (including any statutory modification(s) or re-enactment thereof for the time being in force), Mr. Babugowda Sanganagowda Patil (DIN: 00061959) whose current period of office will expire at this 39<sup>th</sup> Annual General Meeting and who has also submitted a declaration confirming the criteria of Independence as provided under Section 149(6) of the Companies Act, 2013 read with the Listing Regulations, as amended from time to time and who is eligible for re-appointment, be and is hereby re-appointed as an Independent Director of the Company, not liable to retire by rotation and to hold office for a second term of 3 (Three) consecutive years on the Board of the Company w.e.f. 17<sup>th</sup> September 2019 upto 16<sup>th</sup> September 2022.

#### 4) **APPOINTMENT OF DR. JYOTI GOPALIKRISHNA BALIGA (DIN:00484000) AS A DIRECTOR OF THE COMPANY:**

To consider and if thought fit, to pass, the following resolution as an **Ordinary Resolution**:

**"RESOLVED THAT** pursuant to the provisions of Sections 160 and 161 and other applicable provisions, if any, of the Companies Act, 2013 ("the Act") and the Companies (Appointment and Qualification of Directors) Rules, 2014 Dr. Jyoti Gopal Krishna Baliga (DIN: 00484000), who was appointed as an Additional Director of the Company w.e.f. 25<sup>th</sup> July, 2019 by the Board of Directors and who holds office only up to the date of this Annual General Meeting, be and is hereby appointed as a Director of the Company."

#### 5) **APPOINTMENT OF DR. JYOTI GOPALIKRISHNA BALIGA (DIN:00484000) AS AN INDEPENDENT DIRECTOR OF THE COMPANY:**

To consider and if thought fit, to pass, the following resolution as an **Ordinary Resolution**:

**"RESOLVED THAT** pursuant to the provisions of Sections 149, 150, 152 read with Schedule IV and Rule 3 of the Companies (Appointment and Qualification of Directors) Rules, 2014, and the other applicable provisions of the Companies Act, 2013 (including any statutory modifications or re-enactment thereof for the time being in force) and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, Dr. Jyoti Gopal Krishna Baliga (DIN: 00484000) Director of the Company, be and is hereby appointed as an Independent Director of the Company and whose appointment has been recommended by the Nomination and Remuneration Committee and by the Board of Directors at their Meetings held on 25<sup>th</sup> July, 2019 for consideration by the Members and who has submitted a declaration to the effect that she meets the criteria for independence as provided in Section 149(6) of the Companies Act, 2013 for a period of three consecutive years with effect from 25<sup>th</sup> July, 2019 to 24<sup>th</sup> July, 2022 and whose office shall not be liable to retire by rotation."

#### 6) **RE-APPOINTMENT OF MR. DIVAKAR SANKU SHETTY (DIN: 00432755) AS EXECUTIVE CHAIRMAN AND WHOLE-TIME DIRECTOR:**

To consider and if thought fit, to pass, the following resolution as a **Special Resolution**:

**"RESOLVED THAT** pursuant to the provisions of Sections 196, 197, 198 Schedule V and other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modifications or re-enactment (s) thereof, for the time being in



force) approval of the members be and is hereby accorded to re-appoint Mr. Divakar Sanku Shetty (DIN: 00432755) as Executive Chairman and Whole Time Director of the Company for the period of Five (5) years with effect from 16<sup>th</sup> May, 2019 to 15<sup>th</sup> May, 2024 on the terms and conditions including remuneration as set out in the Statement annexed to the Notice.

**RESOLVED FURTHER THAT** the Board be and is hereby authorized to alter or vary the scope of remuneration of Mr. Divakar Sanku Shetty, Executive Chairman and Whole Time Director including monetary value thereof, to the extent recommended by the Nomination Remuneration Committee as may be considered appropriate, subject to the approval of limits specified by this resolution and the Companies Act, 2013 (including any statutory modifications or re enactment(s) thereof, for the time being in force)."

**7) RE-APPOINTMENT OF MR. KARTIK MANOHAR NAYAK (DIN: 00477686) AS JOINT MANAGING DIRECTOR:**

To consider and if thought fit, to pass, the following resolution as a **Special Resolution**:

**"RESOLVED THAT** pursuant to the provisions of Sections 196, 197, 198, Schedule V and other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modifications or re-enactment(s) thereof, for the time being in force) approval of the members be and is hereby accorded to re-appoint Mr. Kartik Nayak (DIN: 00477686) as Joint Managing Director for the period of Four (4) years with effect from 16<sup>th</sup> May, 2019 to 15<sup>th</sup> May, 2023 on the terms and conditions including remuneration as set out in the Statement annexed to the Notice.

**RESOLVED FURTHER THAT** the Board be and is hereby authorized to alter and vary the terms and conditions of appointment and / or remuneration, subject to the same not exceeding the limits specified under Section 197, read with Schedule V of the Companies Act, 2013 (including any statutory modifications or re enactment(s) thereof, for the time being in force).

**8) RE-APPOINTMENT OF MR. PRAVEEN VITTAL MALLY (DIN: 00798354) AS JOINT MANAGING DIRECTOR:**

To consider and if thought fit, to pass, the following resolution as a **Special Resolution**:

**"RESOLVED THAT** pursuant to the provisions of Section 196, 197, 198 Schedule V and all other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification from time to time or any re-enactment thereof for the time being in force) approval of the members be and is hereby accorded to re-appoint Mr. Praveen Mally (DIN: 00798354) as Joint Managing Director for the period of Three (3) years with effect from 16<sup>th</sup> May, 2019 to 15<sup>th</sup> May, 2022 on the terms and conditions including remuneration as set out in the Statement annexed to the Notice.

**RESOLVED FURTHER THAT** the Board be and is hereby authorized to alter and vary the terms and conditions of appointment and / or remuneration, subject to the same not exceeding the limits specified under Section 197, read with Schedule V of the Companies Act, 2013 (including any statutory modifications or re enactment(s) thereof, for the time being in force).

**9) FIXATION OF THE REMUNERATION OF THE COST AUDITORS OF THE COMPANY FOR THE FINANCIAL YEAR 2019-20:**

To consider and if thought fit, to pass, the following resolution as an **Ordinary Resolution**:

**"RESOLVED THAT** pursuant to Section 148 and other applicable provisions, if any, of the Companies Act, 2013 and the rules made there under, as amended from time to time, and on the recommendation of the Board of Directors, consent of the members be and is hereby accorded for the payment of remuneration of Rs. 75,000/- plus applicable taxes and out-of-pocket expenses to Messrs Bhat & Co, Proprietorship, Mr. Vishwanath Bhat, Proprietor (Membership No.: 22986) Cost Accountants, Cost Auditors of the Company for the Financial Year 2019-20.

**RESOLVED FURTHER THAT** the Board of Directors be and is hereby authorized to do all the acts, deeds and things which are necessary, in this regard."

**Place : Bengaluru**

**Date : 25<sup>th</sup> July, 2019**

**By the order of the Board  
For Shetron Limited**

**Jagruti Mursenia  
Company Secretary  
M.No. ACS : 35339**

**NOTES:**

- 1) The relevant details of the persons seeking re-appointment/appointment as Director, pursuant to the Listing Regulations are annexed hereto.
- 2) **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE ON A POLL INSTEAD OF HIMSELF/HERSELF AND SUCH A PROXY/PROXIES NEED NOT BE A MEMBER OF THE COMPANY.**
- 3) Proxies in order to be effective must be filed with the Company not later than 48 hours before the Meeting.
- 4) A person can act as proxy on behalf of Members not exceeding fifty (50) and holding in the aggregate not more than 10% of the total Share Capital of the Company. In case a proxy is proposed to be appointed by a Member holding more than 10% of the total Share Capital of the Company carrying voting rights, then such proxy shall not act as a proxy for any other person or shareholder.
- 5) In case of joint shareholders attending the meeting, only such joint holder who is higher in the order of names will be entitled to vote.
- 6) Corporate Members are requested to send to the Company a duly certified copy of the Board Resolution pursuant to Section 113 of the Companies Act, 2013 authorizing their representative to attend and vote at the Annual General Meeting.
- 7) The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 in respect of the Special Businesses of the Notice, is annexed hereto.
- 8) The Register of Members and Share Transfer books will remain closed from 11<sup>th</sup> September, 2019 to 17<sup>th</sup> September, 2019 (both days inclusive).
- 9) Member desiring information as regards accounts is requested to write to the Company at an early date so as to enable the Management to keep the information ready.
- 10) Members holding shares in physical form are requested to notify promptly any change in their address to the Registrar and Share Transfer (RTA) agents of the Company namely Integrated Registry Management Services Private Limited, Bangalore, quoting their membership numbers besides changes, if any, in the dividend mandates given by them and those holding shares in electronic form may communicate the above information to their respective depository participants.
- 11) Proxy form and Attendance Slip are attached to this Annual Report.
- 12) So far, about 97% of the total number of shares in the Equity Capital of the Company has been dematerialized. In view of the advantages of the depository system and for easy trading of the shares, members are requested to opt for dematerialization of the shares of the Company through any of the Depository Participant of their choice.
- 13) Securities and Exchange Board of India (SEBI) vide its notification dated November 30, 2018 has prohibited transfer of shares in physical form. Hence with effect from April 01, 2019, the Shareholders who intend to transfer the physical shares required to dematerialize it before such transfer. The Company had sent necessary reminder to the Shareholders to this effect.
- 14) Members holding shares in Demat form are requested to incorporate the DPID number and client ID number in the attendance slip/proxy form for easy identification of attendance at the meeting.
- 15) Members who have not registered their e-mail addresses so far, are requested to register their e-mail address for receiving all communication including Annual Report, Notices, Circulars, etc. from the Company electronically.
- 16) The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to their Depository Participants with whom they are maintaining their Demat accounts. Members holding shares in physical form can submit their PAN to the Company's Registrar & Share Transfer Agents (RTA), Integrated Registry Management Services Private Limited, No: 30 Ramana Residency, 4th Cross, Sampige Road, Malleshwaram, Bangalore - 560 003.





- 17) The format of the Register of Members prescribed by the Ministry of Corporate Affairs under the Companies Act, 2013 requires the Company/ Registrar and Share Transfer Agents to record additional details of Members, including their PAN details, email address, bank details for payment of dividend, etc. Members holding shares in physical form are requested to submit the filled in form to the Company or its Registrar and Share Transfer Agents. Members holding shares in electronic form are requested to submit the details to their respective Depository Participants.
- 18) To support the "Green Initiative", Members who have not registered their email addresses are requested to register the same with the Company's Registrar & Share Transfer Agents / their Depository Participants, in respect of shares held in physical/ electronic mode respectively.
- 19) As per the provisions of the Companies Act, 2013, facility for making nominations is available to the members in respect of the shares held by them. Nomination forms can be obtained from the Company's Registrar and Share Transfer Agents by Members holding shares in physical form. Members holding shares in electronic form may obtain Nomination forms from their respective Depository Participant.
- 20) **Voting through Electronic means:**
  - I. In compliance with provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014 as amended by Companies (Management and Administration) Amendments Rules, 2015 and SEBI (LODR) Regulations, 2015, the Company is pleased to provide Members with a facility to exercise their rights to vote at the 39<sup>th</sup> Annual General Meeting (AGM) by electronic means and the business may be transacted through Electronic Voting (e-Voting) Services. The facility for casting the votes by the members using an electronic voting system from a place other than the venue of the AGM ("remote e-voting") will be provided by Central Depository Services (India) Limited (CDSL).
  - II. The facility for voting through Ballot Paper shall be made available at the AGM and the Members attending the Meeting who have not cast their vote by remote e-voting shall be able to exercise their right at the meeting through Ballot Paper.
  - III. The members who have cast their vote by remote e-voting prior to the AGM may also attend the AGM but shall not be entitled to cast their vote again. However, in case members have cast their votes via physical ballot and e-voting, then e-voting shall prevail and the vote done through the physical ballot shall be treated as invalid.
  - IV. **The instructions for shareholders voting electronically are as under:**
    - (i) The voting period begins on 14<sup>th</sup> September 2019 at 9:00 am and ends on 16<sup>th</sup> September 2019 at 5:00 pm. During this period Shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of 10<sup>th</sup> September 2019, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
    - (ii) The Shareholders should log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com).
    - (iii) Click on Shareholders / Members
    - (iv) Now Enter your User ID
      - a. For CDSL: 16 digits beneficiary ID,
      - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
      - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
    - (v) Next enter the Image Verification as displayed and Click on Login.
    - (vi) If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier voting of any company, then your existing password is to be used.



(vii) If you are a first time user follow the steps given below:

	<b>For Members holding shares in Demat Form and Physical Form</b>
PAN	<p>Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)</p> <ul style="list-style-type: none"> <li>Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number in the PAN field.</li> <li>In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field.</li> </ul>
Dividend Bank Details or Date of Birth (DOB)	<p>Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login.</p> <ul style="list-style-type: none"> <li>If both the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (iv).</li> </ul>

(viii) After entering these details appropriately, click on "SUBMIT" tab.

(ix) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

(x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.

(xi) Click on the EVSN of **Shetron Limited**.

(xii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.

(xiii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.

(xiv) After selecting the resolution, you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.

(xv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.

(xvi) You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.

(xvii) If Demat account holder has forgotten the changed login password, then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.

**(xviii) Shareholders can also cast their vote using CDSL's mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store. Apple and Windows phone users can download the app from the App Store and the Windows Phone Store respectively. Please follow the instructions as prompted by the mobile app while voting on your mobile.**

(xix) Note for Non - Individual Shareholders and Custodians



- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to [www.evotingindia.com](http://www.evotingindia.com) and register themselves as Corporates.
  - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
  - After receiving the login details a compliance user should be created using the admin login and password. The Compliance user would be able to link the account(s) for which they wish to vote on.
  - The list of accounts should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote.
  - A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- (xx) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at [www.evotingindia.com](http://www.evotingindia.com), under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
- V. The voting rights of members shall be in proportion to their shares of the paid-up Equity Share Capital of the Company as on the cut-off date of 10<sup>th</sup> September, 2019.
- VI. Any person, who acquires shares of the Company and become member of the Company after dispatch of the notice and holding shares as of the cut-off date i.e. 10<sup>th</sup> September, 2019, may follow the same procedure as mentioned above for e-Voting.
- VII. Mr. Vijayakrishna K T, Practising Company Secretary (FCS 1788 and CP 980) has been appointed as the Scrutinizer for providing facility to the members of the Company to scrutinize the voting and remote e-voting process in a fair and transparent manner.
- VIII. The Chairman shall, at the AGM, at the end of discussion on the resolutions on which voting is to be held, allow voting with the assistance of scrutinizer, by use of "Ballot Paper" for all those members who are present at the AGM but have not cast their votes by availing the remote e-voting facility. The Company will make arrangements of Ballot Papers in this regards at the AGM Venue.
- IX. The Scrutinizer shall within 48 hours of the conclusion of the e-voting period unblock the votes in the presence of at least two witnesses not in the employment of the Company and make a Scrutinizer's Report of the votes cast in favour or against, if any, forthwith to the Chairman or designated Director or KMP of the Company.
- X. The Results declared along with the report of the Scrutinizer shall be placed on the website of the Company at [www.shetrongroup.com](http://www.shetrongroup.com) and on the website of CDSL e-Voting immediately after the declaration of result by the Chairman or a person authorised by him in writing. The results shall also be immediately forwarded to the BSE.
- XI. Resolutions assented to by the requisite majority of the members by means of e-voting shall be deemed to have been duly passed at the Annual General Meeting.
- XII. Subject to receipt of requisite number of votes, the Resolutions shall be deemed to be passed on the date of the Meeting, i.e. 17<sup>th</sup> September, 2019.

**Date : 25<sup>th</sup> July, 2019**

**Place : Bengaluru**

By the order of the Board  
For **Shetron Limited**

**Jagruti Mursenia**  
Company Secretary  
M.No. ACS : 35339



## Explanatory Statement (Pursuant to section 102 of the Companies Act, 2013)

As required by Section 102 of the Companies Act, 2013 (Act), the following explanatory statement sets out all material facts relating to the businesses mentioned under Item No. 3 to Item No. 9 of the accompanying Notice:

### **Item No. 3: Re-Appointment of Mr. Babugowda Sangangowda Patil (DIN: 00061959) as an Independent Director:**

Mr. Babugowda Sangangowda Patil (DIN: 00061959), was appointed as an Independent Director in line with the provisions of the Companies Act, 2013 for a period of 5 years with effect from 29<sup>th</sup> September, 2014. As per Section 149 of the Companies Act, 2013 and the Rules thereunder, an Independent Director can be reappointed for a second term of maximum 5 years on passing Special Resolution in General Meeting and disclosure of such reappointment in the Board's Report. Also, Schedule IV of the Act *inter alia* provides for carrying out of performance evaluation by the Board before extending the term of the Independent Director.

Based on the recommendation of the Nomination and Remuneration Committee and performance evaluation carried out on 25<sup>th</sup> July 2019, the Board of Directors at its Meeting held on 25<sup>th</sup> July, 2019 has recommended for re-appointment of Mr. Babugowda Sangangowda Patil as an Independent Director for a second term of 3 (three) consecutive years from this Annual General Meeting i.e., 17<sup>th</sup> September 2019 upto 16<sup>th</sup> September 2022.

Mr. B S Patil has given a declaration to the Board that he meets the criteria of independence as provided under Section 149(6) of the Companies Act, 2013 ("the Act"). In the opinion of the Board, he fulfills the conditions specified in the Act and the Rules framed thereunder for appointment as Independent Director and is independent of the Management.

The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail the services of Mr. B S Patil as an Independent Director. Brief background of Mr. B S Patil is exhibited in this document separately.

Except Mr. B S Patil, none of the Directors and Key Managerial Personnel of the Company or their respective relatives is concerned or interested financially or otherwise in the Resolution.

The Board recommends the Resolution at Item No. 3 for approval of the members.

### **Item No's. 4&5 : Appointment of Dr. Jyoti Gopalkrishna Baliga (DIN:00484000) as Independent Director:**

Based on the recommendation of the Nomination and Remuneration Committee, the Board of Directors at its Meeting held on 25<sup>th</sup> July, 2019, appointed Dr. Jyoti Gopalkrishna Baliga (DIN:00484000) as an Additional Director and Independent Director of the Company with effect from 25<sup>th</sup> July, 2019 for a term of three consecutive years to hold office from 25<sup>th</sup> July, 2019 till 24<sup>th</sup> July, 2022.

Brief background of Dr. Jyoti Gopalkrishna Baliga is exhibited in this document separately.

Dr. Jyoti Gopalkrishna Baliga does not hold by herself or for any other person on a beneficial basis, any shares in the Company.

Dr. Jyoti Gopalkrishna Baliga has given a declaration that she meets the criteria of independence as provided in Section 149(6) of the Companies Act, 2013 and Regulation 16(1)(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"). In the opinion of the Board, Dr. Jyoti Gopalkrishna Baliga fulfills the conditions specified in the Companies Act, 2013, the Companies (Appointment and Qualification of Directors) Rules, 2014 and Regulation 16(1)(b) of the Listing Regulations for her appointment as an Independent Non-Executive Director of the Company and is independent of the management. Copy of the draft letter for appointment of Dr. Jyoti Gopalkrishna Baliga as an Independent Non-Executive Director setting out the terms and conditions would be available for inspection without any fee by the members at the Registered Office of the Company during normal business hours (9:00 am to 5:00 pm) on any working day.

The Board considers that her association would be of immense benefit to the Company and it is desirable to avail services of Dr. Jyoti Gopalkrishna Baliga as an Independent Non-Executive Director for a term of three consecutive years from 25<sup>th</sup> July, 2019 till 24<sup>th</sup> July, 2022.



Dr. Jyoti Gopalkrishna Baliga would bring with her immense experience to the Company in the areas of investment strategy, operations and portfolio development. Accordingly, based on recommendation of Nomination and Remuneration Committee, the Board recommends Ordinary Resolution as set out at Item Nos. 4 & 5 of the Notice of the AGM for the approval by the members.

Except Dr. Jyoti Gopalkrishna Baliga, being an appointee, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financially or otherwise, in the resolution set out at Item Nos. 4 & 5 of the accompanying Notice of the AGM. Dr. Jyoti Gopalkrishna Baliga is not related to any Director of the Company.

The Board Recommends the Resolution Item Nos. 4 & 5 for approval of the Members.

This Explanatory Statement together with the accompanying Notice may also be regarded as a disclosure under Regulation 36(3) of the Listing Regulations and Secretarial Standard on General Meetings (SS-2) of ICSI.

**Item No. 6: Re-Appointment of Mr. Divakar Sanku Shetty (DIN: 00432755) as an Executive Chairman and Whole-Time Director:**

Mr. Divakar S Shetty was appointed as an Executive Chairman and Whole Time Director w.e.f., 15<sup>th</sup> May, 2016 for a term of 3 (Three) years. The Board, on the recommendation of the Nomination and Remuneration Committee, at its Meeting held on 17<sup>th</sup> April, 2019 has approved for the re-appointment of Mr. Divakar Sanku Shetty for a further period of 5 years as the Executive Chairman and Whole-Time Director of the Company.

Keeping in view that Mr. Divakar Shetty has rich and varied experience in the Packaging Industry and has been involved in the operations of the Company over a long period of time, it would be in the interest of the Company to continue the employment of Mr. Divakar Shetty as Executive Chairman and Whole Time Director.

Mr. Divakar Shetty is a graduate in Commerce has been at the helm of Shetron Group since the late 1960s turning the Company one of the leading Metal Packaging Companies. Mr. Divakar Shetty guided the Company through three decades of diversification and growth and has successfully handled various challenges in his long innings in the Company and due to his dedicated contribution the Company emerged as one of the top class Metal Packaging Companies in India.

Taking into consideration the duties and responsibilities of the Executive Chairman and Whole Time Director, the prevailing managerial remuneration in industry and on the recommendation of the Nomination and Remuneration Committee, the Board at its meeting held on 17<sup>th</sup> April, 2019 approved the remuneration, terms and conditions of the re-appointment of Mr. Divakar S Shetty, subject to approval of the Shareholders on remuneration including minimum remuneration and on terms and conditions given hereunder:

**Remuneration**

A. Salary: Rs 6,50,000/-p.m. (including all allowances) with annual increments, as may be decided by the Board from time to time.

B. Incentive/Commission: Equivalent to 1% of net profits of the Company, subject to a ceiling of 50% of annual salary.

**Perquisites:**

a. Reimbursement of medical expenses (including insurance premium for medical and hospitalization policy, if any) incurred for self and family, subject to a ceiling of one month's salary in a year.

b. Leave Travel Concession: Leave Travel Concession for self and family, once a year, incurred in accordance with the Rules of the Company.

For the above purposes "Family" includes spouse, dependent children's.

c. Personal Accident Insurance : Personal Accident Insurance as per rules of the Company.

d. Contribution to Provident Fund and superannuation Fund: Contribution to Provident Fund and Superannuation Fund, as per Rules of the Company, to the extent these, either singly or put together, are not taxable under the Income Tax 1961.

e. Leave and Encashment of Leave: As per Rules of the Company.





- f. Gratuity and/or contribution to Gratuity Fund: As per Rules of the Company.
- g. Use of Car and Telephone: Company maintained car with driver for use on Company's business, telephone at residence and cellular phone provided by the Company will not be considered as perquisite. However, personal long distance and use of car for private purposes shall be borne by the Director.
- h. Club Membership: Membership in two clubs will be made available to meet business associates.
- i. Reimbursement of Expenses: Reimbursement of entertainment, travelling and all other expenses incurred for the business of the Company, as per Rules of the Company.

The above perquisites and allowances shall be evaluated as per income-tax rules, wherever applicable. In the absence of any such rules, these shall be evaluated at actual cost.

C. Other Benefits:

- a. Contribution to provident fund, pension/superannuation/ gratuity fund schemes in accordance with the Company's rules and regulations in force from time to time;
- b. Leave Travel Encashment.
- c. Reimbursement of actual medical expenses incurred in India or abroad for self and family including hospitalization expenses, treatment expenses and in case of medical treatment abroad, the air fare, boarding/lodging, travel, etc., for self and family and attendant
- d. Medical/Personal accident/ Travel insurance: Actual premium to be paid by the Company for self & family;
- e. Telephone: Free telephone facility at residence including mobile phone & other suitable communication facilities.

The above benefits will not be included in the computation of the ceiling on perquisites and allowances.

- D. Minimum remuneration: Notwithstanding anything to the contrary contained herein, where, in any financial year during the tenure of Mr. Divakar S Shetty, the Company has no profits or its profits are inadequate, the Company will pay remuneration to the maximum as laid down in Section II of Part II of Schedule V to the Companies Act, 2013 as minimum remuneration.

Other than Mr. Divakar S Shetty, Mr. Kartik Nayak, Mr. Praveen Mally none of Directors and KMP of the Company or their relatives are interested, financially or otherwise, in the Resolution at Item No.6 of the accompanying Notice.

The Board recommends the resolution at Item No.6 for approval of the members.

**Item No. 7: Re-Appointment of Mr. Kartik Manohar Nayak (DIN: 00477686) as Joint Managing Director:**

Mr. Kartik Nayak was appointed as Joint Managing Director w.e.f., 15<sup>th</sup> May, 2016 for a term of 3 (Three) years. The Board, on the recommendation of the Nomination and Remuneration Committee, at its Meeting held on 17<sup>th</sup> April, 2019 has approved for the re-appointment of Mr. Kartik Nayak for a further period of Four (4) years as Joint Managing Director of the Company.

Mr Kartik Nayak has more than two decades of experience in the Company and held position as Executive Director before his elevation as Joint Managing Director in the year 2016. As Joint Managing Director he is responsible for the affairs of the company viz, Production, Finance and Human Resources and also for the Company's growth and project implementation. During his tenure as Joint Managing Director he has been actively involved in the expansion activities especially in the Metal Cans and Twist Off Caps division. The Company is benefited by his extensive experience in the field of packaging and his continued services to the Company would be of great value.

In this connection, the Board of Directors at its meeting held on 17<sup>th</sup> April 2019 deliberated and evaluated the proposal and recommended the re-appointment of Mr. Kartik Nayak as Joint Managing Director of the Company for a period of Four (4) years with effect from 16<sup>th</sup> May, 2019 to 15<sup>th</sup> May, 2023 on a remuneration and terms and conditions as set out below and as set by the Nomination and Remuneration Committee, subject to the approval of members of the Company as a Special Resolution.



### Remuneration

- A. Salary: Rs. 5,00,000/-p.m. (including all allowances) with annual increments, as may be decided by the Board from time to time.
- B. Incentive/Commission: Equivalent to 1% of net profits of the Company, subject to a ceiling of 50% of annual salary.

### Perquisites:

- a. Reimbursement of medical expenses (including insurance premium for medical and hospitalization policy, if any) incurred for self and family, subject to a ceiling of one month's salary in a year.
- b. Leave Travel Concession: Leave Travel Concession for self and family, once a year, incurred in accordance with the Rules of the Company.  
For the above purposes "Family" includes spouse, dependent children's.
- c. Personal Accident Insurance: Personal Accident Insurance as per rules of the Company.
- d. Contribution to Provident Fund and superannuation Fund: Contribution to Provident Fund and Superannuation Fund, as per Rules of the Company, to the extent these, either singly or put together, are not taxable under the Income Tax 1961.
- e. Leave and Encashment of Leave: As per Rules of the Company.
- f. Gratuity and/or contribution to Gratuity Fund: As per Rules of the Company.
- g. Use of Car and Telephone: Company maintained car with driver for use on Company's business, telephone at residence and cellular phone provided by the Company will not be considered as perquisite. However, personal long distance and use of car for private purposes shall be borne by the Director.
- h. Club Membership: Membership in two clubs will be made available to meet business associates.
- i. Reimbursement of Expenses: Reimbursement of entertainment, travelling and all other expenses incurred for the business of the Company, as per Rules of the Company.

The above perquisites and allowances shall be evaluated as per income-tax rules, wherever applicable. In the absence of any such rules, these shall be evaluated at actual cost.

### C. Other Benefits:

- a. Contribution to provident fund, pension/superannuation/ gratuity fund schemes in accordance with the Company's rules and regulations in force from time to time;
- b. Leave Travel Encashment.
- c. Reimbursement of actual medical expenses incurred in India or abroad for self and family including hospitalization expenses, treatment expenses and in case of medical treatment abroad, the air fare, boarding/lodging, travel, etc., for self and family and attendant
- d. Medical/Personal accident/ Travel insurance: Actual premium to be paid by the Company for self & family;
- e. Telephone: Free telephone facility at residence including mobile phone & other suitable communication facilities.

The above benefits will not be included in the computation of the ceiling on perquisites and allowances.

- D. Minimum remuneration: Notwithstanding anything to the contrary contained herein, where, in any financial year during the currency of the tenure of Mr. Kartik Nayak, Managing Director the Company has no profits or its profits are inadequate, the Company will pay remuneration to the maximum as laid down in Section II of Part II of Schedule V to the Companies Act, 2013 as minimum remuneration.

Other than Mr Kartik Nayak, Mr. Divakar Shetty and Mr. Praveen Mally. none of the other Directors and Key Managerial Persons is, financially or otherwise interested, in the said resolution.

The Board recommends the resolution at Item No. 7 for approval of the members.


**Item No. 8: Re-Appointment of Mr. Praveen Vittal Mally (DIN: 00798354) as Joint Managing Director :**

Mr. Praveen Mally was appointed as Joint Managing Director w.e.f., 15<sup>th</sup> May, 2016 for a term of 3 (Three) years. The Board, on the recommendation of the Nomination and Remuneration Committee, at its Meeting held on 17<sup>th</sup> April, 2019 has approved for the re-appointment of Mr. Praveen Mally for a further period of 3 years as Joint Managing Director of the Company.

Mr. Praveen Vittal Mally holds a graduate degree, B.S in Mechanical Engineering from Manipal Institute of Technology, Manipal and post graduate degree, M.S in Industrial Engineering from University of Texas At Arlington, USA. He started his professional career as Project Engineer with General Motors between 1993-95 and later as Product Design Engineer with Keykert USA Inc between 1995-96. Later he returned to India and since September 1996 has been functioning as Managing Director of Fibre Foils Limited, Mumbai, a group company of Shetron Limited.

Taking into consideration the duties and responsibilities of Joint Managing Director, the prevailing managerial remuneration in industry and on the recommendation of the Nomination and Remuneration Committee, the Board at its meeting held on 17<sup>th</sup> April, 2019 approved the remuneration and the terms and conditions of the appointment of Mr. Praveen Mally, subject to the approval of the Shareholders on remuneration including minimum remuneration and on terms and conditions given hereunder and as set out by the Nomination and Remuneration Committee:

**Remuneration**

- A. **Salary:** Rs. 5,00,000/- p.m. (including all allowances) with annual increments, as may be decided by the Board from time to time.
- B. **Incentive/Commission:** Equivalent to 1% of net profits of the Company, subject to a ceiling of 50% of annual salary.

**Perquisites:**

- a. Reimbursement of medical expenses (including insurance premium for medical and hospitalization policy, if any) incurred for self and family, subject to a ceiling of one month's salary in a year.
- b. Leave Travel Concession: Leave Travel Concession for self and family, once a year, incurred in accordance with the Rules of the Company.

For the above purposes "Family" includes spouse, dependent children's.

- c. Personal Accident Insurance: Personal Accident Insurance as per rules of the Company.
- d. Contribution to Provident Fund and superannuation Fund: Contribution to Provident Fund and Superannuation Fund, as per Rules of the Company, to the extent these, either singly or put together, are not taxable under the Income Tax Act 1961.
- e. Leave and Encashment of Leave: As per Rules of the Company.
- f. Gratuity and/or contribution to Gratuity Fund: As per Rules of the Company.
- g. Use of Car and Telephone: Company maintained car with driver for use on Company's business, telephone at residence and cellular phone provided by the Company will not be considered as perquisite. However, personal long distance and use of car for private purposes shall be borne by the Director.
- h. Club Membership: Membership in two clubs will be made available to meet business associates.
- i. Reimbursement of Expenses: Reimbursement of entertainment, travelling and all other expenses incurred for the business of the Company, as per Rules of the Company.

The above perquisites and allowances shall be evaluated as per income-tax rules, wherever applicable. In the absence of any such rules, these shall be evaluated at actual cost.

**C. Other Benefits:**

- a. Contribution to provident fund, pension/superannuation/ gratuity fund schemes in accordance with the Company's rules and regulations in force from time to time;



- b. Leave Travel Encashment.
- c. Reimbursement of actual medical expenses incurred in India or abroad for self and family including hospitalization expenses, treatment expenses and in case of medical treatment abroad, the air fare, boarding/lodging, travel, etc., for self and family and attendant
- d. Medical/Personal accident/ Travel insurance: Actual premium to be paid by the Company for self & family;
- e. Telephone: Free telephone facility at residence including mobile phone & other suitable communication facilities.

The above benefits will not be included in the computation of the ceiling on perquisites and allowances.

- A. Minimum remuneration: Notwithstanding anything to the contrary contained herein, where, in any financial year during the currency of the tenure of Mr. Praveen Mally, the Company has no profits or its profits are inadequate, the Company will pay remuneration to the maximum as laid down in Section II of Part II of Schedule V to the Companies Act, 2013 as minimum remuneration.

Other than Mr. Praveen Mally, Mr. Divakar S Shetty and Mr. Kartik Nayak, none of the other Directors and Key Managerial Persons of the Company is interested, financially or otherwise, in the said Resolution at Item No. 8.

The Board recommends the Resolution at Item No. 8 for approval of the members.

**Item No. 9: Fixation of the Remuneration of the Cost Auditors of the Company for the Financial Year 2019-20:**

Pursuant to Section 148 of the Companies Act, 2013, the Company is required to have the audit of its cost records conducted by a Cost Accountant in Practice. On the recommendation of the Audit Committee, the Board of Directors has approved the appointment of Mr. Vishwanath Bhat, Proprietor, Messrs Bhat & Co, (Membership No. 22986) as the Cost Auditors of the Company to conduct audit of cost records of the Company for the products covered under the Companies (Cost Records and Audit) Rules, 2014 for the Financial Year 2019-20, at a remuneration of Rs.75,000/- plus applicable taxes.

Mr. Vishwanath Bhat has furnished a certificate regarding his eligibility for appointment as Cost Auditors of the Company. He has vast experience in the field of cost audit and has conducted the audit of the cost records of the Company for the previous years.

Accordingly, the consent of the members is sought for passing an Ordinary Resolution as set out at Item No. 9 of the Notice for fixation of the remuneration payable to the Cost Auditors for the Financial Year 2019-20.

None of the Directors and Key Managerial Personnel of the Company or their respective relatives is concerned or interested, financially or otherwise, in the Resolution at Item No.9 of the accompanying Notice.

The Board recommends the Resolution at Item No. 9 for approval of the members.

**Date : 25<sup>th</sup> July, 2019**

**Place : Bengaluru**

By the order of the Board  
For **Shetron Limited**

**Jagruti Mursenia**  
**Company Secretary**  
**M.No. ACS : 35339**



## ANNEXURE TO NOTICE

### APPOINTMENT OF DIRECTORS

**Details of Directors seeking appointment/re-appointment/retiring by rotation (In pursuance of Regulation 36 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015):**

Name	<b>Mr. Babugowda Sanganagowda Patil</b>
DIN	00061959
Date of Birth	20 <sup>th</sup> January, 1944
Date of Appointment	27 <sup>th</sup> September, 2002
Tenure of Appointment/ Reappointment	Three years
Expertise in specific functional areas	Has wide range of administrative experience. Retired as Chief Secretary to Chief Minister of Karnataka and was heading State Financial Institutions for Industrial Growth in the State.
Qualification	B.A., I.A.S (Retd.)
Disclosure of relationship with Directors inter-se	None
Number of Shares held in the Equity Capital of the Company	Nil
Directorships held in other Public and Private Companies	<ol style="list-style-type: none"> <li>1. Suprajit Engineering Limited</li> <li>2. Prasanna Power Private Limited</li> <li>3. Trinethra Energy Conversions Private Limited</li> <li>4. International Power Corporation Private Limited</li> <li>5. B R S Precision Manufacturing Private Limited</li> <li>6. Sadbhavana Energy Private Limited</li> <li>7. Ferra-Brs Private Limited</li> </ol>
Membership of Committee in other Companies, if any	<ol style="list-style-type: none"> <li>1. Suprajit Engineering Limited- Nomination and Remuneration, Chairman.</li> </ol>





## **ANNEXURE TO NOTICE**

### **APPOINTMENT OF DIRECTORS**

Name	<b>Dr. Jyoti Gopalkrishna Baliga</b>
DIN	00484000
Date of Birth	04 <sup>th</sup> May 1957
Date of Appointment	25 <sup>th</sup> July 2019
Tenure of Appointment/ Reappointment	3 (three) Years
Expertise in specific functional areas	She possesses a Doctorate degree in Food Technology from Institute of Chemical Technology, Mumbai. A Packaging Technologist from Indian Institute of Packaging, Mumbai.
	Qualified and Registered Patent Agent at the Indian Patent Office, Senior Faculty at Indian Institute of Packaging also certified by FSSAI as Food Safety Trainer.
Qualification	B.Sc.(Tech), MSc.(Tech), Ph.D. (Tech) - Food Technology
Disclosure of relationship with Directors inter-se	None
Number of Shares held in the Equity Capital of the Company	Nil
Directorships held in other Public and Private Companies	Nil
Membership of Committee in other Companies, if any	Nil



## ANNEXURE TO NOTICE

### APPOINTMENT OF DIRECTORS

Name	<b>Mr. Divakar Sanku Shetty</b>
Age	76 Years
Date of Appointment	1 <sup>st</sup> September 2008
Expertise in specific functional areas	He has rich and varied experience in the Packaging Industry and has been involved in the operations of the Company over a long period of time.
Qualification	Graduate
Number of Shares held in the equity capital of the Company	4,78,462
Directorship held in other public and Private Companies	<ol style="list-style-type: none"> <li>1. Fibre Boards Limited</li> <li>2. Sansha System Limited</li> <li>3. Fibre Foils Limited</li> <li>4. Bunts Properties Private Limited</li> <li>5. Konjal Machines Private Limited</li> <li>6. Shetron Enterprises Private Limited</li> <li>7. Shetron Metropak Private Limited</li> <li>8. Green Ecological Managed Services Private Limited</li> <li>9. Shevanti Impex Private Limited</li> </ol>
Committee / Executive positions held in other companies	<ol style="list-style-type: none"> <li>1. Member- Audit Committee Fibre Foils Limited.</li> <li>2. Chairman-Fibre Foils Limited.</li> </ol>



## **ANNEXURE TO NOTICE**

### **APPOINTMENT OF DIRECTORS**

Name	<b>Mr. Kartik Nayak</b>
Age	52 Years
Date of Appointment	1 <sup>st</sup> September 2008
Expertise in specific functional areas	He has more than a decade experience in the Company and held position as Executive Director before his elevation. During his tenure as Managing Director he has been actively involved in the expansion activities especially in the Metal Cans and Twist Off Caps division. The Company is benefitted by his extensive experience in the field of packaging and his continued services to the Company would be of great value.
Qualification	B.E., M.S. (USA)
Number of Shares held in the equity capital of the company	28700
Directorship held in other Public and Private Companies	1. Sansha System Limited 2. Shetron Metropak Private Limited



## **ANNEXURE TO NOTICE**

### **APPOINTMENT OF DIRECTORS**

Name	<b>Mr. Praveen Vittal Mally</b>
Age	53 Years
Date of Appointment	18 <sup>th</sup> July 2016
Expertise in specific functional areas	He has more than two decades of experience in the Company and held position as Executive Director. He started his profession career as Project Engineer with General Motors between 1993-95 and later as Product Design Engineer with Keykert USA Inc between 1995-96. Later he returned to India and since September 1996 has been functioning as Managing Director of Fibre Foils Ltd, Mumbai, a group company of Shetron Ltd.
Qualification	B.E.(Mech), M.S.(USA)
Number of Shares held in the equity capital of the company	44095
Directorship held in other Public and Private Companies	1. Sansha System Limited



### Route map of venue of AGM



**Link to the venue:**

<https://www.google.co.in/maps/place/Hotel+Ajantha/@12.971668,77.6135259,17z/data=!3m1!4b1!4m9!3m8!1s0x3bae1683afb87e65:0x82f5e5d96febd5e5!5m3!1s2018-08-05!4m1!1i2!8m2!3d12.971668!4d77.6157146>





## BOARD'S REPORT

Your Directors are pleased to present the Thirty Ninth Annual Report on the business and operations of your Company along with the audited Financial Statements for the year ended 31<sup>st</sup> March, 2019 :

### FINANCIAL HIGHLIGHTS :

The Company's financial performance for the year under review and the previous year are furnished below:

Particulars	2018-19 ₹ in Lakhs	2017-18 ₹ in Lakhs
Gross Sales and Other Income	16662	17265
Profit before Interest and Depreciation	2068	2143
Finance Cost	1144	1182
Depreciation	593	689
Profit before Tax	331	272
Less: Provision for Tax	60	52
Less: Deferred Tax	51	38
Profit after tax	220	182
Other Comprehensive Income	-20	-19
Total Comprehensive Income	200	163
Add: Balance Brought forward from Previous Year	1257	1094
Balance Carried Over	1457	1257

### DIVIDEND :

Your Company has recorded a net profit of Rs.331 Lakhs as against Rs. 272 Lakhs for the previous year and net profit after tax of Rs. 220 Lakhs as against Rs. 182 Lakhs for the previous year. With a view to enhance the value of Shares and to utilize the surplus funds, the Board has decided to plough back the profits and hence, not recommended dividend for the current year.

### TRANSFER TO RESERVES:

The Company proposes to retain the entire amount of Rs. 200 Lakhs in the profit and loss account.

### CHANGE IN NATURE OF BUSINESS:

There were no changes in the nature of business during the year.

### PERFORMANCE :

Your Company has achieved a turnover of Rs. 16662 Lakhs which is 3.49% lower than the turnover of the previous year. Your Company had a sluggish growth owing to the decline in the sales in the Battery business. The battery industry is evolving, led by cyclical slowdown in the dry battery segment as well as competitive pressures in the industrial battery segment. The main raw materials Zinc and Tin Plate prices are globally driven. Therefore, the suppliers do not have much bargaining power. Apart from the demand dry-up, the increased inflow of substantially cheaper imported batteries also played a part in affecting battery production.

However, your Company managed to improve the turnover through diversification in new products. Your Company is constantly trying to bridge the gap in increased costs and reduced turnover by introduction of new product lines and tapping of new markets.

### BUSINESS PERSPECTIVE :

The growing trend in the canned food market is innovations in packaging. With increase in demand for chemical-free canned foods, manufacturers are focusing on innovations in packaging. Metal can packaging offers sustain ability, versatility, quality and convenience, which creates exciting opportunities for the industry. Cans are



an exemplary model in the circular economy. They may be recycled again and again, forever, without loss of strength or quality. Sustainability is a factor that more and more consumers consider a priority in purchasing decisions. Metal packaging is the key to the sustainable development of human civilization. Metal, being a permanent material retains 100% of its properties even after infinite recycling thereby reducing resource wastage significantly. Metals like aluminum are very easy to sterilise for packaging purposes, and its durability and high barrier protection makes it an excellent choice for packaging material.

The metal packaging market is expected to record a CAGR over 4% over the forecast period (2019-2024). According to the Population Reference Bureau, in 2018, the degree of urbanization across the world was at around 55%. The shrinking size of the family, along with changing patterns in lifestyle, including the declining amount of time spent on preparation of meals and consumption at home, is leading to a shift toward more processed, frozen, and pre-prepared foods, in which canned foods is the most common form of packaging. The metal packaging holds the largest market share of these foods. However, the metal packaging market is expected to witness fierce competition from substitute flexible plastic packaging products.

The highlights of the industry trend, the outlook and the opportunities ahead for the Company are exhibited in detail in the Management Discussion and Analysis Report attached as Annexure - IV to this report.

#### **EXPORTS:**

In the year 2018-19, the export turnover was Rs. 3456 Lakhs as compared to the previous year exports of Rs. 3049 Lakhs, representing an increase of 13.35% over the previous year.

#### **SUBSIDIARY:**

The statement pursuant to Section 129 of the Companies Act, 2013 containing details of financial highlights of the subsidiary company forms part of the Annual Report.

The Company has no associate companies within the meaning of Section 2(6) of the Companies Act, 2013.

#### **MATERIAL CHANGES AND COMMITMENTS AFFECTING THE FINANCIAL POSITION OF THE COMPANY:**

There were no material changes and commitments affecting the financial position of the Company which occurred between the end of the financial year to which this financial statements relate on the date of this report.

#### **MERGER OF SHETRON METROPAK PRIVATE LIMITED (WHOLLY OWNED SUBSIDIARY):**

As the Scheme was duly approved by the stakeholders, the Company had filed a petition before the NCLT. On April, 25<sup>th</sup>, 2019 Conditional Order pursuant to Sections 230 to 232 of the Companies Act 2013 was received from the Hon'ble NCLT, Bengaluru Bench. Necessary compliance are being made to give effect to a successful completion of merger.

#### **CONSOLIDATED FINANCIALS:**

In compliance with SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('the Listing Regulations') and in accordance with Accounting Standard AS-21 on Consolidated Financial Statements, the audited Consolidated Financial Statements incorporating the operations of the Company and its Wholly Owned Subsidiary Company viz., Shetron Metropak Private Limited are provided in this Annual Report.

In accordance with third proviso of Section 136(1) of the Companies Act, 2013, the Annual Report of the Company, containing therein its standalone and the consolidated financial statements, has been placed on the website, [www.shetrongroup.com](http://www.shetrongroup.com).

Further, the report on the performance and financial position of the Subsidiary and salient features of the financial statements in the prescribed Form AOC-1 is annexed to this report [Annexure VIII].

The audited financial statements of Subsidiary shall be kept for inspection during business hours for Shareholders at the Registered Office of the Company and of the Subsidiary Company. The Company will also make available the audited financial statements and related information of the Subsidiary Company, upon request by any Shareholder of the Company.

#### **CHANGES IN DIRECTORS AND KEY MANAGERIAL PERSONNEL:**

Members of the Company's Board of Directors are eminent persons of proven competence and integrity. Besides experience, strong financial acumen, strategic astuteness and leadership qualities, they have a significant degree of commitment to the Company and devote adequate time to the meetings and preparation.



Based on the recommendation of Nomination and Remuneration Committee and the Board of Directors, the consent of members of the Company be and is hereby accorded for continuation of directorship of Mr. Babugowda Sanganagowda Patil, as a Non-Executive Independent Director on the Board of the Company, who has attained the age of 75 years, till the conclusion of 39<sup>th</sup> AGM to be held in 2019.

Based on the recommendations of the Nomination and Remuneration Committee, the Board at its Meeting held on 17<sup>th</sup> April, 2019, subject to the approval of Shareholders at the ensuing Annual General Meeting,

(i) re-appointed Mr. Divakar S Shetty (DIN: 00432755) as Executive Chairman and Whole Time Director for a further period of five (5) years with effect from 16<sup>th</sup> May, 2019. Accordingly, a Special Resolution seeking re-appointment of Mr. Divakar S Shetty as Executive Chairman and Whole Time Director of the Company is included in the Notice convening the Annual General Meeting. Details of Mr. Divakar S Shetty are exhibited in the Explanatory Statement to the Notice of the Annual General Meeting. The Board of Directors recommends his appointment as Executive Chairman and Whole Time Director of the Company.

(ii) re-appointed Mr. Kartik Nayak (DIN: 00477686) as Joint Managing Director for a further period of four (4) years with effect from 16<sup>th</sup> May, 2019. Accordingly, a Special Resolution seeking re-appointment of Mr. Kartik Nayak as Joint Managing Director of the Company is included in the Notice convening the Annual General Meeting. Details of Mr. Kartik Nayak are exhibited in the Explanatory Statement to the Notice of the Annual General Meeting. The Board of Directors recommends his appointment as Joint Managing Director of the Company.

(iii) re-appointed Mr. Praveen Mally (DIN: 00798354) as Joint Managing Director for a further period of three (3) years with effect from 16<sup>th</sup> May, 2019. Accordingly, a Special Resolution seeking re-appointment of Mr. Praveen Mally as Joint Managing Director of the Company is included in the Notice convening the Annual General Meeting. Details of Mr. Praveen Mally are exhibited in the Explanatory Statement to the Notice of the Annual General Meeting. The Board of Directors recommends his appointment as Joint Managing Director of the Company.

Dr. Narendra Mairpady (DIN: 00536905), Independent Director of the Company resigned from the office of Independent Director with effect from close of office hours on 17<sup>th</sup> April, 2019 due to personal reasons. Mrs. Yashoda Shetty (DIN: 00798116), Non Executive Director resigned w.e.f. close of office hours on 20<sup>th</sup> May 2019 due to personal reasons. The Board of Directors of the Company places on record its sincere appreciation for the support, advice and guidance provided by both the Directors to the Company and its management, which was immensely valuable to drive the Company's growth and performance.

#### **Changes to key managerial personnel**

Ms. Neethi D' Cunha resigned as Company Secretary and Compliance Officer of the company w.e.f. 14<sup>th</sup> March, 2019, Mrs. Jagruti Mursenia was appointed as Company Secretary and Compliance Officer of the w.e.f. 02<sup>nd</sup> May 2019.

#### **BOARD MEETINGS:**

During the year under review, the Board of Directors met four (4) times i.e. on 25-May-2018, 13-Aug-2018, 30-Oct-2018 and 29-Jan-2019.

The definition of 'Independence' of Directors is derived from Regulation 16(b) of the Listing Regulations and Section 149(6) of the Companies Act, 2013. The Company has received necessary declarations from each Independent Director of the Company that they fulfill the requirements as stipulated in Section 149 (6) of the Companies Act, 2013 read with the Listing Regulations.

Further pursuant to Clause VII (1) of Schedule IV of the Companies Act, 2013, the Independent Directors had separate meeting on 20-May-2019.

#### **POLICY ON DIRECTORS' APPOINTMENT AND REMUNERATION :**

The policy of the Company on director's appointment and remuneration, including the criteria for determining qualifications, positive attributes, independence of a director and such other matters, as required under sub-section (3) of Section 178 of the Companies Act, 2013, is available on the Company's website at, <http://shetrongroup.in/pdf/Nomination%20&%20Remuneration%20Policy.pdf>

The Policy was revised by the Board of Directors at its meeting held on 29.01.2019. The Company affirms that the remuneration paid to the Directors is as per the terms laid out in the nomination and remuneration policy of the Company.



### **DIRECTORS' RESPONSIBILITY STATEMENT:**

Based on the framework of internal financial controls and compliance systems established and maintained by the Company, work performed by the Internal, Statutory and Secretarial Auditors, the reviews performed by Management and the relevant Board Committees, including the Audit Committee, your Board is of the opinion that the Company's internal financial controls were adequate during the financial year 2018-19.

Accordingly, Pursuant to Section 134(5) of the Companies Act, 2013, the Board of Directors, to the best of their knowledge and ability, confirm that:

- 1) In the preparation of the Annual Accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- 2) The Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit and loss of the company for that period;
- 3) The Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of Companies Act 2013 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- 4) The Directors had prepared the Annual Accounts on a Going Concern basis;
- 5) The Directors had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively.
- 6) The Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

### **BOARD EVALUATION :**

Pursuant to the provisions of the Companies Act, 2013 and the Listing Regulations, the Board has carried out an annual performance, evaluation of its performance, and of the Directors individually, as well as the evaluation of the working of its Audit and Nomination & Remuneration Committees. The manner in which the evaluation has been carried out has been explained in detail in the Corporate Governance Report, which forms part of this Annual Report.

### **PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS MADE:**

During the year the Company has not given any loans or guarantees covered under the provisions of Section 186 of the Companies Act, 2013.

The details of the investments made by Company are given in the notes to the financial statements.

### **EXTRACT OF ANNUAL RETURN:**

Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014, an extract of Annual Return in MGT 9 is annexed as a part of this Annual Report (Annexure - I) is furnished and the same is published on the website of the Company.

### **ADDITIONAL DISCLOSURES:**

In line with the requirements of the Listing Regulations and Accounting Standards, your Company has made additional disclosures in respect of Related Party transactions and segment reporting in notes to accounts.

### **RISK MANAGEMENT POLICY:**

The Audit Committee has oversight in the area of financial risks and controls. The major risks identified by the businesses and functions are systematically addressed through mitigating actions on a ongoing basis. The policy for risk management is available on the Company's website at, <http://shetrongroup.in/pdf/Risk%20Management%20Policy.pdf>

### **DEPOSITS:**

In terms of the provision of Sections 73, 74 & 76 of the Companies Act, 2013 read with the Companies (Acceptance of Deposits) Rules, 2014, your Company has not accepted/ renewed any fixed deposits from the public during the year under review.



## **CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO:**

The information pertaining to conservation of energy, technology absorption, foreign exchange Earnings and outgo as required under Section 134 (3)(m) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014 is furnished in Annexure - IV and is attached to this report.

The Company endeavour to support the environment by adopting environment-friendly practices in the working patterns. The efforts in this direction centre around making efficient use of natural resources, elimination of waste and promoting recycling of resources.

## **STATUTORY AUDITORS:**

Messrs Naresh & Co, Chartered Accountants, (Firm Registration No. 011293S) were appointed as the Statutory Auditors at the Annual General Meeting held in the year 2017 and hold office for a term of 5 years, till the conclusion of the 42<sup>nd</sup> Annual General Meeting of the Company to be held in the year 2022. Consequent upto the amendments to the Companies Act, 2013, ratification of appointment of the statutory auditor at every Annual General Meeting is no longer required.

## **COST AUDITORS:**

As per the requirement of the Central Government and pursuant to the provisions of Section 148 of the Companies Act, 2013 read with the Companies (Cost Records and Audit) Rules, 2014 as amended from time to time, your Company has been carrying out audit of cost records relating to all product line. The Board of Directors, on the recommendation of Audit Committee, has appointed Messrs Vishwanath Bhat & Co, Cost Auditors to audit the cost accounts of the Company for the financial year 2019-20.

As required under the Companies Act, 2013, a resolution seeking approval of Members for the remuneration payable to the Cost Auditor forms part of the notice convening the Annual General Meeting.

## **SECRETARIAL AUDIT:**

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, Mr. Vijayakrishna K T, Practising Company Secretary was appointed to undertake the Secretarial Audit. The Report of the Secretarial Audit for the year ended 31<sup>st</sup> March, 2019 is attached to the Board's Report (Annexure - II).

## **AUDITORS' REPORT AND SECRETARIAL AUDIT REPORT :**

There was no qualification, reservations or adverse remarks made either by the Statutory Auditors or by the Secretarial Auditor in their respective reports and their reports are annexed.

## **REPORT ON CORPORATE GOVERNANCE :**

Your Company has taken adequate steps to adhere to all the stipulations laid down in Regulation 27 of the Listing Regulations. A report on compliance of the code is annexed herewith (Annexure - VII).

Certificate from Practising Company Secretary confirming the compliance with the conditions of Corporate Governance as stipulated under Regulation 27 of the SEBI Listing Regulations, 2015 is attached to this report.

## **CONTRACTS AND ARRANGEMENTS WITH RELATED PARTIES:**

All contracts / arrangements / transactions entered by the Company during the financial year with related parties were in the ordinary course of business and at arm's length basis. During the year, the Company had not entered into any contract / arrangement / transaction with related parties which could be considered material in accordance with the policy of the Company on materiality of related party transactions. All contracts / arrangements / transactions with related parties are placed before the Audit Committee and also the Board, as may be required, for approval.

The policy on Materiality of Related Party Transactions and also on dealing with related party transactions as approved by the Audit Committee and the Board of Directors are displayed on the Company's website <http://shetrongroup.in/pdf/Realted%20Party%20Transaction%20Policy.pdf>.

All Related Party Transactions entered during the year were in Ordinary Course of the Business and at Arm's Length basis. No Material Related Party Transactions, i.e. transactions exceeding 10% of the annual consolidated turnover as per the last audited financial statements, were entered during the year by your Company. The information on transactions with related parties pursuant to Section 134(3)(h) of the Act read with Rule 8(2) of the





Companies (Accounts) Rules, 2014 are given in Annexure III in Form No. AOC-2 and the same forms part of this report.

Details of contracts / arrangements / transactions with related parties are given in the notes to the financial statements.

#### **TRANSFER OF UNCLAIMED DIVIDEND TO INVESTOR EDUCATION AND PROTECTION FUND:**

Adhering to the provisions of Section 125 of the Companies Act, 2013 relevant amounts which remained unpaid or unclaimed for a period of seven years have been transferred by the company, from time to time on due dates, to the Investor Education and Protection Fund.

#### **DISCLOSURE UNDER THE SEXUAL HARASSMENT OF WOMAN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013:**

The Company has been employing women employees in various cadres within its office and factory premises. The company has in place a policy against sexual harassment in line with the requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. Internal Complaint Committee is set up at shop floor level to redress any complaints received. All employees are covered under the policy.

- (a). number of complaints filed during the financial year(18-19) - Nil
- (b). number of complaints disposed of during the financial year(18-19) - Nil
- (c). number of complaints pending as on end of the financial year. (18-19) - Nil

#### **HEALTH, SAFETY AND ENVIRONMENT PROTECTION:**

Your Company has complied with all applicable environment laws and labour laws. The Company has been taking all the necessary measures to protect the environment and maximize worker protection and safety. The company's policy require conduct of operation in such a manner so as to ensure safety of all concerned, compliance of environment regulations and preservation of natural resources.

#### **DISCLOSURE UNDER RULE 5 OF THE COMPANIES (APPOINTMENT AND REMUNERATION) RULES, 2014:**

Disclosures required under Section 197 of the Companies Act, 2013 read with rule 5 of the Companies (Appointment & Remuneration) Rules, 2014 have been annexed as "Annexure VI".

#### **MANAGEMENT DISCUSSION AND ANALYSIS REPORT:**

The Management Discussion and Analysis Report as required, is annexed as Annexure V.

#### **ACKNOWLEDGEMENTS:**

Your Directors wish to place on record their sincere thanks to bankers, business associates, consultants, various Government Authorities and employees at all levels in the Company for their continued support extended to your Company's activities during the year under review. Your Directors also acknowledge gratefully the Shareholders for their support and confidence reposed in your Company.

**Place : Bengaluru**  
**Date : 20<sup>th</sup> May, 2019**

By the order of the Board  
 For **Shetron Limited**

**Divakar S Shetty**  
**Executive Chairman**  
**DIN: 00432755**

**[Address: Divya, R.S. Jain Marg,  
 Gandhigram Road, Juhu, Mumbai 400049]**



## ANNEXURE – I TO BOARD’S REPORT

### FORM NO. - MGT 9 EXTRACT OF ANNUAL RETURN As on financial year ended on 31.03.2019

Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management & Administration) Rules, 2014.

#### I. REGISTRATION & OTHER DETAILS:

1.	CIN	L21014KA1980PLC003842
2.	Registration Date	09-06-1980
3.	Name of the Company	Shetron Limited
4.	Category/Sub-category of the Company	Public Limited Company
5.	Address of the Registered office & contact details	Plot No: 1. Bommasandra Industrial Area, Hosur Road, Bangalore -560 099
6.	Whether listed company	Yes, BSE Limited
7.	Name, Address & contact details of the Registrar & Transfer Agent, if any.	Integrated Registry Management Services Private Limited No. 30 Ramana Residency, 4th Cross, Sampige Road, Malleshwaram, Bangalore 560 003 Tel: +91-80-23460815-818 Fax: +91-80-23460819 E-mail: irg@integratedindia.in

#### II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY:

Sl.No.	Name and Description of main products / services	NIC Code of the Product/service	% to total turnover of the company
1	Printed/lacquered Tin coated sheet, Dry Battery Cell Jackets & Components, Metal Containers, Twist off Caps	7212,8506,7310	100%

#### III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES:

Sl.No.	Name and Address of the Company	CIN / GLN	Holding / Subsidiary Associate	%of Shares held	Applicable Section
1	Shetron Metropak Private Limited	U25205KA2005PTC037829	Wholly owned Subsidiary	100%	Section 2(87) of Companies Act 2013



**IV. SHARE HOLDING PATTERN :**

**A. CATEGORY WISE SHAREHOLDING :**

Category of Shareholders	No. of Shares held at the beginning of the year [As on 01-April-2018]				No. of Shares held at the end of the year [As on 31-March-2019]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoters</b>									
<b>(1) Indian</b>									
a) Individual/HUF	1725135	-	1725135	19.16	1732494	-	1732494	19.24	0.08
b) Central Govt. or State Govt.	-	-	-	-	-	-	-	-	-
c) Bodies Corporate	4054167	-	4054167	45.03	4054167	-	4054167	45.03	-
d) Bank/FI	-	-	-	-	-	-	-	-	-
e) Any other	-	-	-	-	-	-	-	-	-
<b>SUB TOTAL:(A) (1)</b>	<b>5779302</b>	<b>-</b>	<b>5779302</b>	<b>64.19</b>	<b>5786661</b>	<b>-</b>	<b>5786661</b>	<b>64.27</b>	<b>0.08</b>
<b>(2) Foreign</b>									
a) NRI-Individuals	81533	100	81633	0.91	-	-	-	-	-(0.91)
b) Other Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corp.	-	-	-	-	-	-	-	-	-
d) Banks/FI	-	-	-	-	-	-	-	-	-
e) Any other...	-	-	-	-	-	-	-	-	-
<b>SUB TOTAL (A) (2)</b>	<b>81533</b>	<b>100</b>	<b>81633</b>	<b>0.91</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-(0.91)</b>
<b>Total Shareholding of Promoter (A)=(A)(1)+(A)(2)</b>	<b>5860835</b>	<b>100</b>	<b>5860935</b>	<b>65.10</b>	<b>5786661</b>	<b>-</b>	<b>5786661</b>	<b>64.27</b>	<b>-(0.83)</b>
<b>B. PUBLIC SHARE HOLDING</b>									
<b>(1) Institutions</b>									
a) Mutual Funds	-	100	100	0.00	-	100	100	0.00	-
b) Banks/FI	-	-	-	-	-	-	-	-	-
c) Central govt	-	-	-	-	-	-	-	-	-
d) State Govt.	-	-	-	-	-	-	-	-	-
e) Venture Capital Fund	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIIS	-	-	-	-	-	-	-	-	-



h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	-
<b>SUB TOTAL (B)(1):</b>	<b>0</b>	<b>100</b>	<b>100</b>	<b>0.00</b>	<b>0</b>	<b>100</b>	<b>100</b>	<b>0</b>	<b>0.00</b>
<b>(2) Non Institutions</b>									
<b>a) Bodies corporates</b>									
i) Indian	117104	1000	118104	1.31	62431	1400	63831	0.71	-0.60
ii) Overseas	-	-	-	-	-	-	-	-	-
<b>b) Individuals</b>									
i) Individual shareholders holding nominal share capital upto Rs.2 lakhs	1257198	174035	1431233	15.90	1276048	164435	1440483	16.00	0.10
ii) Individuals shareholders holding nominal share capital in excess of Rs. 2lakhs	1386172	0	1386172	15.40	1464267	0	1464267	16.26	0.87
<b>c) Others (specify)</b>									
NRI	129265	39590	168855	1.88	203192	37790	240982	2.68	0.80
Clearing Member	37901	-	37901	0.42	6976	-	6976	0.08	-0.34
<b>SUB TOTAL (B)(2):</b>	<b>2927640</b>	<b>214625</b>	<b>3142265</b>	<b>34.90</b>	<b>3012914</b>	<b>203625</b>	<b>3216539</b>	<b>35.73</b>	<b>0.83</b>
<b>Total Public Shareholding (B)= (B) (1)+(B)(2)</b>	<b>2927640</b>	<b>214725</b>	<b>3142365</b>	<b>34.90</b>	<b>3012914</b>	<b>203725</b>	<b>3216639</b>	<b>35.73</b>	<b>0.83</b>
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>									
<b>Grand Total (A+B+C)</b>	<b>8788475</b>	<b>214825</b>	<b>9003300</b>	<b>100.00</b>	<b>8799875</b>	<b>203725</b>	<b>9003300</b>	<b>100.00</b>	<b>-</b>

**B) SHAREHOLDING OF PROMOTER**

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year 01.04.2018			Shareholding at the end of the year 31.03.2019			% change in shareholding during the year
	Mr. /Ms. / M/s	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1	Shetron Enterprises Pvt Ltd	1713617	19.03	5.84	1713617	19.03	5.84	0.00
2	Konjal Machines Private Limited	858055	9.53	-	858055	9.53	-	-
3	Bunts Properties Private Limited	848857	9.43	-	848857	9.43	-	-
4	Divakar S.Shetty	467720	5.19	87.72	475079	5.28	86.36	0.09
5	Yashoda Diwakar Shetty	308640	3.43	-	308640	3.43	-	-
6	Raksha Praveen Mally	299020	3.32	-	299020	3.32	-	-
7	Niksha Kartik Nayak	297010	3.30	-	297010	3.30	-	-
8	Daksharaj D Shetty	276250	3.07	-	276250	3.07	-	-
9	*Marie Therese Picardo	79133	0.88	-	0	0	-	-0.88
10	Kishore Construction Company Private Ltd.	284200	3.16	-	284200	3.16	-	-
11	Fibre Shells Limited	45158	0.50	-	45158	0.50	-	-
12	Praveen Vittal Mally	44095	0.49	-	44095	0.49	100.00	0.00
13	Kartik Manohar Nayak	28700	0.32	-	28700	0.32	100.00	0.00
14	Dhanika Kartik Nayak	3700	0.04	-	3700	0.04	-	-
15	*Ronald Picardo	2500	0.03	-	0	0	-	-0.03
16	Green Ecological Managed Services Pvt. Ltd.	304280	3.38	-	304280	3.38	-	3.38
	<b>Total</b>	<b>5860935</b>	<b>65.10</b>	<b>-</b>	<b>5860935</b>	<b>64.27</b>	<b>-</b>	<b>-0.83</b>

Note-\*(Removed from Promoter Group & added in Public from November 02, 2018)

**C) CHANGE IN PROMOTERS' SHAREHOLDING :**

Sl. No.	Shareholder's Name Mr. /Ms. / M/s	Shareholding at the beginning of the year 01.04.2018		Date	Increase / Decrease in Share Holding	Reason	Cumulative Shareholding during the year 31.03.2019	
		No. of Shares	% of total Shares of the company				No. of Shares	% of total Shares of the company
1	Divakar S Shetty	467720	5.19	06-07-2018	Increase	Bought	470906	5.23
				13-07-2018	Increase	Bought	471079	5.23
				20-07-2018	Increase	Bought	473079	5.25
				12-10-2018	Increase	Bought	474079	5.27
				01-03-2019	Increase	Bought	475079	5.28
				<b>31-03-2019</b>	<b>-</b>	<b>-</b>	<b>475079</b>	<b>5.28</b>

**D) SHAREHOLDING PATTERN OF TOP TEN SHAREHOLDERS  
(OTHER THAN DIRECTORS, PROMOTERS AND HOLDERS OF GDRs AND ADRs)**

Sl. No.	Name of the Shareholder Mr. /Ms. / M/s	Shareholding at the beginning of the year 01.04.2018		Date	Increase / Decrease in Share Holding	Reason	Cumulative Shareholding during the year 31.03.2019	
		No. of Shares	% of total Shares of the company				No. of Shares	% of total Shares of the company
1	HITESH RAMJI JAVERI	280000	3.11	31/03/2019	-	Nil Movement during the Year	280000	3.11
2	HARSHA HITESH JAVERI	170088	1.89	01/02/2019	+26000	BOUGHT	196088	2.18
				<b>31/03/2019</b>	<b>-</b>	<b>-</b>	<b>196088</b>	<b>2.18</b>
3	RAMACHANDRA BHAT	105761	1.17	04-05-2018	+2034	BOUGHT	107795	1.20
				11-05-2018	+520	BOUGHT	108315	1.20
				03-08-2018	+348	BOUGHT	108663	1.21
				31-08-2018	-725	SOLD	107938	1.20
				29-09-2018	+1444	BOUGHT	109382	1.21
				31/03/2019			109382	1.21
4	MAHENDRA GIRDHARILAL	95111	1.06	19-10-2018	+192	BOUGHT	95303	1.06
				31/03/2019	-	-	95303	1.06
5	DHEERAJ KUMAR LOHIA	92450	1.03	25-05-2018	+300	BOUGHT	92750	1.03



				12-10-2018	+4022	BOUGHT	96772	1.07
				19-10-2018	+5367	BOUGHT	102139	1.13
				18-01-2019	+5000	BOUGHT	107139	1.19
				25-01-2019	+5301	BOUGHT	112440	1.25
				15-02-2019	-3500	SOLD	108940	1.21
				31-03-2019			108940	1.21
6	BHAVANJI VERSHI SHAH	80000	0.89	01-06-2018	-80000	SOLD	0	0
				31/03/2019	0		0	0
7	REKHAR BHAT	67052	0.74	11-05-2018	+1000.00	BOUGHT	68052	0.76
				18-05-2018	+1673.00	BOUGHT	69725	0.77
				15-06-2018	+750.00	BOUGHT	70475	0.78
				22-06-2018	+900.00	BOUGHT	71375	0.79
				13-07-2018	+700.00	BOUGHT	72075	0.80
				20-07-2018	+1112.00	BOUGHT	73187	0.81
				27-07-2018	+900.00	BOUGHT	74087	0.82
				03-08-2018	+200.00	BOUGHT	74287	0.83
				10-08-2018	+1619.00	BOUGHT	75906	0.84
				17-08-2018	+1126.00	BOUGHT	77032	0.86
				24-08-2018	+800.00	BOUGHT	77832	0.86
				14-09-2018	-298.00	SOLD	77534	0.86
				05-10-2018	+1248.00	BOUGHT	78782	0.88
				12-10-2018	+736.00	BOUGHT	79518	0.88
				19-10-2018	-300.00	SOLD	79218	0.88
				26-10-2018	-641.00	SOLD	78577	0.87
				09-11-2018	-300.00	SOLD	78277	0.87
				11-01-2019	+610.00	BOUGHT	78887	0.88
				18-01-2019	+1950.00	BOUGHT	80837	0.90
				31-03-2019			80837	0.90
8	KAILASHBEN ASHOKKUMAR PATEL	55000	0.61	13-04-2018	-1000.00	SOLD	54000	0.60
				08-06-2018	-2000.00	SOLD	52000	0.58
				31-08-2018	-2000.00	SOLD	50000	0.56
				07-09-2018	-2000.00	SOLD	48000	0.53
				21-09-2018	-1183.00	SOLD	46817	0.52
				19-10-2018	-2817.00	SOLD	44000	0.49
				02-11-2018	-1000.00	SOLD	43000	0.48
				16-11-2018	-500.00	SOLD	42500	0.47
				23-11-2018	-2500.00	SOLD	40000	0.44
				11-01-2019	-500.00	SOLD	39500	0.44



				25-01-2019	-1336.00	SOLD	38164	0.42
				08-02-2019	-2358.00	SOLD	35806	0.40
				22-02-2019	-306.00	SOLD	35500	0.39
				08-03-2019	-500.00	SOLD	35000	0.39
				31-03-2019			35000	0.39
09	ASHISH CHUGH	45561	0.51	-	-	NIL MOVEMENT DURING THE YEAR	45561	0.51
				31/03/2019	0		45561	0.51
10	ELSY GEORGE	44000	0.49	-	-	NIL MOVEMENT DURING THE YEAR	44000	0.49
				31/03/2019	0		44000	0.49
11	ANIL BHAVANJI SHAH	21518	0.24	06-04-2018	+22701	BOUGHT	44219	0.49
				01-06-2018	+80000	BOUGHT	124219	1.38
				31-03-2019			124219	1.38



**E) SHAREHOLDING OF DIRECTORS AND KEY MANAGERIAL PERSONNEL:**

Sl. No.		Shareholding at the end of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the company	No. of Shares	% of total shares of the company
	<b>For Each of the Top 10 Shareholders Mr. /Ms. / M/s</b>				
<b>1</b>	<b>Divakar S. Shetty</b>				
	At the beginning of the year	475620	5.19		
	Date wise increase/decrease in Promoters Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/ sweat equity etc)				
	06-07-2018-BOUGHT	+3186		470906	5.23
	13-07-2018-BOUGHT	+173		471079	5.23
	20-07-2018-BOUGHT	+2000		473079	5.25
	12-10-2018-BOUGHT	+1000		474079	5.27
	01-03-2019-BOUGHT	+1000		475079	5.28
	31-03-2019			475079	5.28
	<b>At the end of the year</b>			<b>475079</b>	<b>5.28</b>
<b>2</b>	<b>Kartik Manohar Nayak- Joint Managing Director</b>				
	At the beginning of the year	28700	0.32		
	At the end of the year			28700	0.32
<b>3</b>	<b>Yashoda Divakar Shetty -Director</b>				
	At the beginning of the year	308640	3.43		
	At the end of the year			308640	3.43
<b>4</b>	<b>Praveen Mally-Joint Managing Director</b>				
	At the beginning of the year	44095	0.49		
	At the end of the year			44095	0.49
<b>5</b>	<b>B S Patil - Independent Director</b>				
	At the beginning of the year	NIL	NIL		
	At the end of the year			NIL	NIL
<b>6</b>	<b>P P Shastri - Independent Director</b>				
	At the beginning of the year	NIL	NIL		
	At the end of the year			NIL	NIL
<b>7</b>	<b>Mohan Narayan Menon- Independent Director</b>				
	At the beginning of the year	NIL	NIL		
	At the end of the year			NIL	NIL
<b>8</b>	<b>Narendra Mairpady- Independent Director</b>				
	At the beginning of the year	NIL	NIL		
	At the end of the year			NIL	NIL

**V) INDEBTEDNESS :**

(₹ in Lakhs)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	3074	921	-	3995
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
<b>Total (i+ii+iii)</b>	<b>3074</b>	<b>921</b>	<b>-</b>	<b>3995</b>
<b>Change in Indebtedness during the financial year</b>				
* Addition	2346	-	-	2346
* Reduction	2419	-	-	2419
<b>Net Change</b>	<b>73</b>	<b>-</b>	<b>-</b>	<b>73</b>
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	3001	921	-	3922
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
<b>Total (i+ii+iii)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL :****A. REMUNERATION TO MANAGING DIRECTOR, WHOLE-TIME DIRECTORS AND/OR MANAGER :**

Sl. No.	Particulars of Remuneration	Name of MD/WT/ Manager			Total Amount
		Mr. Divakar S Shetty	Mr. Kartik Nayak	Mr. Praveen Mally	
1	Gross salary	In Rs.	In Rs.	In Rs.	In Rs.
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	78,00,000	60,00,000	60,00,000	1,98,00,000
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-	-	-
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	-	-	-	-
2	Stock Option	-	-	-	-
3	Sweat Equity	-	-	-	-
4	Commission - as % of profit - others, specify...	-	-	-	-
5	Others, please specify	-	-	-	-
	<b>Total (A)</b>	<b>78,00,000</b>	<b>60,00,000</b>	<b>60,00,000</b>	<b>1,98,00,000</b>

**B. REMUNERATION TO OTHER DIRECTORS:**

(Amount in ₹)

Sl. No.	Particulars of Remuneration	Name of Director					Total Amount
		Mr. B S Patil	Dr. P P Shastri	Mr. Mohan Narayan Menon	Dr. Narendra Mairpady	Mrs. Yashoda Divakar Shetty	
1	<b>Independent Directors</b>						
	Fee for attending board / committee meetings	1,80,000	1,80,000	1,80,000	1,20,000	-	6,60,000
	Commission	-	-	-	-	-	-
	Others, please specify	-	-	-	-	-	-
	Total (1)	1,80,000	1,80,000	1,80,000	1,20,000	-	6,60,000
2	<b>Other Non-Executive Directors</b>						
	Other Non-Executive Directors	-	-	-	-	-	-
	Fee for attending board / committee meetings	-	-	-	-	60,000	60,000
	Commission	-	-	-	-	-	-
	Others, please specify	-	-	-	-	-	-
	Total (2)	-	-	-	-	-	-
	Total (B)=(1+2)	1,80,000	1,80,000	1,80,000	1,20,000	60,000	7,20,000
	Total Managerial						
	Remuneration	1,80,000	1,80,000	1,80,000	1,20,000	60,000	7,20,000

**C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/ MANAGER/ WTD:**

SN	Particulars of Remuneration				
		CEO	CS	CFO	Total
			Ms. Neethi D' Cunha*	Mr. Vilas Dingre	
1	Gross salary	-	Rs.	Rs.	Rs.
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	-	5,09,581	9,85,280	12,43,830
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-	-	-
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-	-
2	Stock Option	-	-	-	-
3	Sweat Equity	-	-	-	-
4	Commission	-	-	-	-
	- as % of profit	-	-	-	-
	others, specify...	-	-	-	-
5	Others, please specify	-	-	-	-
	<b>Total</b>	-	<b>5,09,581</b>	<b>9,85,280</b>	<b>13,58,530</b>

\*Ms. Neethi D'Cunha's resigned w.e.f., 14<sup>th</sup> March, 2019 and Mrs. Jagruti Mursenia was appointed w.e.f. 02<sup>nd</sup> May 2019 at an annual remuneration of Rs. 516792/-

**VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:**

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD / NCLT/ COURT]	Appeal made, if any (give Details)
<b>A. COMPANY</b>					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-
<b>B. DIRECTORS</b>					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-
<b>C. OTHER OFFICERS IN DEFAULT</b>					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-

**Place : Bengaluru**  
**Date : 20<sup>th</sup> May, 2019**

By the order of the Board  
 For **Shetron Limited**

**Divakar S Shetty**  
 Executive Chairman  
 DIN: 00432755  
 [Address: Divya, R.S. Jain Marg,  
 Gandhigram Road, Juhu, Mumbai 400049]



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

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

**FOR THE FINANCIAL YEAR ENDED 31<sup>ST</sup> MARCH, 2019**

To  
The Members,  
**Shetron Limited**  
CIN: L21014KA1980PLC003842

I have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Shetron Limited (CIN:L21014KA1980PLC003842) (hereinafter called 'the Company'). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the 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 31<sup>st</sup> March, 2019 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 Shetron Limited for the financial year ended on 31<sup>st</sup> March, 2019 according to the provisions of:

- i. The Companies Act, 2013 (the Act) and the rules made thereunder;
- ii. The Depositories Act, 1996 and the 'Regulations and Bye-laws' framed there under;
- iii. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;
- iv. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas 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 (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
  - (d) The Securities and Exchange Board of India (Employee Stock Option Scheme & Employee Stock purchase Scheme) Guidelines 1999;
  - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
  - (f) 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;
  - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;
  - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;
  - (i) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;
  - (j) The Securities and Exchange Board of India (Share Based Employee Benefits) Guidelines, 2014;
  - (k) The Securities and Exchange Board of India (Issue & Listing of Non Convertible and Redeemable Preference Shares) Regulation, 2013;
  - (l) Circulars/Guidelines issued thereafter;



- vi. There were no industry specific laws applicable to the Company from the list provided by the Institute of Company Secretaries of India:
- vii. The other following general laws as may be applicable to the Company, wherever applicable:

**(1) Employer/Employee Related laws & Rules:**

- i. Industries (Development & Regulation) Act, 1951
- ii. The Factories Act, 1948
- iii. The Employment Exchanges (Compulsory notification of Vacancies) Act, 1959
- iv. The Apprentices Act, 1961
- v. The Employees Provident Fund & Miscellaneous Provisions Act, 1952
- vi. The Employees State Insurance Act, 1948
- vii. The Workmen's Compensation Act, 1923
- viii. The Maternity Benefits Act, 1961
- ix. The Payment of Gratuity Act, 1972
- x. The Payment of Bonus Act, 1965
- xi. The Industrial Disputes Act, 1947
- xii. The Trade Unions Act, 1926
- xiii. The Payment of Wages Act, 1936
- xiv. The Minimum Wages Act, 1948
- xv. The Child Labour (Regulation & Abolition) Act, 1970
- xvi. The Contract Labour (Regulation & Abolition) Act, 1970
- xvii. The Industrial Employment (Standing Orders) Act, 1946
- xviii. Equal Remuneration Act, 1976
- xix. Inter-State Migrant Workmen (Regulation of Employment and Conditions of Services) Act, 1979
- xx. The Sexual Harassment of Women at Work Place (Prevention, Prohibition & Redressal) Act, 2013
- xxi. Persons with Disabilities (Equal Opportunities, Protection of Rights and Full Participation) Act, 1996
- xxii. Prohibition of Employment as Manual Scavengers and their Rehabilitation Act, 2013
- xxiii. Dangerous Machines (Regulation) Act, 1983
- xxiv. Indian Boilers Act, 1923
- xxv. The Industrial Establishments (National and Festival Holidays) Act, 1963
- xxvi. The Labour Welfare Fund Act, 1965
- xxvii. The Karnataka Daily Wage Employees Welfare Act, 2012
- xxviii. For majority of Central Labour Laws the State has introduced Rules [names of each of the Rules is not included here]

**(2) Environment Related Acts & Rules:**

- i. The Environment Protection Act, 1986
- ii. The Water (Prevention & Control of Pollution) Act, 1974
- iii. The Air (Prevention & Control of Pollution) Act, 1981
- iv. Hazardous Wastes (Management, Handling and Transboundary Movement) Rules, 2008.
- v. The Karnataka Ground Water (Regulation for Protection of Sources of Drinking Water) Act, 1999



### (3) Economic/Commercial Laws & Rules :

- i. The Competition Act, 2002
- ii. The Indian Contract Act, 1872
- iii. The Sales of Goods Act, 1930
- iv. The Forward Contracts (Regulation) Act, 1952
- v. The Indian Stamp Act, 1899
- vi. The Transfer of Property Act, 1882

I have also examined compliances with the applicable clauses of the Secretarial Standards issued by the Institute of Company Secretaries of India on the Board and General Meetings i.e. SS - 1 and SS - 2.

I further state that during the period under review and based on my verification of the records maintained by the Company and also on the review of compliance reports/statements by respective department heads/Chief Financial Officer/ Company Secretary taken on record by the Board of Directors of the Company, in my opinion, adequate systems and process and control mechanism exist in the Company to monitor and ensure compliance with applicable labour laws, environmental laws and other applicable laws as mentioned above. Certain non material findings made during the course of the audit relating to the provisions of Companies Act, Labour Laws and Secretarial Standards were addressed suitably by the Management. Further, the Company may also notify the Stock Exchanges of the loss/issue of duplicate share certificate.

Further, I report that with regard to financial and taxation matters, I have relied up on the Audit Reports, Limited Review Reports and the Internal Audit Reports provided by the Statutory/Internal Auditors, as the case may be.

I further report that 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 which took place during the period under review were carried out in compliance with the provisions of the Act. However, re-appointment of Dr. Narendra Mairpady as Non Executive Independent Director for second term by the Board was subsequently approved by Shareholders through Special Resolution.

Adequate notice is given to all Directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, 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.

Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes as per the practice followed. However, during the period under report, there was no such case instance.

I further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure.

I further report that the Company has received the Order from Hon'ble National Company Law Tribunal, Bengaluru Bench for Amalgamation of the Wholly Owned Subsidiary naming Shetron Metropak Private Limited with the Company.

**Place: Bengaluru**

**Date: 20<sup>th</sup> May, 2019**

**Vijayakrishna K T**

FCS No.: 1788

C P No.: 980

*Note: This report is to be read with my letter of even date which is annexed as Annexure and forms an integral part of this report.*



### **Annexure to the Secretarial Audit Report**

My 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. My responsibility is to express an opinion on these secretarial records based on our audit.
2. I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of Secretarial Records. The verification was done on test basis to ensure that correct facts are reflected in the secretarial records. I believe that the processes and practices, I have followed provide a reasonable basis for our opinion.
3. I have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company including records under Income Tax Act, Central Excise Act, Customs Act, Central and State Sales Tax Act.
4. Where ever required, the Company has represented about the compliance of Laws, Rules and Regulations and happening of events etc as applicable from time to time.
5. The compliance of the provisions of Corporate and other applicable Laws, Rules, Regulations, Standards is the responsibility of Management. My 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.

**Place: Bengaluru**  
**Date: 20<sup>th</sup> May, 2019**

**Vijaykrishna K T**  
FCS No.: 1788  
C P No.: 980





### ANNEXURE - III

**Particulars of contracts/arrangements made with related parties**  
**Form No. AOC-2**  
**[Pursuant to clause (h) of sub-section (3) of Section 134 of the Companies**  
**Act, 2013 and Rule 8(2) of the Companies (Accounts) Rules, 2014]**

This Form pertains to the disclosure of particulars of contracts/arrangements entered into by the Company with related parties referred to in subsection of Section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto.

Details of contracts or arrangements or transactions not at arm's length basis :

There were no contracts or arrangements or transactions entered into during the year ended March 31, 2019, which were not at arm's length basis.

Details of material contracts or arrangements or transactions at arm's length basis :

There were no material contracts or arrangements or transactions entered into during the year ended March 31, 2019 crossing the materiality threshold of 10% of the annual consolidated turnover of the Company. The details of contracts or arrangements or transactions at arm's length basis for the year ended March 31, 2019 are as follows:

Name of Related Party	Nature of Relationship	Duration of Contract	Amount (Rs in lakhs)
Fibre Foils Limited	Rent	On going	3
Sansha Systems Limited	Shared Services	On going	3
Shetron Metropak Private Limited	Labour Job	On going	184

**Place : Bengaluru**  
**Date : 20<sup>th</sup> May, 2019**

By the order of the Board  
For **Shetron Limited**

**Divakar S Shetty**  
**Executive Chairman**  
**DIN: 00432755**  
**[Address: Divya, R.S. Jain Marg,**  
**Gandhigram Road, Juhu, Mumbai 400049]**

**ANNEXURE - IV****CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO****(Pursuant to Section 134(3) of the Companies Act, 2013)****CONSERVATION OF ENERGY :**

Conservation of energy received constant attention and measures were taken for effective control of electricity and fuel consumption. The company has installed fuel efficient and energy saving devices with the help of professional consultants to reduce energy consumption. The Company conducted the seminars/awareness of conservation of LPG and Petroleum products.

**RESEARCH AND DEVELOPMENT :**

The Company has carried out R & D activities in quality improvement, productivity improvement and development of new technology and product which resulted in better quality, reduced wastage, safer operations and improved competitiveness.

The Company continues to develop new techniques to reduce the thickness of the metal in the cans, which in turn ensures ease of use and simplifies processing. The Company is also working to impart classic shapes of the cans and also sorting out ways to reduce the weight of the cans which in turn will help to reduce wastage and also the aesthetic look of cans.

**TECHNOLOGY ABSORPTION :**

The Company has no technical collaboration. State-of-art machines are installed for high quality products.

**FOREIGN EXCHANGE EARNINGS AND OUTGO:**

- a) Foreign Exchange earned : Rs. 3456 /- Lakhs
- b) Foreign Exchange outgo : Rs. 5400 /- Lakhs

**Place : Bengaluru****Date : 20<sup>th</sup> May, 2019**

By the order of the Board  
For **Shetron Limited**

**Divakar S Shetty**  
**Executive Chairman**  
**DIN: 00432755**

**[Address: Divya, R.S. Jain Marg,  
Gandhigram Road, Juhu, Mumbai 400049]**



## ANNEXURE - V

### MANAGEMENT DISCUSSION AND ANALYSIS REPORT

#### OVERVIEW:

The financial statements have been prepared in compliance with the requirements of the Companies Act, 2013, guidelines issued by the Securities and Exchange Board of India (SEBI) and the Indian Accounting Standards (Ind AS). There are no material departures from prescribed accounting standards in their adoption. Our management accepts responsibility for the integrity and objectivity of these financial statements, as well as for the various estimates and judgments used therein. These estimates and judgments relating to the financial Statements have been made on a prudent and reasonable basis, in order that the Financial Statements reflect in a true and fair manner, the form and substance of transactions and the state of affairs, profits and cash flows for the year.

#### ECONOMY, INDUSTRY STRUCTURE AND DEVELOPMENTS IN FOOD CANS AND BATTERY SEGMENTS: GLOBAL ECONOMIC OVERVIEW:

The global expansion has weakened. Global growth for 2018 is estimated at 3.7 percent, despite weaker performance in some economies, notably Europe and Asia. The global economy is projected to grow at 3.5 percent in 2019 and 3.6 percent in 2020. The worldwide market for Food and Beverage Metal Cans is expected to grow at a CAGR of roughly 3.0% over the next five years, will reach 60000 million US\$ in 2024, from 51700 million US\$ in 2019.

The key consumption markets locate at developed region. The North America takes the market share of 26.96%, followed by Europe with 22.34%. Asia is projected to be the fastest-growing market for food & beverage metal cans due to booming economy with a large population base ready to spend on processed food & beverages, and rapidly growing consumer markets of China, India, and Japan.

Global growth is expected to slow to 2.9 percent in 2019. International trade and investment are moderating, trade tensions remain elevated, and financing conditions are tightening. Amid recent episodes of financial stress, growth in emerging market and developing economies has lost momentum and is projected to stall at 4.2 percent this year, with a weaker-than-expected rebound in commodity exporters accompanied by deceleration in commodity importers. Downside risks have become more acute. Financial market pressures and trade tensions could escalate, denting global activity.

The global economy is projected to post weaker growth this year mainly due to less accommodative financial conditions worldwide and as some of the world's largest economies approach the tail-end of their current economic cycles, pushing down global economic activity and, especially, global demand. Moreover, risks to the global economic outlook continue to be skewed to the downside due to elevated political and trade tensions between China and the United States, fueling economic uncertainty. Meanwhile, the ongoing monetary tightening by central banks in advanced economies could spur further capital outflows from emerging markets, putting their financial markets at risk.

#### INDIAN ECONOMIC OVERVIEW:

India has emerged as the fastest growing major economy in the world and is expected to be one of the top three economic powers of the world over the next 10-15 years, backed by its strong democracy and partnerships.

India's GDP is estimated to have increased 7.2 per cent in 2017-18 and 7 per cent in 2018-19. India has retained its position as the third largest startup base in the world with over 4,750 technology start-ups.

India's labour force is expected to touch 160-170 million by 2020, based on rate of population growth, increased labour force participation, and higher education enrolment, among other factors. India's foreign exchange reserves were US\$ 405.64 billion in the week up to March 15, 2019, according to data from the RBI.

The country is expected to witness strong economic growth in 2019, after it has emerged as the fastest growing major world economy this year despite growing global vulnerabilities said the industry body, CII. The positive



outlook is buttressed by strong drivers emanating from services sector and better demand conditions arising out of poll spend, with the general elections slated next year, according to the CII. The industry body observed that despite 2018 being filled with external vulnerabilities arising out of rising oil prices, trade wars between major global trading partners and US monetary tightening, India outshined as the world's fastest growing major economy. The chamber believes the government will continue to place high priority on simplifying business procedures in 2019, especially in terms of working with states for grassroots improvements.

Despite the positive outlook, the economy remains vulnerable to domestic and geopolitical risks, especially economic and political changes that can affect relative prices and hurt current and fiscal account deficit. While expectations of inflationary pressures remain benign, concerns have risen on the twin deficit problem-current account deficit and fiscal deficit-especially as portfolio investments remain subdued while trade deficit stays high. While fiscal expansion remains key to accelerating growth, it may weigh on government coffers if private investment loses steam.

#### **INDUSTRY STRUCTURE AND DEVELOPMENTS :**

Metal can packaging offers sustainability, versatility, quality and convenience, which creates exciting opportunities for the industry. In beverage cans, the versatility of metal packaging is being explored like never before as can manufacturers continue to innovate to make the iconic beverage can even more relevant to today's consumer. Aluminum cans provide great taste, convenience, innovation and sustainability. Along with beverage cans, steel food cans are also continuously recyclable, which means that they may be recycled again and again without loss of strength or quality. On average, food cans on store shelves today contain 25 to 35 percent recycled content. This is important because new steel produced with recycled cans reduces greenhouse gas emissions by 75 percent. Metal cans also help reduce food waste. Light and oxygen are the biggest factors that cause food spoilage and cans are the best barriers, ensuring the quality and safety of foods and beverages.

The global Food Tin and Drink cans market is observing vibrant growth on the back of increasing demand on account of modernization of lifestyle of the consumers which is positively influencing the overall market growth over the forecast period. In addition, the plastic ban provides lots of opportunities to the food packing industries.

Food packaging market is by far the largest application segment of the packaging industry, accounting for more than one-third of the global packaging market. From a global perspective, the food packaging market is at a very interesting situation, where the market has almost reached a plateau in terms of technology in the more developed nations in North America and Europe, while the emerging countries of Asia Pacific region are playing catch up to the packaging technologies and food supply chain management. Different types of food products require varied packaging types according to their individual usage and perishability, as per Transparency Market Research.

According to the Zion Market Research report, the global food packaging market was valued at approximately USD 292.91 billion in 2018 and is expected to generate around USD 423.27 billion by 2025, at a CAGR of around 5.4% between 2019 and 2025. The growing number of health-conscious consumers and increasing preference for packaged food as compared to openly sold food products will enhance the need for food packaging, which is expected to positively impact the global food packaging market growth over the forecast time period. Various developments are witnessed in packaging standards and smart packaging techniques designed to improve the quality of food. This will enable consumers to spend on premium products, which is expected to drive the food packaging market growth in the upcoming years. However, stringent government regulations and concerns over food safety and health safety of consumers may hinder the food packaging market growth in the future.

The market size of the India's packaging industry is expected to touch USD 72.6 billion by FY20 on account of rising population and income levels, according to a study by ASSOCHAM-EY. The industry was USD 31.7 billion in 2015. The growth is driven by key factors such as rising population, increase in income levels and changing lifestyles.

#### **OPPORTUNITIES, RISKS, THREATS AND CONCERNS:**

The packaging industry plays a crucial role, adding value to various manufacturing sectors including agriculture, pharma, retail, FMCG, to name a few. Basically the market has been growing due to solid demand from food and pharma industries.



The Indian packaging industry, with a turnover of USD 24.6 billion and a growth rate of 13% to 15% annually, is expected to reach USD 32 billion by 2020. Packaging has an annual global turnover of about USD 550 billion, and India's share is about USD 16.5 billion per annum.

The growth of the Indian packaging industry is heavily influenced by changing demographics such as growing urbanization and the rising proportion of middle class consumers. These changes drive the need for new packaging formats, such as different sizes, materials, and strength. The Rigid Metal packaging is growing at the highest CAGR of 11.5%, driven by the rise in packaged and canned food sales, aerosol products, and the popularity of metal cans within the beer, cider, and carbonated drinks industries.

The major threat to the Metal packaging industry is the increase in the steel prices. With the steel prices rocketing, the industry needs to match the increase in the cost of materials by

Increased investments in canned packaging R&D have further propelled the growth of the market. Innovations, such as reduced surface area without affecting the volume, have resulted in lowering the cost of packaging of metal cans, thus, supporting companies in lowering packaging expenses. Consumer trends, such as smaller size consumption and multi-pack consumption, are also supporting the volume growth of the cans in the US and European regions, while similar trends have been observed in the Asia-Pacific region. The growing demand for mini-cans is expected to influence the growth of the market. Due to growing environmental awareness, consumers are demanding metal cans as they have a lower environmental impact. High recyclability of metal is one of the key drivers of the market. The economic conditions and lower pricing of canned goods in some regions remains a key driver in the market.

#### **OUTLOOK AND CHALLENGES:**

Consumer habits, new technology and machinery changes provide exciting opportunities, along with some challenges, for the packaging market. While the overall outlook is for a robust growth, your company has been identifying challenges facing the metal packaging industry like of the growing use of HDPE (high density polyethylene) and PET bottles. For positive growth, metal packaging companies will need to keep developing new and innovative metal packaging prototypes, and continue to develop new marketing strategies, in order to broaden their share of the market. Our commitment is to offer quality products to our clients and meet their expectations; we continuously strive to bring together segments of all knowledge of new products created by new innovative technologies.

The global metal packaging market is expected to grow at a CAGR of 3.46% during the period 2018-2022. (Source: [www.businesswire.com](http://www.businesswire.com)).

The increase in demand for Metal packaging is stated to accelerate. The primary restraint for the growth of Metal Packaging is from Threat of challenger. The opportunity for development in metal packaging market lies in increasing food and beverages market. The challenges faced by the market are manifold and inter dependent such as ecological and its linkages with steel manufacturing and flexible packaging.

One such challenge is addressing the misperception among some consumer segments that canned food is less healthy or highly processed. Another challenge facing the can industry is the new tariff on steel and aluminum. The can industry relies on imported metal to make up for shortfalls of domestic steel and aluminum production. More than 60 percent of primary aluminum needs to be imported from foreign sources to produce aluminum cansheet used to manufacture beverage cans. The food system and food preferences are evolving at a more rapid pace than ever before. Through innovation and engagement, can manufacturers are keeping pace, helping families enjoy fresh, healthy meals and creative, great tasting beverages.

#### **SEGMENTWISE PERFORMANCE:**

The Company products constitute metal packaging and hence there is no separate disclosure on segment reporting.



#### **INTERNAL CONTROL SYSTEM AND ITS ADEQUACY:**

The company has a proper and adequate system of internal controls to ensure that all assets are safeguarded, and protected against loss from unauthorized use or disposition. Various Checks and balances ensure that transactions are authorised, recorded, and reported correctly. The Company has an extensive system of internal controls which ensures optimal utilization and protection of resources, accurate reporting of financial transactions and compliance with applicable laws and regulations and internal policies and procedures.

The internal control system is regularly reviewed by the Audit Committee and has well documented policies and guidelines to ensure reliability of financial and all other records to prepare financial statements and other data.

#### **CORPORATE POLICIES:**

##### **HUMAN RESOURCES/INDUSTRIAL RELATIONS:**

The Company maintains a cordial relationship with its employees by creating a positive work environment, with focus on improving productivity and efficiency. The Company has a team of qualified and dedicated personnel contributing to the better performance of the operations and processes of the company. Constant training continues to be the focus for developing and honing the skill sets and competency levels of employees in the organization in line with the business standards and requirement. The company firmly believes that well trained man power at every level provides the true competitive advantage in its business and hence the Company invests resources in training. The company's endeavor is to offer fair and reasonable compensation to its employees based on the market benchmarks.

##### **TPM/ISO/IMS:**

Your Company has completed the fifteenth year of TPM (Total Productive Maintenance) programme to sensitize employees in safe and clean working environment enabling, zero accidents and breakdowns, highly skilled teams with high OEE rates and customer not clear through good quality, less cost and timely delivery.

Your Company is ISO 9001:2015 certified for Quality Management Systems (QMS). The ISO version is upgraded from ISO 9001:2008 to ISO 9001:2015 by stringent audits from TUV-Rheinland. Through this your company is committed to be competitive and efficient ensuring to achieve customer satisfaction with Continual process improvements. Your company is making continuous efforts for improvement in the processes, Quality Management Systems (QMS) and skill building.

In addition to Quality Management Systems, your Company is also ISO 22000:2005 certified for Food Safety Management Systems (FSMS) which was received in the financial year Mar-2018. This will help in maintaining and monitoring of Hazard and Critical Control Points (HACCP) during the process of manufacturing metal cans for food packaging. The certification helps to set standards for hygiene of employees and the surroundings which will impact in hygienic packaging for processed food. As the company's policy of FSMS speaks, it prevents contamination in source and ensures product safety, while also complying with the applicable statutory and regulatory requirements.

#### **CAUTIONARY STATEMENT:**

Statements in this report describing the company's objectives, expectations or forecasting may be forward looking within the meaning of applicable laws and regulations. The actual results may differ materially from those expressed in this statement. Important factors that could make a difference to the company's operations include economic conditions affecting demand/supply and price conditions in the domestic and also international markets, changes in the Government regulations, tax laws, other statutes and also many exogenous variables. The Company assumes no responsibility to publicly amend, modify and revise any forward looking statements, on the basis of any subsequent development, information or events or otherwise.

**SIGNIFICANT CHANGES IN KEY RATIOS:** In Accordance with SEBI (Listing Obligation and Disclosure Requirements) (Amendments) Regulations, 2018, The Company is required to give details of significant Changes (change of 25% or more as compared to the immediately previous financial year) in key financial ratios).



S.No.	Particulars	Standalone		Consolidated	
		2018-19	2017-18	2018-19	2017-18
1	Debtor Turnover Ratio	4.21	4.76	4.21	4.76
2	Inventory Turnover	2.50	2.92	2.46	2.87
3	Interest Coverage Ratio	1.81	1.81	1.84	1.91
4	Current Ratio	1.40	1.09	1.41	1.09
5	Debt Equity Ratio	3.80	4.09	3.77	4.02
6	Operating Profit Margin(%)	8.85	8.42	8.60	8.63
7	Net Profit Margin(%)	1.20	0.94	1.07	1.22
8	Return on Net Worth	4.08	4.44	4.03	4.34

**Place : Bengaluru**

**Date : 20<sup>th</sup> May, 2019**

**For and on behalf of the Board  
For Shetron Limited**

**Divakar S Shetty  
Executive Chairman**

**DIN: 00432755**

**[Address: Divya, R.S. Jain Marg,  
Gandhigram Road, Juhu, Mumbai 400049]**



### ANNEXURE - VI TO BOARD'S REPORT

#### STATEMENT OF DISCLOSURE OF REMUNERATION UNDER SECTION 197 OF THE COMPANIES ACT, 2013 AND RULE 5(1) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014

1	The ratio of the remuneration of each director to the median remuneration of the employees of the company for the financial year;	Director Name	Ratio to median remuneration
		Mr. Divakar S Shetty	35:1
		Mr. Kartik Nayak	27:1
		Mr. Praveen Vittal Mally	27:1
		Mrs. Yashoda Divakar Shetty	-
		Mr. B S Patil	-
		Dr. P P Shastri	-
		Mr. Mohan Narayan Menon	-
		Dr. Narendra Mairpady	-
2	The percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year;	Director Name	% of increase
		Mr. Divakar S Shetty, Executive Chairman	-
		Mr. Kartik Nayak, Jt. Managing Director	-
		Mr. Praveen Mally, Jt. Managing Director	-
		Mrs. Yashoda Divakar Shetty, Director	-
		Mr. B S Patil, Director	-
		Dr. P P Shastri, Director	-
		Mr. Mohan Menon, Director	-
		Dr. Narendra Mairpady, Director	-
		Mr. Vilas Dingre, Chief Financial Officer	-
		Ms. Neethi D'Cunha, Company Secretary	-
3	The percentage increase in the median remuneration of employees in the financial year;	8.27%	
4	The number of permanent employees on the rolls of company;	165	
5	The explanation on the relationship between average increase in remuneration and company performance;	The increase in median remuneration of around 8.27% is in line with the other Industries with matching business and work areas	
6	Comparison of the remuneration of the Key Managerial Personnel against the performance of the company;	The aggregate remuneration of Key Managerial Personnel is Rs. 212 Lakhs which is 1.29% of the Company's total turnover of Rs. 16475 Lakhs. As per the Company's Remuneration Policy, the compensation of the Key Managerial Personnel is based on performance, industry and working of the Company and its goal.	





	Variation in	31.03.2019	31.03.2018
7	Market Capitalization	27.64 Crores	Rs. 49.20 Crores
	Price Earnings Ratio	13.93	30.19
	Percentage Increase/decrease of the market quotations	(43.83%)	
8	Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration;	The average increase in salaries of employees other than managerial personnel in 2018-19 was 10.69%. The managerial remuneration was not increased during the year 18-19.	
9	Comparison of the each remuneration of the Key Managerial Personnel against the performance of the company	The key parameters for the variable component of remuneration availed by the directors are considered by the Board of Directors based on the recommendations of the Nomination and Remuneration Committee as per the remuneration policy for Directors, Key Managerial Personnel and other employees.	
10	The ratio of the remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess of the highest paid director during the year;	No employee received remuneration in excess of the highest-paid director	
11	Affirmation that the remuneration is as per the remuneration policy of the company.	Yes, the remuneration is as per the remuneration policy of the company.	

Place : Bengaluru

Date : 20<sup>th</sup> May, 2019

**For and on behalf of the Board  
For Shetron Limited**

**Divakar S Shetty  
Executive Chairman**

DIN: 00432755

**[Address: Divya, R.S. Jain Marg,  
Gandhigram Road, Juhu, Mumbai 400049]**



## ANNEXURE - VII

### CORPORATE GOVERNANCE REPORT

This Report on Corporate Governance forms part of the Board's Report. This section, besides being in compliance of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, gives an insight into the process of functioning of the Company.

#### I. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE:

- ▲ To adopt internal and external measure to increase the level of transparency and accountability.
- ▲ To demonstrate to stakeholders that the Company is following right governance practices.
- ▲ To respect the laws of the land and rights of stakeholders and to get respect from all concerned.
- ▲ To lead the Company towards high growth path of higher profits and revenues.

#### II. BOARD OF DIRECTORS :

##### a) Composition:

The Board of the Company consists of eminent persons with considerable professional experience and expertise in the field of manufacture of packaging materials and related industries.

As at the financial year ended 31<sup>st</sup> March, 2019, the Board of the Company had an optimum combination of 3 Executive Directors and 4 Non-Executive Directors. The Chairman of the Board is an Executive Director. As per the Corporate Governance requirements, at least, half of the Board should comprise of Independent Directors and the same has been complied with.

All Independent Directors possess the requisite qualifications and are very experienced in their own fields. None of the Directors is a Director in more than eight (8) Listed Companies or ten (10) Public Limited Companies or acts as an Independent Director in more than seven (7) Listed Companies. The Executive Chairman and Joint Managing Directors do not serve as Independent Director on any Listed Company. Further, none of the Directors acts as members of more than 10 (ten) Committees or Chairman of more than 5 (five) Committees in public limited companies in which they are Directors. Necessary disclosures have been obtained from all the Directors regarding their directorships and have been taken on record by the Board. The Board of Directors confirm that all Independent Directors of the Company fulfill the condition as specified under Listing regulations and are Independent of the management.

The names of the Directors and the details of other Chairmanship / Directorship / Committee Membership of each Director as on 31<sup>st</sup> March 2019 are given below:

Name of Director	Category	Listed Company	Number of Directorships in other companies		Number of Committee Memberships in other companies *	
			Chairman	Member	Chairman	Member
Mr. Divakar S. Shetty	Promoter/ Director Executive	• Shetron Limited- Executive Director	-	9	1	1
Mr. Kartik Nayak	Promoter/ Director Executive	• Shetron Limited- Executive Director	-	2	-	-
Mr. Praveen Mally	Promoter/ Director Executive	• Shetron Limited- Executive Director	-	1	-	1
Mr. B S Patil	Independent Director	• Suprajit Engineering Limited- Non Executive - Independent Director  • Shetron Limited- Non Executive - Independent Director	-	7	1	1



Mr. Mohan Narayan Menon	Independent Director	• Shetron Limited-Non Executive - Independent Director	-	3	-	1
Mrs. Yashoda Divakar Shetty	Non-Executive Director	• Shetron Limited-Non Executive - Independent Director	-	8	-	-
Dr. P P Shastri	Independent Director	• Shetron Limited-Non Executive - Independent Director • SVC Industries Limited Non Executive - Independent Director	-	1	-	2
Dr. Narendra Maripady	Independent Director	• Shetron Limited-Non Executive - Independent Director • Adani Enterprises Limited Non Executive - Independent Director • Sequent Scientific Limited Non Executive - Independent Director	-	10	1	4

\* Only memberships in Audit Committee and Stakeholders' Relationship Committee have been reckoned for other committee memberships.

**b) Board Meetings and Attendance at Board Meetings:**

The Board met 4 (four) times during the financial year 2018-19. The Board Meetings were held at regular intervals, and the gap between two meetings did not exceed the maximum time gap of 120 days.

The relevant details are as under:

SL.No.	Quarter	Date	Board Strength	No. of Directors Present
1	Q1	25-May-2018	8	7
2	Q2	13-Aug-2018	8	8
3	Q3	30-Oct-2018	8	7
4	Q4	29-Jan-2019	8	7

The dates for the Board Meetings are fixed after taking into account the convenience of all the Directors and sufficient notice is given to them. The Company Secretary, in consultation with the Whole Time Directors, drafts the agenda of the meeting. Agenda papers, along with relevant details, are circulated to all the Directors well in advance of the date of the Board Meeting.

The Joint Managing Directors apprise the Board on the overall performance of the Company at every Board Meeting. The Board reviews performance, sets the strategy that the Company should follow and ensures financial stability. The Board takes on record the actions taken by the Company on all its decisions periodically.

The Board also takes on record the declaration made by the Executive Chairman regarding compliances of all laws on a quarterly basis.

Normally every Director is required to attend the meeting. Directors/Members have complete and unfettered access to any information within the Company. Heads of Departments are normally invited at the Board Meetings to provide necessary insights in the working of the Company and of corporate strategies.


**c) Attendance of each Director at Board Meetings and at the previous Annual General Meeting (AGM):**

Sl. No.	Name	No. of Board Meetings held	No. of Board Meetings attended	Attendance at the last AGM
1	Mr. Divakar S. Shetty	4	4	Present
2	Mr. Kartik Nayak	4	4	Present
3	Mr. B S Patil	4	4	Present
4	Mrs. Yashoda Divakar Shetty	4	2	Absent
5	Dr. P P Shastri	4	4	Absent
6	Mr. Praveen Mally	4	3	Present
7	Mr. Mohan Narayan Menon	4	4	Absent
8	Dr. Narendra Mairpady	4	4	Absent

**d) Independent Directors:**

The Board confirms that the Non-Executive Independent Directors fulfill the conditions of independence specified in Section 149(6) of the Companies Act, 2013, and rules made thereunder and meet the requirements of the SEBI (LODR) Regulations, 2015. Every Independent Director, at the first meeting of the Board in which he/she participates as a Director and thereafter at the first meeting of the Board in every financial year, gives a declaration that he/she meets the criteria of independence as provided under the Companies Act, 2013. On appointment, the Independent Directors are issued letter of appointment setting out in detail the terms of appointment, duties, responsibilities and expected time commitments, etc., which is available on the website of the company viz. <http://shetrongroup.in/pdf/Letter%20of%20Appointment%20-%20Independent%20Directors.pdf>.

e) Dr. Narendra Mairpady (DIN: 00536905), Independent Director of the Company resigned from the office of Independent Director with effect from close of office hours on 17<sup>th</sup> April, 2019 before expiry of his tenure due to personal reasons. Further, Dr. Narendra Mairpady also confirmed that there are no other material reasons for his resignation other than reasons mentioned above pursuant to Regulation 30 (7B) of the Listing Regulations.

**f) Familiarization Programme for Independent Directors:**

Each newly appointed Director is taken through a formal induction and familiarization program including a presentation from the Chairman and Joint Managing Directors on the Company's manufacturing, marketing, finance and other important aspects. Periodic presentations are made at the Board and Committee meetings on business and performance updates of the Company, global business environment, business strategy and risks involved. The details of such familiarization programme are available on the website of the Company viz. [http://shetrongroup.in/pdf/Familiarisation\\_Programme.pdf](http://shetrongroup.in/pdf/Familiarisation_Programme.pdf).

**g) Evaluation of the Board's Performance:**

The Board has adopted a formal mechanism for evaluating its performance as well as that of its committees and individual Directors, including the Chairman of the Board. The exercise is carried out through a structured evaluation process covering various aspects of the Board's functioning such as composition of the Board and its Committees, experience & competencies, performance of specific duties and obligations, governance issues etc. Separate exercise was carried out to evaluate the performance of individual Directors including the Board Chairman who were evaluated on parameters such as attendance, contribution at the meetings and otherwise, independent judgment, safeguarding of minority shareholders' interest, etc.

The evaluation of the Independent Directors was carried out by the entire Board and that of the Chairman and the Non-Independent Directors was carried out by the Independent Directors.

The Directors were satisfied with the evaluation results, which reflected the overall engagement of the Board and its Committees with the Company.



**(h) Declaration under Schedule V, Part C, Clause 10(i) of SEBI (Listing Obligations and Disclosure Requirement) (Amendment) Regulations, 2018:**

All the Directors have confirmed that they are neither debarred nor disqualified from being appointed or continuing as Director by the Securities and Exchange Board of India /the Ministry of Corporate Affairs or any such statutory authority. The Company has obtained a Certificate from a Practising Company Secretary to this effect from Mr. Vijayakrishna KT., Practising Company Secretary, Bengaluru as mandated under Schedule V, Part C, Clause 10(i) of SEBI (Listing Obligation and Disclosure Requirements)(Amendment) Regulation, 2018.

Key Board Qualification, expertise and attributes:

The Board of Shetron consists of eminent members, who bring in the needed skills, experience and competence for efficient function of the Board and its Committees.

The Board ensures to work under proper guidelines of the Statutory Authorities and due compliance of Corporate Governance.

The table below shows key skills/expertise/competence Board of Directors.

S.No.	Director Qualifications	Description
1.	Financial Know how	Management of Finance Function of an enterprise, resulting in smooth and effective financial management, proper cost allocation, tracking financial progress and supervising various financial authorities.
2.	Diversity	Global, cultural, geographical knowhow will lead to diversity of business.
3.	Leadership	Extending Leadership Experiencing, which results in smooth management of the Company. The leaders understand problems , find solutions and guide a way to future efficient working.
4.	Statutory Compliance and Good Ethical Governance	Complying with all legal statutory compliances and adopting a ethical practice to contribute boards the betterment of the Society.
5.	Sales and Marketing	Expirence in developing Strategies to grow sales and market share, build brand awareness and ehance enterprise reputation.
6.	Legal	Ensuring that enterprise should be legally compliant with no loopholes.

Directors Name	Financial Know how	Diversity	Leadership	Statutory Compliance and Good Ethical Governance	Sales and Marketing	Legal
Mr. Divakar Sanku Shetty	✓	✓	✓	✓	✓	✓
Mr. B.S. Patil	✓	✓	✓	✓	✓	✓
Mr.Praveen Mally	✓	✓	✓	✓	✓	✓
Mr. Kartik Nayak	✓	✓	✓	✓	✓	✓
Dr. P.P Shastri	✓	✓	✓	✓	✓	✓
Mr. Mohan Menon	✓	✓	✓	✓	✓	✓
Dr. Narendra Mairpady	✓	✓	✓	✓	✓	✓
Mrs. Yashoda Shetty	✓	✓	✓	✓		✓



### III. BOARD COMMITTEES:

#### 1) Audit Committee:

##### a) Composition:

The Audit Committee comprised of the following Directors for the year ended 31<sup>st</sup> March, 2019:

Mr. B.S. Patil, Chairman	Independent Director
Mr. Divakar Shetty, Member	Executive Chairman
Dr. PP Shastri, Member	Independent Director
Mr. Mohan Narayan Menon, Member	Independent Director

As on 31<sup>st</sup> March, 2019 the Committee comprised of three Independent Directors and one Executive Director, all of whom are financially literate and have relevant finance / audit exposure. Statutory Auditors, Internal Auditors and Departmental Head of Finance are permanent Invitees to the Committee.

The Company Secretary of the Company is the Secretary to the Committee.

The other directors are invited to attend the Audit Committee Meetings as and when required.

##### b) Terms of Reference:

The role, powers and functions of the Audit Committee are as per Section 177 of the Companies Act, 2013 and the SEBI (LODR) Regulations, 2015.

The Audit Committee has powers:

- ❖ To investigate any activity within its terms of reference.
- ❖ To seek information from any employee.
- ❖ To obtain outside legal or other professional advice.
- ❖ To secure attendance of outsiders with relevant expertise, if it considers necessary.

##### **Role of the Audit Committee, *inter alia* includes the following:-**

- ❖ To ensure the preservation of good financial practices throughout the Company.
- ❖ To monitor that internal controls are in force to ensure the integrity of the financial performance reported to the Members.
- ❖ To provide by way of regular meetings, a line of communication between the Board and the Statutory & Internal Auditors.
- ❖ To consider and recommend the appointment, remuneration and terms of appointment of the Auditors of the Company.
- ❖ To discuss the audit plans with both the Statutory and Internal Auditor before the commencement of audit and ensure co-ordination between them.
- ❖ To review with the management, the quarterly/ annual financial statements of the Indian and global operations of the Company and Auditors' report thereon before submission to the Board for approval.
- ❖ To review Management Discussion and Analysis of financial condition and results of operations.
- ❖ To review statement of significant related party transactions.
- ❖ To scrutinise inter-corporate loans and investments.
- ❖ To discuss with the Statutory Auditors their concerns, if any, arising from their audits.
- ❖ To review the Auditors' Management Letters and the Management's responses.
- ❖ To review reports of the Internal Auditors and Management's responses thereto.
- ❖ To consider the findings of internal investigations and Management's responses thereto.



- ❖ To review and monitor the independence and performance of the Statutory and Internal Auditors and the adequacy of the Internal Control System.
- ❖ To discuss with the Internal Auditors any significant findings and follow up thereon including internal control weaknesses, if any.
- ❖ To review the adequacy of the Internal Audit function.
- ❖ To discuss with Statutory Auditor before the commencement of the audit, the nature and scope of the audit as well as post audit discussion to ascertain any areas of concern.
- ❖ To review the functioning of the Whistle Blower Policy.
- ❖ To review and evaluate the Company's internal financial control and risk management system. In particular, it periodically reviews:
  - ✦ Procedures for identifying business risks (including financial risks) and controlling their financial impact on the Company;
  - ✦ Company's policies for preventing or detecting fraud;
  - ✦ Company's policies for ensuring compliance with the relevant regulatory and legal requirements and their operational effectiveness.
  - ✦ To review the utilization of loans and/ or advances from/investment by the holding company in the subsidiary exceeding rupees 100 crore or 10% of the asset size of the subsidiary, whichever is lower including existing loans / advances / investments existing.

**c) Meeting and Attendance :**

During the year under review, the Audit Committee met 4 (four) times on 25-May-2018, 13-Aug-2018, 30-Oct-2018 and on 29-Jan-2019 and not more than 120 days lapsed between two consecutive meetings of the Audit Committee. The necessary quorum was present for all the meetings.

**The details are as follows:**

Sl. No	Name	No. of Nomination and Remuneration Committee Meetings held	No. of Nomination and Remuneration Committee Meetings attended
1	Mr. B.S. Patil, Chairman	4	4
2	Mr. Divakar Shetty, Member	4	4
3	Dr. PP Shastri, Member	4	4
4	Mr. Mohan Narayan Menon, Member	4	4

**2) Stakeholders' Relationship Committee:**

The Stakeholders' Relationship Committee is constituted in compliance with the provisions of Section 178 of the Companies Act, 2013 and the SEBI (LODR) Regulations, 2015.

**a) Composition:**

The Committee comprised of the following Directors for the year ended 31<sup>st</sup> March, 2019:

Sl.No.	Name of Member	Category
1	Mr. B.S. Patil, Chairman	Independent Director
2	Mr. Divakar S Shetty, Member	Executive Chairman
3	Mr. Kartik Nayak, Member	Joint Managing Director


**b) Terms of Reference:**

The Committee deals with the following matters:

- ✦ Consider and resolve the grievances of shareholders;
- ✦ Redress the shareholders' and investors' complaints such as those relating to transfer of shares, non-receipt of annual reports, non receipt of dividend declared etc.;
- ✦ Approval of registration of transfer of shares;
- ✦ Review the performance of the Register and Share Transfer Agents;
- ✦ Resolving the grievances of the security holders of the listed entity including complaints related to transfer/transmission of shares, non-receipt of annual report, non-receipt of declared dividends, issue of new/duplicate certificates, general meetings etc.;
- ✦ Review of measures taken for effective exercise of voting rights by shareholders;
- ✦ Review of adherence to the service standards adopted by the listed entity in respect of various services being rendered by the Registrar & Share Transfer Agent;
- ✦ Review of the various measures and initiatives taken by the listed entity for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/statutory notices by the shareholders of the company;

**c) Details regarding number of complaints received and resolved are as under:**

Sl. No.	Nature of Correspondence	Received	Replied / Resolved	Pending
1	No. of Requests for Change of Address & bank Mandate	Nil	Nil	Nil
2	Letters received from SEBI/NSDL/ Stock Exchanges	Nil	Nil	Nil
3	Requests For stop Transfer	Nil	Nil	Nil
4	Non Receipt of Share Certificate / Credit for Demat of Shares/ Dividend/ Annual Report	Nil	Nil	Nil
5	Requests for issues of Duplicate Share Certificate and Dividend warrants	Nil	Nil	Nil
6	Legal Cases/ Cases before consumer forum	Nil	Nil	Nil
7	Investors Request for Information	Nil	Nil	Nil
	<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>

SEBI vide Circular Ref: CIR/OIAE/2/2011 dated June 3, 2011 informed the Company that they had commenced processing of investor complaints in a web based complaints redress system "SCORES". Under this system, all complaints pertaining to the companies are electronically sent through SCORES and the companies are required to view the complaints pending against them and submit Action Taken Report (ATRs) along with supporting documents electronically in SCORES.

All the requests and complaints received from the shareholders were attended to within the stipulated time and nothing was pending for disposal at the end of the year. For any clarification / complaint the shareholders may contact Mrs. Jagruti Mursenia, Company Secretary and Compliance Officer at the registered office of the Company.

**3) Nomination and Remuneration Committee:**
**a) Composition:**

The Committee comprises of the following members:

Sl. No.	Name of Member	Category
1	Mr. B S Patil, Chairman	Independent/Non-executive
2	Dr. P P Shastri, Member	Independent/Non-executive
3	Mr. Mohan Menon , Member	Independent/Non-executive
4	Mr. Divakar S Shetty, Member	Executive Chairman




**b) Terms of Reference:**

The terms of reference of the Committee are:

- ✦ To guide the Board in relation to appointment and removal of Directors, Key Managerial Personnel and Senior Management.
- ✦ To evaluate the performance of the members of the Board and provide necessary report to the Board for further evaluation of the Board.
- ✦ To formulate the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy relating to the remuneration of Directors, Key Managerial Personnel and other employees.
- ✦ To recommend to the Board on Remuneration payable to the Directors, Key Managerial Personnel and Senior Management.
- ✦ To provide to Key Managerial Personnel and Senior Management reward linked directly to their effort, performance, dedication and achievement relating to the Company's operations.
- ✦ To retain, motivate and promote talent and to ensure long term sustain ability of talented managerial persons and create competitive advantage.
- ✦ To develop a succession plan for the Board and to regularly review the plan.
- ✦ To assist the Board in fulfilling responsibilities.
- ✦ To implement and monitor policies and processes regarding principles of corporate governance
- ✦ To recommend to the Board on all Remuneration payable, in whatever form, to the Directors, Key Managerial Personnel and Senior Management.
- ✦ To implement and monitor policies and processes regarding principles of corporate governance

**c) Meetings and Attendance:**

During the year under review, the Committee met 2 (two) times on 25-May-2018 and 29-Jan-2019.

The attendance of the members of the Nomination and Remuneration Committee is as under:

Sl. No	Name	No. of Nomination and Remuneration Committee Meetings held	No. of Nomination and Remuneration Committee Meetings attended
1	Mr. B.S. Patil, Chairman	2	2
2	Mr. Divakar Shetty, Member	2	2
3	Dr. PP Shastri, Member	2	2
4	Mr. Mohan Narayan Menon, Member	2	2

**d) Compensation Policy for Board and Senior Management:**

Based on the recommendations of the Nomination and Remuneration Committee, the Board has approved the Remuneration Policy for Directors, KMPs and all other employees of the Company.

As part of the policy, the Company strives to ensure that:

- a. the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate Directors of the quality required to run the Company successfully;
- b. relationship between remuneration and performance is clear and meets appropriate performance benchmarks;
- c. remuneration to Directors, KMP and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the Company and its goals.

**4) Independent Directors' Meeting:**

In compliance with the provisions of Section 149(8) read along with Schedule IV of the Companies Act, 2013 and the SEBI Listing Regulations, 2015, 1 (one) meeting of the Independent Directors of the Company was held on 20-May-2019 without the attendance of Non-Independent Directors and members of Management.



However, wherever necessary, with the consent of all the Independent Directors, the Executive Directors were called for any representation/discussion. All the Independent Directors were present at the said meeting, to discuss the following matters;

- Evaluation of the performance of Non Independent Directors and the Board of Directors as a Whole;
- Evaluation of the performance of the Chairman of the Company, taking into account the views of the Executive and Non Executive Directors.
- Evaluation of the quality, content and timelines of flow of information between the Management and the Board that is necessary for the Board to effectively and reasonably perform its duties.

#### IV. REMUNERATION PAID TO DIRECTORS:

The remuneration of the Directors is decided by the Board of Directors as per the remuneration policy of the Company within the ceiling approved by the Shareholders.

##### a. Executive Directors:

Name	Position	Salary & Allowances (Rs.)	Employer Contribution to Provident Fund (Rs.)
Mr. Divakar S. Shetty	Executive Chairman	Rs. 78,00,000	-
Mr. Kartik Nayak	Jt.Managing Director	Rs. 60,00,000	-
Mr. Praveen Mally	Jt.Managing Director	Rs. 60,00,000	-

##### b. Non-Executive Directors:

The resident Non-Executive Directors of the Company have received only sitting fee for attending the Board and Committee meetings.

The details of sitting fees paid to Non-Executive Directors during the year for attending the Board Meetings and Audit Committee meetings are given below:

Sl. No.	Name of the Director	Sitting fee paid (₹)
1	Mr. B.S Patil	1,80,000
2	Mrs. Yashoda Divakar Shetty	60,000
3	Dr. P P Shastri	1,80,000
4	Mr. Mohan Narayan Menon	1,80,000
5	Dr. Narendra Mairpady	1,20,000

There were no pecuniary relationships or transactions of the Non-Executive Directors vis-à-vis the Company during the Financial Year ended 31<sup>st</sup> March, 2019.

##### c. Details of shareholding of Directors as on 31<sup>st</sup> March 2019:

As on 31<sup>st</sup> March 2019, the Company had three Executive Directors and four Non-Executive Directors. Of the three Executive Directors, Mr. Divakar S Shetty holds 475079 Equity Shares in the Company, Mr. Kartik Nayak holds 28,700 Equity Shares in the Company and Mr. Praveen Mally holds 44,095 Equity Shares in the Company. Among the Non-Executive Directors Mrs. Yashoda Divakar Shetty holds 3,08,640 Equity Shares in the Company. The other Non-Executive Directors does not hold any shares in the Company.

#### V. DISCLOSURES:

##### 1. Materially Significant Related Party Transactions :

All the transactions entered into with the related parties as defined under the Companies Act, 2013 and the Listing Regulation, during the financial year were in the ordinary course of business and at arm's length pricing basis. There were no materially significant transactions with the related parties during the financial year which were in conflict with the interests of the Company. Suitable disclosure as required by the Accounting Standards (AS 18) has been made in the notes to the Financial Statements.



The Company has formulated a policy on materiality of Related Party Transactions and also on dealing with the Related Party Transactions pursuant to the provisions of the Companies Act, 2013 and the Listing Regulations. The same is available on the website of the Company <http://shetrongroup.in/pdf/Related%20Party%20Transaction%20Policy.pdf>.

## **2. Statutory compliance, penalties and strictures:**

There were no cases of non-compliance by the company with Stock Exchange or the SEBI regulations nor any cases of penalties or strictures imposed on the Company by any Stock Exchange or SEBI or any statutory authorities for any violation on any matter related to the capital market during the last three years.

## **3. Whistle Blower Policy/Vigil Mechanism:**

Pursuant to Section 177(9) and sub Section (10) of the Companies Act, 2013, and the Listing Regulations, 2015, the Company has adopted a revised Whistle Blower policy, which provides a formal mechanism for all Directors and employees of the Company to approach the Management of the Company (Audit Committee in case where the concern involves the Senior Management) and make protective disclosures to the Management about unethical behavior, actual or suspected fraud or violation of the Company's code of conduct or ethics policy. The disclosures reported are addressed in the manner and within the time frames prescribed in the Policy. The Company affirms that no Director or employee of the Company has been denied access to the Audit Committee.

The policy on Vigil Mechanism and Whistle Blower Policy is available on the website of the Company <http://shetrongroup.in/pdf/Vigil%20Mechanism%20&%20Whistleblower%20Policy.pdf>.

## **4. Governance Codes:**

### **i. Code of Business Conduct:**

The Board has adopted and approved the Code of Business Conduct. The Board members and Senior Managers observe the highest standards of ethical conduct and integrity and work to the best of their ability and judgment. The said code had been communicated to all the Board members and senior managers and the compliance of the same has been affirmed by them. The Company has posted the code of business conduct on its website. <http://shetrongroup.in/pdf/Code%20of%20Business%20Conduct%20&%20Ethics%20Policy.pdf>.

A declaration signed by the Managing Director affirming the compliance of the code of business conduct by the Board members and senior managers is given below:

### **I hereby confirm that:**

The Company has obtained from all the members of the Board and Senior Managers affirmation that they have complied with the code of business conduct for Directors and Senior Managers in respect of financial year 2018-19.

**Kartik Nayak**  
Jt. Managing Director  
DIN: 00477686



## ii. Code of conduct for prevention/prohibition of Insider Trading:

The Company has adopted a Code of Conduct for Prevention of Insider Trading with a view to regulate trading in securities by the Directors and designated employees of the Company. The Code requires pre-clearance for dealing in the Company's shares and prohibits the purchase or sale of Company shares by the Directors and the designated employees while in possession of unpublished price sensitive information in relation to the Company and during the period when the Trading Window is closed. The Board is responsible for implementation of the code.

All Board Directors and the designated employees have confirmed compliance with the code.

## 5. Listing Regulations Compliance:

The Company complies with all the mandatory requirements of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

## 6. CEO/CFO Certification:

As per the requirement of the SEBI Listing Regulations, 2015, a Certificate duly signed by Executive Chairman and Whole Time Director of the Company was placed at the Board Meeting of the Company held on 20<sup>th</sup> May 2019. A copy of the certificate is annexed to this Annual Report.

## VI. MEANS OF COMMUNICATION:

The Company has always promptly reported all material information including quarterly financial results, press releases issued by the Company, etc. to the Stock Exchange where the securities of the Company are listed. The quarterly results and other information were communicated to the shareholders by way of advertisement in a national daily and in vernacular language newspaper.

The Company's website address is: [www.shetrongroup.com](http://www.shetrongroup.com). The website contains basic information about the Company and such other details as required under the SEBI Listing Regulations, 2015 and other applicable and mandatory regulations. The Company ensures periodical updation of its website. The Company has designated the email-id [investors@shetrongroup.com](mailto:investors@shetrongroup.com) to enable the shareholders to register their grievances.

## VII. GENERAL SHAREHOLDER INFORMATION:

The required information is provided in 'Shareholders' Information' Section.

### 1. Shareholders' Information:

SI No:	Particulars	Details
1	Date, Time and Venue of the 39 <sup>th</sup> Annual General Meeting	17 <sup>th</sup> September, 2019 at 10:00 A.M. at Hotel Ajantha, # 22-A, M.G. Road, Bengaluru-560001
2	Date of Book Closure	11 <sup>th</sup> September, 2019 to 17 <sup>th</sup> September, 2019 (both days inclusive)
3	Financial Year	1 <sup>st</sup> April 2018 to 31 <sup>st</sup> March 2019
4	Listing on Stock Exchange	BSE Limited Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 001, India.
5	Listing Fees	Paid for all the above Stock Exchanges as per the Listing Regulations.
6	ISIN	INE 278C01010EQ
7	Corporate Identification Number (CIN)	L21014KA1980PLC003842
8	Registered Office	Plot No: 1. Bommasandra Industrial Area, Hosur Road, Bangalore -560099
9	Share Transfer Agent (For Electronic and Physical Transfers)	Integrated Registry Management Services Private Limited, No: 30 Ramana Residency, 4th Cross, Sampige Road, Malleshwaram, Bangalore-560 003 Tel: +91-80-23460815-818 Fax: +91-80-23460819 E-mail: <a href="mailto:irg@integratedindia.in">irg@integratedindia.in</a>



10	Compliance Officer	<b>Mrs. Jagruti Mursenia</b> Compliance Officer, Plot No: 1. Bommasandra Industrial Area, Hosur Road, Bangalore -560099
11	For Financial Queries	<b>Mr. Vilas Dingre</b> Chief Financial Officer , Plot No: 1. Bommasandra Industrial Area, Hosur Road, Bangalore -560099
12	For Shareholder's Queries	Integrated Registry Management Services Private Limited, No: 30 Ramana Residency, 4th Cross, Sampige Road, Malleshwaram, Bangalore - 560 003 Tel: +91-80-23460815-818 Fax: +91-80-23460819 E-mail: <a href="mailto:irg@integratedindia.in">irg@integratedindia.in</a>

## 2. Change of Address:

Members holding Equity Shares in physical form are requested to notify the change of address / dividend mandate, if any, to the Company's Share Transfer Agent, at the address mentioned above. Members holding Equity Shares in Dematerialized form are requested to notify the change of address / dividend mandate, if any, to their respective DPs.

## 3. Share Transfer System:

Equity Shares sent for physical transfer or dematerialization requests are generally registered and returned within a period of 15 days from the date of receipt of completed and validly executed documents. During the year ended 31<sup>st</sup> March, 2019 the Share Transfer Committee met 10 times. The system is further audited by a Practising Company Secretary and the required certificates/ reports to this effect as also those related to dematerialisation, reconciliation of Shares etc. are issued and filed with the Stock Exchanges where the Company's shares are listed.

## 4. Dematerialization of Equity Shares:

Trading in Equity Shares of the Company became mandatory in dematerialized form with effect from 29<sup>th</sup> January, 2001 to facilitate trading in demat form, in India, there are two depositories viz., National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). The Company has entered into agreement with both these depositories. Shareholders can open account with any of the Depository participant registered with any of these depositories.

As of date 31-March-2019 (approx.) 87,99,575 Equity Shares (97.74%) out of the 90,03,300 Equity Shares of the Company are in the dematerialized form.

## 5. Shareholders' Correspondence:

The Company has attended to all the investors' grievances /queries /information requests except for the cases where we are constrained because of some pending legal proceeding or court / statutory orders.

The Company endeavors to reply to all communications received from the shareholders within a week of receipt.

All correspondence may please be addressed to the Share Transfer Agents at the address given above. In case any shareholder is not satisfied with response or do not get any response within reasonable period, they shall approach the Investor Relation Officer or the Compliance Officer at the address given above.

## 6. General Body Meetings:

### Annual General Meeting:

The 39<sup>th</sup> Annual General Meeting of the Company, for the Financial Year 2018-19, would be held on Tuesday, the 17<sup>th</sup> day of September, 2019 at 10:00 A.M. at Hotel Ajantha, # 22/A, M.G. Road, Bengaluru - 560001. The details of the previous 3 Annual General Meetings along with the Special Resolutions passed at the respective meetings are enlisted below:



Meeting	Day, Date and Time of the Meeting	Venue	Special Resolutions Passed
38 <sup>th</sup> AGM	11 <sup>th</sup> September 2018 at 10.00 AM	Woodlands Hotel, Bangalore	✦ Re-Appointment of Dr. Narendra Mairpady (DIN: 00536905) as an Independent Director
37 <sup>th</sup> AGM	28 <sup>th</sup> September 2017 at 10.00 AM	Woodlands Hotel, Bangalore	✦ Re-Appointment of Mr. Mohan Narayan Menon (DIN: 02838483) as an Independent Director
36 <sup>th</sup> AGM	18 <sup>th</sup> July 2016 at 10.00 AM	Koramangala Club, Bangalore	✦ Approval for continuation of Mr.Divakar S Shetty as Whole Time Director after attaining age of 70 years ✦ Appointment of Mr. Kartik Nayak as Joint Managing Director ✦ Appointment of Mr. Praveen Mally as Joint Managing Director

The Resolution passed by Postal Ballot during the last 3 years are as follows:

Date of Postal Ballot notice: 29<sup>th</sup> January, 2019

Voting Period: 23<sup>rd</sup> February, 2019 to 24<sup>th</sup> March, 2019

Date of declaration of result: 26<sup>th</sup> March, 2019

Date of Approval: 24<sup>th</sup> March, 2019

Name of Resolution	Type of Resolution	No. of votes polled	Votes cast in favour		Votes cast in against	
			No. of votes	%	No. of	%
Approval of continuation of Directorship of Mr. Babugowda Sanganagowda Patil (DIN: 00061959) as Non-Executive Independent Director of the Company, who has attained the age of 75 years, till the conclusion of 39 <sup>th</sup> Annual General Meeting to be held in 2019	Special Resolution	5,763,019	5,760,765	99.961	2,254	0.039

**7. Market Price Data:**

High, Low and Volume during each month in the last financial year (reported at the BSE):

Sl. No.	Month	High (Rs.)	Low (Rs.)	Volume of shares traded
1	March 2019	39.35	28.9	41115
2	February 2019	41.4	33	49303
3	January 2019	44.4	35	91572
4	December 2018	42.1	36.05	27310
5	November 2018	43	36.4	41804
6	October 2018	42.95	28.6	174839
7	September 2018	43.6	34.35	40826
8	August 2018	45.6	32.35	82278
9	July 2018	46.7	32.05	28861
10	June 2018	44	35	33037
11	May 2018	54	36.75	36192
12	April 2018	58	50.15	40091

**8. Distribution of Shareholding as on 31<sup>st</sup> March, 2019:**

Category	No. of Share holders	Percentage	No. of shares	Percentage
<b>Up to 5000</b>	4499	98.27	1253646	13.92
<b>5001 - 10000</b>	30	0.66	218783	2.43
<b>10001 -20000</b>	11	0.24	153634	1.71
<b>20001 - 30000</b>	7	0.15	190291	2.11
<b>30001 - 40000</b>	3	0.07	112026	1.24
<b>40001 - 50000</b>	5	0.11	224314	2.49
<b>50001 - 100000</b>	8	0.17	719028	7.99
<b>100001 and above</b>	15	0.33	6131578	68.10
<b>Total</b>	<b>4578</b>	<b>100.00</b>	<b>9003300</b>	<b>100.00</b>

Shareholding Pattern as on 31<sup>st</sup> March, 2019:

	Category	No of Shares Held	Percentage of Shareholding
<b>A</b>	<b>Promoter's holding</b>		
1	Promoters		
	- Indian Promoters	57,86,661	64.27
	- Foreign Promoters	-	-
2	Persons acting in Concert	-	-
	<b>Sub - Total</b>	<b>57,86,661</b>	<b>64.27</b>
<b>B</b>	<b>Non-Promoters Holding</b>		
<b>3</b>	<b>Institutional Investors</b>		
A	Mutual Funds and UTI	100	0
B	Banks, Financial Institutions, Insurance Companies	-	-
	(Central/State Govt. Institutions/Non-government Institutions)		
C	FII's	-	-
	<b>Sub - Total</b>	<b>100</b>	<b>0</b>
<b>4</b>	<b>Non-Institutional investors</b>		
A (i)	Individual- i) individual shareholders holding nominal share capital up to Rs. 2 Lakhs	15,16,956	16.85
A (ii)	ii) individual shareholders holding nominal share capital in excess of Rs. 2 Lakhs	16,28,776	18.09
B	NBFCs registered with RBI	500	0.01
D	Any other	70,307	0.78
	<b>Sub - Total</b>	<b>32,16,639</b>	<b>35.73</b>
	<b>GRAND TOTAL</b>	<b>90,03,300</b>	<b>100</b>

Place : Bengaluru

Date : 20<sup>th</sup> May, 2019

For and on behalf of the Board  
For Shetron Limited

Divakar S Shetty  
Executive Chairman  
DIN: 00432755

[Address: Divya, R.S. Jain Marg,  
Gandhigram Road, Juhu, Mumbai 400049]



**ANNEXURE – VIII****Form AOC-I**

**(Pursuant to first proviso to sub-Section (3) of Section 129 read with Rule 5 of Companies (Accounts) Rules, 2014)**

**Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures**

**Part “A”: Subsidiaries**

(₹ in Lakhs)

	<b>Shetron Metropak Private Limited</b>
Reporting period	01-Apr-2018 to 31-Mar-2019
Share capital	389
Reserves & surplus	-126.47
Total assets	469.41
Total Liabilities	206.88
Investments	0
Turnover	183.34
Profit/ (Loss) before taxation	-41.57
Provision for taxation	0
Profit/ (Loss) after taxation	-41.57
Proposed Dividend	0
% of shareholding	100 %

Place : Bengaluru

Date : 20<sup>th</sup> May, 2019

**For and on behalf of the Board  
For Shetron Limited**

**Divakar S Shetty  
Executive Chairman  
DIN: 00432755**

**[Address: Divya, R.S. Jain Marg,  
Gandhigram Road, Juhu, Mumbai 400049]**



**AUDITOR'S CERTIFICATE ON COMPLIANCE WITH THE CONDITIONS OF CORPORATE GOVERNANCE AS REQUIRED UNDER THE SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015.**

To  
The Members  
Shetron Limited  
Bangalore

I have examined all the relevant records of Shetron Limited ('the Company') for the purpose of certifying the compliance of the conditions of Corporate Governance by the Company for the financial year ended 31<sup>st</sup> March, 2019 as stipulated under Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('the Listing Regulations').

The compliance of the conditions of Corporate Governance is the responsibility of the Management. My examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In my opinion and to the best of my information and explanations given to me, I certify that the Company has complied with the conditions of Corporate Governance as stipulated in the Listing Regulations. However, since the Company has Executive Chairman, at least 50% of the Board should be Independent Directors. In order to comply with the said requirement, the Board of Directors approved the re-appointment of Dr. Narendra Mairpady as Non-Executive Independent Director w.e.f. 25<sup>th</sup> May 2018 subject to approval of shareholders in the Annual General Meeting held on 11<sup>th</sup> September 2018.

I further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

**Place : Bengaluru**  
**Date : 20<sup>th</sup> May, 2019**

**Vijayakrishna K T**  
Practising Company Secretary  
FCS-1788  
CP-980



**CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS**  
***(pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of  
the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)***

To  
The Members  
SHETRON LIMITED  
Plot No 1, Bommasandar Industrial Area,  
Hosur Road, Bangalore- 560097

I have examined the relevant registers, records, forms, returns and disclosures received from the Directors of SHETRON LIMITED having CIN L21014KA1980PLC003842 and having registered office at Plot No 1, Bommasandra Industrial Area, Hosur Road, Bangalore- 560 097 (hereinafter referred to as 'the Company'), produced before me by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In my opinion and to the best of my information and according to the verifications (including Directors Identification Number (DIN) status at the portal [www.mca.gov.in](http://www.mca.gov.in)) as considered necessary and explanations furnished to me by the Company & its officers, I hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ended on 31<sup>st</sup> March, 2019 has been debarred or disqualified from being appointed or continuing as Directors of the Company by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such other Statutory Authority.

Sr. No.	Name of Director	DIN	Date of appointment in the Company
1	Babugowda Sanganagowda Patil	00061959	27/09/2002
2	Divakar Sanku Shetty	00432755	01/09/2005
3	Kartik Manohar Nayak	00477686	01/04/2003
4	Yashoda Divakar Shetty (Resigned w.e.f 20 <sup>th</sup> May, 2019)	00798116	02/02/2015
5	Praveen Vittal Mally	00798354	08/02/2016
6	Purshotam Shastri	02199254	02/02/2015
7	Mohan Narayan Menon	02838483	16/05/2016
8	Narendra Mairpady (Resigned w.e.f 17 <sup>th</sup> April, 2019)	00536905	25/08/2018

Ensuring the eligibility of for the appointment / continuity of every Director on the Board is the responsibility of the Management of the Company. My responsibility is to express an opinion on these based on my verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

Place: Bengaluru  
Date : 20.05.2019

Vijayakrishna K T



### **CEO CERTIFICATION**

The Board of Directors  
Shetron Limited

I, the undersigned, in my capacity as Executive Chairman and Whole Time Director of the Company hereby certify that, to the best of my knowledge and belief:

- a) I have reviewed the financial statements and the cash flow statement for the financial year ended 31<sup>st</sup> March, 2019 and that to the best of my knowledge and belief:
  - i. These statements do not contain any materially untrue statements or omit any material facts or contain statements that might be misleading;
  - ii. These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations;
- b) There are, to the best of my knowledge and belief, no transactions entered into by the Directors and Senior Management Personnel during the year, which are fraudulent, illegal or violative of the Company's Code of Conduct.
- c) I accept responsibility for establishing and maintaining internal controls for financial reporting and have evaluated the effectiveness of the internal control systems of the Company for such reporting. I have disclosed to the Auditors and the Audit Committee, deficiencies, if any, in the design or operation of such internal controls, of which I was aware of and the steps taken and/or proposed to be taken to rectify these deficiencies.
- d) I have also indicated to the Auditors and the Audit Committee.
  - i. Significant changes in Internal Controls with respect to financial reporting during the year.
  - ii. Significant changes in accounting policies during the Year and these have been disclosed in the notes to the financial statements.
  - iii. Instances of significant fraud involving either the management or employees having a significant role in the Company's internal control systems with respect to financial reporting.

**Place : Bengaluru**  
**Date : 20<sup>th</sup> May, 2019**

**Divakar S Shetty**  
**Executive Chairman**  
**DIN: 00432755**  
**[Address: Divya, R.S. Jain Marg,**  
**Gandhigram Road, Juhu, Mumbai 400049]**



## INDEPENDENT AUDITORS' REPORT

### TO THE MEMBERS OF SHETRON LIMITED Report on the Audit of the Standalone Financial Statements

#### Opinion

We have audited the accompanying Standalone Ind AS financial statements of SHETRON LIMITED (referred to as "the Company") and comprising of the Standalone Balance Sheet as at 31 March, 2019, the Standalone Statement of Profit and Loss (including other comprehensive income), the Standalone Cash Flow Statement and the Standalone Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the Standalone Ind AS financial statements").

In our opinion and to the best of our information and according to the explanations given to us, aforesaid Standalone financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the India Accounting Standards prescribed under section 133 read with the Companies (Indian Accounting Standards) Rules, 2015 as amended, ("Ind AS") and other accounting principles generally accepted in India, of the Standalone state of affairs of the company as at March 31, 2019 and its Standalone PROFIT, Standalone changes in equity and its Standalone cash flows for the year ended on that date

#### Basis for Opinion

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing specified under section 143(10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Standalone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the independence requirements that are relevant to our audit of the Standalone financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Standalone financial statements.

#### Key Audit Matters

S.No	Key Audit Matters	Auditor's Response
1.	The valuation of sale of assets held for disposal Rs.540 lakhs as mentioned in Note No 34	The auditor has relied upon the quotations received from interested parties at the time of initial valuation, However, due to adverse market conditions the sale of some of the assets did not take place. The present values are supported by valuation of technical experts in the company as also the old quotations.

#### Information Other than the Standalone Financial Statements and Auditor's Report Thereon

The Company's Board of Directors are responsible for the preparation of the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Business Responsibility Report, Corporate Governance and Shareholder's Information, but does not include the Standalone financial statements and our auditor's report thereon. Our opinion on the Standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Standalone financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.



If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

#### **Management's Responsibility for the Standalone Financial Statements**

The Company's Board of Directors is responsible for the preparation of these Standalone Ind AS financial statements in terms of the requirements of the Companies Act, 2013 that give a true and fair view of the

Standalone financial position, Standalone financial performance including other comprehensive income, Standalone cash flows and Standalone changes in equity of the Company is in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Companies Act, 2013 read with relevant rules issued there under.

The respective Board of Directors of the companies included in the Company are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the Standalone Ind AS financial statements by the Directors of the Company, as aforesaid. The respective Board of Directors of the Company are responsible for overseeing the Company's financial reporting process.

#### **Auditor's Responsibilities for the Audit of the Standalone Financial Statements**

Our objectives is to obtain reasonable assurance about whether the Standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Standalone financial statements.

#### **Report on Other Legal and Regulatory Requirements**

1. As required by Section 143(3) of the Act, we report to the extent applicable based on our audit that:
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - c) The Standalone Balance Sheet, the Standalone Statement of Profit and Loss including Other Comprehensive Income, Standalone Statement of Changes in Equity and the Standalone Statement of Cash Flow dealt with by this Report are in agreement with the relevant books of account.
  - d) In our opinion, the aforesaid Standalone financial statements comply with the Ind AS specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - e) On the basis of the written representations received from the directors as on March 31, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2019 from being appointed as a director in terms of Section 164 (2) of the Act.
  - f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
  - g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:



- h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company has disclosed the impact of pending litigations on its financial position in its Standalone financial statements.
  - ii. The Company did not have any derivative contracts but have provided, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts.
  - iii. There were no amounts, which were required to be transferred, to the Investor Education and Protection Fund by the Company.
2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For N NARESH & CO  
Chartered Accountants  
FRN : 011293S

**Place : Bengaluru**  
**Date : 20<sup>th</sup> May, 2019**

**S.VENKATESAN**  
Partner  
(Membership No. 025859)



## **ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT**

(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of SHETRON LIMITED of even date)

### **Report on the Internal Financial Controls Over Financial Reporting under Clause of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

We have audited the internal financial controls over financial reporting of SHETRON LIMITED ("the Company") as of March 31, 2019 in conjunction with our audit of the Standalone financial statements of the Company for the year ended on that date.

#### **Management's Responsibility for Internal Financial Controls**

The Board of Directors of the Company is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

#### **Auditor's Responsibility**

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Company based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting of the Company.

#### **Meaning of Internal Financial Controls Over Financial Reporting**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.



**Limitations of Internal Financial Controls Over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

**Opinion**

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2019, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For N NARESH & CO  
Chartered Accountants  
FRN : 011293S

**Place : Bengaluru**

**Date : 20<sup>th</sup> May, 2019**

**S.VENKATESAN**  
Partner  
(Membership No. 025859)



**Annexure B to Independent Auditors' Report of Shetron Limited (on Standalone financial statements) for the Year Ended 31.3.2019.**

(i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.

(b) The Company has a regular programme of physical verification of its fixed assets by which all fixed assets are verified in a phased manner over a period of two years. In accordance with this programme, a portion of the fixed assets has been physically verified by the management during the year and no material discrepancies have been noticed on such verification. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. All title deeds relating to immovable properties of the Company are held in the name of the Company.

(ii) (a) The inventory, except goods-in-transit, has been physically verified by the management during the year. In respect of inventory lying with third parties, these have substantially been confirmed by them. In our opinion, the frequency of such verification is reasonable.

(b) The procedures for the physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.

(c) The Company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material.

(iii) The Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under Section 189 of the Act during the year under review.

(iv) The company has not granted any loans or provided guarantees, and security for which section 185 and 186 of the Companies Act, 2013 are applicable during the year under review. The investments made were in compliance of Section 185 and 186 of the Companies Act, 2013.

(v) The Company has not accepted any deposits from the public in accordance with the provisions of sections 73 to 76 of the Act and the rules framed there under.

(vi) We have broadly reviewed the records maintained by the Company pursuant to the rules prescribed by the Central Government for maintenance of cost records under sub-section 1 of Section 148 of the Act and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the records.

(vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/accrued in the books of account in respect of undisputed statutory dues including Provident fund, Employees' State Insurance, Income tax, Sales tax, Wealth tax, Service tax, Customs duty, Excise duty, Value added tax, Cess, Professional tax and other material statutory dues have been regularly deposited during the year by the Company with the appropriate authorities.

According to the information and explanations given to us, no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Sales tax, Wealth tax, Service tax, Customs duty, Excise duty, Value added tax, Cess, Professional tax, GST and other material statutory dues were in arrears as at March 31, 2019 for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us, there are no dues of Income tax, Wealth tax, Sales tax, Value added tax, Service tax, Customs duty, Excise duty and Cess, GST which have not been deposited with the appropriate authorities on account of any dispute

(viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to its bankers or financial institutions or Government. The Company did not have any outstanding to debentures holders during the year.

(xi) The Company has not raised moneys by way of further public offer (including debt instruments). In our opinion and according to the information and explanations given to us, terms loans raised have been applied by the company for the purpose for which they were obtained.



(x) According to the information and explanations given to us, no instances of material fraud on or by the Company has been noticed or reported during the course of our audit.

(xi) The company had paid/provided managerial remuneration with requisite approvals, if any, under Section 197 read with Schedule V of the Companies Act 2013.

(xii) The Company is not a Nidhi company and hence the provisions of Clause (xii) of CARO 2016 are not applicable.

(xiii) All transactions with the related parties are in compliance with Section 177 and 188 of the Companies Act 2013 wherever applicable and the details of all those transactions have been disclosed in Financial Statements and other documents as required by the applicable accounting standards.

(xiv) The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review.

(xv) The Company has not entered into any non-cash transactions with directors or persons connected with them.

(xvi) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

For N NARESH & CO  
Chartered Accountants  
FRN : 011293S

Place : Bengaluru  
Date : 20<sup>th</sup> May, 2019

**S.VENKATESAN**  
Partner  
(Membership No. 025859)



### Balance Sheet as at 31<sup>st</sup> March 2019

Particulars	Note No.	As at 31 <sup>st</sup> Mar 2019 ₹ in Lakhs	As at 31 <sup>st</sup> Mar 2018 ₹ in Lakhs
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Property, Plant & Equipment	2	4,734	4,865
Capital Work-in-Progress	2	-	305
Financial Assets			
Investments	3	429	429
Trade Receivables	4	-	-
Other Non-Current Assets	5	120	120
<b>Total Non-Current Assets</b>		<b>5,283</b>	<b>5,719</b>
<b>Current Assets</b>			
Inventories	6	4,660	4,031
Financial Assets			
Trade Receivables	7	2,914	3,611
Cash & Cash Equivalents	8	62	26
Bank Balances other than Cash & Cash Equivalents	9	476	480
Other Current Assets	10	1,594	1,479
Assets held for Disposal		540	551
<b>Total Current Assets</b>		<b>10,246</b>	<b>10,178</b>
<b>TOTAL ASSETS</b>		<b>15,529</b>	<b>15,897</b>
<b>EQUITY &amp; LIABILITIES</b>			
<b>EQUITY</b>			
Equity Share Capital	11	900	900
Other Equity	11B	3,184	2,985
<b>LIABILITIES</b>			
<b>Non-Current Liabilities</b>			
Financial Liabilities			
Borrowings	12	3,590	2,134
Other Financial Liabilities	13	17	32
Deferred Tax Liabilities (Net)	14	542	490
<b>Total Non-Current Liabilities</b>		<b>8,233</b>	<b>6,541</b>
<b>Current Liabilities</b>			
Financial Liabilities			
Borrowings	15	3,655	3,401
Trade Payables	16	2,934	3,662
Other Financial Liabilities	17	315	1,830
Other Current Liabilities	18	160	155
Provisions	19	232	308
<b>Total Current Liabilities</b>		<b>7,296</b>	<b>9,356</b>
<b>TOTAL EQUITY &amp; LIABILITIES</b>		<b>15,529</b>	<b>15,897</b>

In terms of our report attached.

**For and on behalf of the Board of Directors**

As per our report of even date

**For N NARESH & CO**

Chartered Accountants

FRN 011293S

Place : Bengaluru  
Date : 20<sup>th</sup> May, 2019**DIVAKAR S SHETTY**  
Executive Chairman  
DIN No. : 00432755**KARTIK NAYAK**  
Jt. Managing Director  
DIN No. : 00477686**PRAVEEN MALLY**  
Jt. Managing Director  
DIN No. : 00798354**VILAS DINGRE**  
Chief Financial Officer**JAGRUTI MURSENIA**  
Company Secretary**S.VENKATESAN**  
Partner M.No.025859



# STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2019

Particulars	Note No.	For the year ended 31 <sup>st</sup> Mar 2019 ₹ in Lakhs	For the year ended 31 <sup>st</sup> Mar 2018 ₹ in Lakhs
<b>REVENUE</b>			
Revenue from Operations		16,475	17,201
Other income	20	187	64
<b>TOTAL INCOME (I)</b>		<b>16,662</b>	<b>17,265</b>
<b>EXPENSES</b>			
Cost of Materials Consumed	21	11,649	11,768
Changes in Inventories of Finished Goods, Stock-in-Trade and Work-in-Progress		(176)	(2)
Employee Benefit Expense	22	1,466	1,449
Finance Costs	23	1,144	1,182
Depreciation & Amortisation Expense	2	593	689
Power & Fuel		584	509
Excise Duty		-	376
Other Expenses	24	1,071	1,022
<b>TOTAL EXPENSES (II)</b>		<b>16,331</b>	<b>16,993</b>
Profit before Exceptional item & Tax Expenses (I-II)		331	272
Exceptional items - Impairment in value of Investments		-	-
Profit before Tax Expenses		331	272
<b>Tax Expenses:</b>			
Current Tax		60	52
Deferred Tax		51	38
<b>Total Tax Expense</b>		<b>111</b>	<b>90</b>
<b>Profit for the Year (III)</b>		<b>220</b>	<b>182</b>
<b>Other Comprehensive Income</b>			
A (i) Items that will not be reclassified to P & L - Actuarial Gain/(Loss) on Employee Benefits		(20)	(19)
B(i) Items that will be reclassified to P & L-Cash Flow Hedge		-	-
<b>Other Comprehensive Income for the year (IV)</b>		<b>(20)</b>	<b>(19)</b>
<b>Total Comprehensive Income for the year (III+IV)</b>		<b>200</b>	<b>163</b>
<b>Earnings Per Equity Share (Face Value Rs. 10 each)</b>			
Basic (in Rs)		2.22	1.81
Diluted (in Rs)		2.22	1.81

In terms of our report attached.

For and on behalf of the Board of Directors

As per our report of even date

For N NARESH &amp; CO

Chartered Accountants

FRN 011293S

Place : Bengaluru  
Date : 20<sup>th</sup> May, 2019DIVAKAR S SHETTY  
Executive Chairman  
DIN No. : 00432755KARTIK NAYAK  
Jt. Managing Director  
DIN No. : 00477686PRAVEEN MALLY  
Jt. Managing Director  
DIN No. : 00798354VILAS DINGRE  
Chief Financial OfficerJAGRUTI MURSENIA  
Company SecretaryS.VENKATESAN  
Partner M.No.025859



## Note 2:- Property, Plant &amp; Equipment

₹ in Lakhs

Particulars	GROSS BLOCK			DEPRECIATION & AMORTISATION			NET BLOCK	
	As at 01.04.18	Additions	Deduction / Adj	As at 31.03.19	For the Year	Deduction / Adj	As at 31.03.19	As at 31.03.18
(A) Tangible Assets								
Land:								
Freehold Land								
Leasehold Land	80	-	-	80	-	-	80	80
Buildings	2,288	-	-	2,288	70	-	1,072	1,142
Plant & Equipment:	-	-	-	-	-	-	-	-
Own	10,819	441	-	11,260	480	-	3,354	3,393
Given on Lease	-	-	-	-	-	-	-	-
Office Equipments	17	4	-	21	7	-	14	9
Furniture & Fixtures	233	0	-	233	206	3	209	27
Vehicles	329	18	14	333	116	33	135	213
Total Tangible Assets	13,766	463	14	14,215	8,901	14	9,480	4,865
(B) Capital Work-in-Progress	305	-	305	-	-	-	-	305
Total Tangible Assets	14,071	463	319	14,215	8,901	14	9,480	5,170
(C) Intangible Assets	-	-	-	-	-	-	-	-
Software	-	-	-	-	-	-	-	-
Total Intangible Assets	-	-	-	-	-	-	-	-
(D) Intangible Assets under Development	-	-	-	-	-	-	-	-
Total Intangible Assets	-	-	-	-	-	-	-	-
Total Assets (A+B+C+D)	14,071	463	319	14,215	8,901	14	9,480	5,170

**Note 3:- Other Investments Unquoted**₹ in Lakhs  
31.03.19₹ in Lakhs  
31.03.18

<b>Unquoted</b>		
<b>Equity Instruments</b>		
Subsidiaries- Shetron Metropak Private Limited		
38,99,999 equity shares of face value of Rs.10 each	413	413
<b>Others</b>		
20,000 equity shares of face value of Rs.25 each		
in M/s. Kalyan Janata Sahakari Bank	5	5
11000 (L.Y.6000) equity shares of face value of Rs.100 each		
in M/s. Cosmos Co-Operative Bank Limited	11	11
	<b>429</b>	<b>429</b>

**Note 4:- Trade Receivable**

From Subsidiaries	-	-
Unsecured Considered Good (from Others)	-	-

**Note 5:- Other Non-Current Assets**

Advance to Suppliers	<b>120</b>	120
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**Note 6:- Inventories**

Raw Materials	3,460	3,037
Work-in-Progress	920	720
Finished Goods	5	29
Stores & Spares	275	245
	<b>4,660</b>	<b>4,031</b>

**Note 7:- Trade Receivables**

<b>Unsecured, Considered good</b>		
From Subsidiaries	193	221
From Others	2,721	3,390
	<b>2,914</b>	<b>3,611</b>

**Note 8:- Cash & Cash Equivalents**

Balance with Banks (Current Account)	57	25
Cash on hand	5	1
	<b>62</b>	<b>26</b>

**Note 9:- Bank Balance other than Cash**

Fixed Deposits with Banks	31	28
Earmarked Fixed Deposits	445	452
	<b>476</b>	<b>480</b>

**Note 10:- Other Current Assets**

	₹ in Lakhs 31.03.19	₹ in Lakhs 31.03.18
Advances to Staff and Workers	10	9
Advances to Suppliers	1,049	655
Prepaid Expenses	79	28
Security and Other Deposits	195	188
Balance With Govt Authorities and Other receivables	261	599
	<b>1,594</b>	<b>1,479</b>

**Note 11:- Share Capital**

<b>A. EQUITY CAPITAL</b>		
Authorised Capital 2,50,00,000 Equity shares of Rs.10/- each	2,500	2,500
<b>Issued, Subscribed and Paid up Share Capital</b>		
90,03,300 Equity shares of Rs.10/- in each fully paid	900	900
Less: Forfeited Shares	(0.35)	(0.35)
	<b>900</b>	<b>900</b>

There is no class of shares other than the equity shares. There is no change in the outstanding shares at the beginning or at the end of the period. The Company is a holding company of M/s.Shetron Metropak Private Limited. The other disclosure requirements of Schedule III of the Companies Act 2013 regarding share capital are not applicable to the company. The following shareholders hold more than 5% of value of shares.

Name of the Shareholder	31.3.2019		31.3.2018	
Shetron Enterprises Private Limited	17,13,617	19.03%	17,13,617	19.03%
Konjal Machiery Pvt Ltd	8,58,055	9.53%	8,58,055	9.53%
Bunts Properties Private Limited	8,48,857	9.43%	8,48,857	9.43%
Mr. Diwakar S Shetty	4,75,079	5.28%	4,67,720	5.19%

**Note 11.B Other Equity**

Particulars	Capital Reserve	Securities Premium Reserve	For the Year ended 31-03-2019		Retained Earning	Total Equity
			General Reserve	Contingency Reserve		
Balance as at 31-3-2018	15	2,111	205	-	654	2,985
Total Comprehensive Income					199	199
	<b>15</b>	<b>2,111</b>	<b>205</b>	<b>-</b>	<b>853</b>	<b>3,184</b>

**Note 12:- Non-Current Borrowings**

Loans from Related Parties	921	921
Term Loan from Banks/NBFCs	2,550	1,072
Term Loan from Others	119	141
	<b>3,590</b>	<b>2,134</b>

**Note 13 :- Other Financial Liabilities (Non-Current)**

<b>Particulars</b>		
Deferred Liabilities	17	32





₹ in Lakhs      ₹ in Lakhs  
31.03.19      31.03.18

**Note 14 :- Deferred Tax Liabilities (NET)**

Particulars		
<b>Deferred Tax Assets:</b>		
MAT Credit Carried forward	10	99
<b>Deferred Tax Liabilities:</b>		
Depreciation Difference	552	589
<b>Net Deferred Tax Liability</b>	<b>542</b>	<b>490</b>

**Note 15 :- Current Borrowings**

Demand Loan from Banks	3,110	2,799
Factoring Obligations	545	602
	<b>3,655</b>	<b>3,401</b>

**Note 16 :- Trade Payables**

Trade Payable outstanding for less than a year	2,934	3,662
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Trade creditors include the MSME Creditors Rs.2,80,01,698.42 (LY Rs. 2,26,04,853.14) Out of this amount outstanding for more than 45 days as on 31-3-2019 is Rs. 1,54,22,125.85 (last year Nil) payment made to MSME creditors during the year were within the appointed date.

**Note 17 :- Other Financial Liabilities**

Current Maturities of Long Term Debt	315	1,830
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**Note 18 :- Other Current Liabilities**

Interest Accrued	5	27
Others	150	123
Security and Other Deposits	5	5
	<b>160</b>	<b>155</b>

**Note 19 :- Provisions**

For Employee Benefits	167	141
Provision for Tax	65	167
	<b>232</b>	<b>308</b>

**Note 20 :- Other Income**

Dividend	0	1
Export Incentive/Draw back	128	23
Interest Received	33	31
Miscellaneous Income	23	(0)
Provision Reversed	(0)	4
Profit and Sales of Fixed Assets	1	0
Rent Received	2	5
	<b>187</b>	<b>64</b>

**Note 21 :- Cost of Material Consumed**

	₹ in Lakhs 31.03.19	₹ in Lakhs 31.03.18
Exchange Fluctuation	39	(74)
Raw Materials	11,510	11,668
Carrage Inward	100	174
	<b>11,649</b>	<b>11,768</b>

**Note 22 :- Employee Benefit Expenses**

PF and Other Funds	103	99
Salaries and Wages	1,307	1,294
Staff Welfare Expenses	56	56
	<b>1,466</b>	<b>1,449</b>

**Note 23 :- Finance Cost**

Interest	704	777
Other Finance Cost	440	405
	<b>1,144</b>	<b>1,182</b>

**Note 24 :- Other Expenses**

Administrative Expenses	259	284
Commission Paid	40	37
Discount / Rebates	18	26
Drawings and Designs	21	22
Insurance	16	19
Job Charges	35	32
Loss on Sale of Fixed Assets	-	5
Other Expenses	16	13
Freight and Forwarding	364	353
Rates and Taxes	45	31
Rent	17	16
Repairs Buildings	27	23
Repairs Machinery	154	99
Repairs Others	47	52
Statutory Audit fees	12	10
	<b>1,071</b>	<b>1,022</b>

**Note 25 :- Contingent Liabilities**

Guarantees for Customs Duty	450	450
Export obligations under EPCG scheme	72	72

**Note 26 :- Ram Material Consumption**

Value		
Imported	5,196	4,731
Indigenous	6,278	7,037
<b>Total</b>	<b>11,474</b>	<b>11,768</b>
Percentage		
Imported	45%	40%
Indigenous	55%	60%
<b>Total</b>	<b>100%</b>	<b>100%</b>

**Note 27 :- Related Party Disclosures**

₹ in Lakhs      ₹ in Lakhs  
31.03.19      31.03.18

<b>I. Controlling Companies</b>	<b>NIL</b>	<b>NIL</b>
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**II. List of Related Parties**

Fibre Foils Limited	Related Party	Related Party
Sansha Systems Limited	Related Party	Related Party
Shetron Enterprise Private Limited	Related Party	Related Party
Shetron Metropak Private Limited	Related Party	Related Party
Bunts Properties Private Limited	Related Party	Related Party
Mr.D.S.Shetty	Key Management Personnel	Key Management Personnel
Mr.Kartik Nayak	Key Management Personnel	Key Management Personnel
Mr.Praveen Mally	Key Management Personnel	Key Management Personnel

**III. Transactions with related parties**

Sales	1	10
Labour Job	183	281
Purchases	-	16
Rent Paid	2	5
Shared Services received	2	7
Payment to Key Management Personnel	223	213
Status of outstanding Balances		
Amount Receivable	411	257
Amount Payable	920	920

**Notes 28-LC Obligations**

Letters of Credit and Guarantee established and bills discounted	2,759	3,897
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**Notes 29-Value of Import (CIF) / Exports (FOB)**

Raw Materials	5,400	4,959
Components and Spare parts	82	203
FOB Value of Exports	3,292	3,018
Expenditure in Foreign Currency	20	23

**Note 30- Segment Disclosure**

The company is elusively engaged in the business of "Metal Packaging" products primarily in India. As per Ind AS 108 "Operating Segments" specified.

under Section 133 of the Companies Act 2013, there are no reportable or operating or geographical segments applicable to the company.

**Note 31- Income Taxes (Ind AS 12)****(i) Reconciliation of Effective Tax Rate**

<b>Applicable tax rate</b>	28.60
Effect of Adjustment of unabsorbed depreciation and losses	-
<b>Effective Tax Rate</b>	28.60

**(ii) Disclosures relating to deferred Taxes are given in Note No 14**

There are no uncertain tax treatments excepts departmental appeals which are likely to be decided in favour of the company.



### **Note 32- Classification of Financial assets and Financial liabilities and Fair Value measurements**

All Financial assets and Financial assets and Financial liabilities are classified at amortized cost except Deferred Sales Tax Liability and Loan from Related Parties which are designated upon initial recognition as fair value through profit and loss. Fair value of these two liabilities are very close to their carrying amounts on account of likely maturities in short term.

The fair value of other financial assets and financial liabilities at the time of initial recognition was close to the transaction values and the Long term investments are carried at cost.

### **Note 33- Financial Risk Management Objectives.**

The company's financial instruments are subject to Credit Risk, Foreign currency risk and Liquidity risk. The company does not envisage market risk as the company does not have financial assets and liabilities that are subject to change in values due to change in market prices. The company does not also have interest rate risk as the company has fixed contractual interest rates for all its financial assets and liabilities, wherever applicable.

The company's foreign currency risk are mainly for the imports. The company manages this risk by entering into forward contracts and thus quantifying its final liability. The company does not envisage any foreign currency risk on its exports, as the rupee value of its exports exposures have always shown a gain on final settlement.

The company's credit risk relate to credit sales to its customer. The company manages this risk by customer appraisal process before accepting an order from a new customer. The track record of the company in realizing its debts so far has been very good. Some customer orders are against LCs.

Hence the company has not made any provision for doubtful debts.

The company's liquidity risks are quite low as it has working capital arrangements with Banks and manages the funds through daily cash flow statements. The promoters have adequate resources to bring in funds to manage the temporary liquidity risks.

The additional quantitative data in this regard is not necessary as the data given in the Balance Sheet itself reflect the risk adjusted values.

### **Note 34- Assets held for disposal**

The Company identified certain assets to be disposed off as a disposal group consisting of a piece of land, Naroska machine, certain dies and tools, LPG storage tank, transformer and certain Non-Current Advances and receivables as on 31-3-2017. Some of these assets were disposed off. The company has received enquiries for the other assets but could not materialise because of the adverse market conditions. The company expects to sell the assets within next 6 months.

### **Note 35- Capital Management**

The company does not include interest bearing debt as a part of Capital for the purpose of Capital Management. The company aims to reduce the debt and reduce cost and thereby increasing the shareholder value.

### **Note 36- Leased Assets**

All assets under lease are for a period of less than 12 months and as such option under Ind AS 116 is used to account the same as operating leases.

### **Note 37-General**

Previous years' figures are regrouped/reclassified to conform to current year's classification.



## SIGNIFICANT ACCOUNTING POLICIES

### 1. Significant Accounting Policies Statement of Compliance

These financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013. The financial statements have also been prepared in accordance with the relevant presentation requirements of the Companies Act, 2013. The Company adopted Ind AS from 1<sup>st</sup> April, 2017.

Up to the year ended 31<sup>st</sup> March, 2017, the Company prepared its financial statements in accordance with the requirements of previous Generally Accepted Accounting Principles (GAAP), which includes Standards notified under the Companies (Accounting Standards) Rules, 2006. These are the Company's first Ind AS financial statements.

The date of transition to Ind AS is 1<sup>st</sup> April, 2017. Details of the exceptions and optional exemptions availed by the Company and principal adjustments along with related reconciliations are detailed in Note 36 Annexure

### Basis of Preparation

The financial statements are prepared in accordance with the historical cost convention, except for certain items that are measured at fair values, as explained in the accounting policies.

Fair Value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of Ind AS 102 - Share-based Payment, leasing transactions that are within the scope of Ind AS 17 - Leases, and measurements that have some similarities to fair value but are not fair value, such as net realizable value in Ind AS 2 - Inventories or value in use in Ind AS 36 - Impairment of Assets.

The preparation of financial statements in conformity with Ind AS requires management to make judgments, estimates and assumptions that affect the application of the accounting policies and the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the year. Actual results could differ from those estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period; they are recognized in the period of the revision and future periods if the revision affects both current and future periods.

### Operating Cycle

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013 and Ind AS 1 - Presentation of Financial Statements based on the nature of products and the time between the acquisition of assets for processing and their realization in cash and cash equivalents.

### Property, Plant and Equipment - Tangible Assets

Property, plant and equipment are stated at cost of acquisition or construction less accumulated depreciation and impairment, if any. For this purpose, cost includes deemed cost which represents the carrying value of property, plant and equipment recognized as at 1<sup>st</sup> April, 2016 measured as per the previous GAAP. Cost is inclusive of inward freight, duties and taxes and incidental expenses related to acquisition.

In respect of major projects involving construction, related pre-operational expenses form part of the value of assets capitalized. Expenses capitalized also include applicable borrowing costs for qualifying assets, if any. All up gradation / enhancements are charged off as revenue expenditure unless they bring similar significant additional benefits.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in the Statement of Profit and Loss.

Depreciation of these assets commences when the assets are ready for their intended use which is generally on commissioning. Items of property, plant and equipment are depreciated in a manner that amortizes the cost (or other amount substituted for cost) of the assets after commissioning, less its residual value, over their useful lives as specified in Schedule II of the Companies Act, 2013 on Straight Line method basis. Land is not depreciated.



### **Inventories**

Inventories are stated at lower of cost and net realizable value. The cost is calculated on weighted average method. Cost comprises expenditure incurred in the normal course of business in bringing such inventories to its present location and condition and includes, where applicable, appropriate overheads based on normal level of activity. Net realizable value is the estimated selling price less estimated costs for completion and sale.

Obsolete, slow moving and defective inventories are identified from time to time and, where necessary, a provision is made for such inventories.

### **Foreign Currency Transactions**

The functional and presentation currency of the Company is Indian Rupee.

Transactions in foreign currency are accounted for at the exchange rate prevailing on the transaction date. Gains/losses arising on settlement as also on translation of monetary items are recognized in the Statement of Profit and Loss.

### **Financial instruments, Financial assets, Financial liabilities and Equity instruments**

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the relevant instrument and are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities measured at fair value through profit or loss) are added to or deducted from the fair value on initial recognition of financial assets or financial liabilities. Purchase or sale of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date when the Company commits to purchase or sell the asset.

#### **Financial Assets**

**Recognition:** Financial assets include Investments, Trade receivables, Advances, Security Deposits, Cash and cash equivalents. Such assets are initially recognized at transaction price when the Company becomes party to contractual obligations. The transaction price includes transaction costs unless the asset is being fair valued through the Statement of Profit and Loss.

**Classification :** Management determines the classification of an asset at initial recognition depending on the purpose for which the assets were acquired. The subsequent measurement of financial assets depends on such classification.

#### **Financial assets are classified as those measured at:**

- (a) amortised cost, where the financial assets are held solely for collection of cash flows arising from payments of principal and/or interest.
- (b) fair value through other comprehensive income (FVTOCI), where the financial assets are held not only for collection of cash flows arising from payments of principal and interest but also from the sale of such assets. Such assets are subsequently measured at fair value, with unrealised gains and losses arising from changes in the fair value being recognized in other comprehensive income.
- (c) fair value through profit or loss (FVTPL), where the assets are managed in accordance with an approved investment strategy that triggers purchase and sale decisions based on the fair value of such assets. Such assets are subsequently measured at fair value, with unrealised gains and losses arising from changes in the fair value being recognized in the Statement of Profit and Loss in the period in which they arise.

Trade receivables, Advances, Security Deposits, Cash and cash equivalents etc. are classified for measurement at amortised cost while investments may fall under any of the aforesaid classes. However, in respect of particular investments in equity instruments that would otherwise be measured at fair value through profit or loss, an irrevocable election at initial recognition may be made to present subsequent changes in fair value through other comprehensive income.

#### **Financial Liabilities**

Borrowings, trade payables and other financial liabilities are initially recognized at the value of the respective contractual obligations. They are subsequently measured at amortized cost. Any discount or premium on redemption /settlement is recognized in the Statement of Profit and Loss as finance cost over the life of the liability using the effective interest method and adjusted to the liability figure disclosed in the Balance Sheet. Deferred Tax Liability and Unsecured Loans from related parties are subsequently measured at fair value through profit or loss.

Financial liabilities are derecognized when the liability is extinguished, that is, when the contractual obligation is discharged, cancelled and on expiry.

#### **Revenue**

Revenue is measured at the fair value of the consideration received or receivable for goods supplied and services rendered, net of returns and discounts to customers. Revenue from the sale of goods includes excise and other duties which the Company pays as a principal but excludes amounts collected on behalf of third parties, such as sales tax and value added tax.



Revenue from the sale of goods is recognized when significant risks and rewards of ownership have been transferred to the customer, which is mainly upon delivery, the amount of revenue can be measured reliably and recovery of the consideration is probable. Revenue from services is recognized in the periods in which the services are rendered.

### **Dividend Distribution**

Dividends paid (including income tax thereon) is recognized in the period in which the interim dividends are approved by the Board of Directors, or in respect of the final dividend when approved by shareholders.

### **Employee Benefits**

The Company makes contributions to both defined benefit and defined contribution schemes which are mainly administered through duly constituted and approved Trusts.

Provident Fund contributions are in the nature of defined contribution scheme. In respect of employees who are members of constituted and approved trusts, the Company recognizes contribution payable to such trusts as an expense including any shortfall in interest between the amount of interest realized by the investment and the interest payable to members at the rate declared by the Government of India. In respect of other employees, provident funds are deposited with the Government and recognized as expense.

The Company makes contribution to defined contribution pension plan. The contribution payable is recognized as an expense, when an employee renders the related service. The Company also makes contribution to defined benefit pension and gratuity plan. The cost of providing benefits under the defined benefit obligation is calculated by independent actuary using the projected unit credit method. Service costs and net interest expense or income is reflected in the Statement of Profit and Loss. Gain or Loss on account of remeasurements are recognized immediately through other comprehensive income in the period in which they occur.

The employees of the Company are entitled to compensated leave for which the Company records the liability based on actuarial valuation computed using projected unit credit method. These benefits are unfunded.

Actual disbursements made, under the Workers' Voluntary Retirement Scheme are accounted as revenue expenses.

### **Taxes on Income**

Taxes on income comprises of current taxes and deferred taxes. Current tax in the Statement of Profit and Loss is provided as the amount of tax payable in respect of taxable income for the period using tax rates and tax laws enacted during the period, together with any adjustment to tax payable in respect of previous years.

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities and the amounts used for taxation purposes (tax base), at the tax rates and tax laws enacted or substantively enacted by the end of the reporting period.

Deferred tax assets are recognized for the future tax consequences to the extent it is probable that future taxable profits will be available against which the deductible temporary differences can be utilized.

Income tax, in so far as it relates to items disclosed under other comprehensive income or equity, are disclosed separately under other comprehensive income or equity, as applicable.

Deferred tax assets and liabilities are offset when there is legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances related to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on net basis, or to realize the asset and settle the liability simultaneously.

### **Claims**

Claims against the Company not acknowledged as debts are disclosed after a careful evaluation of the facts and legal aspects of the matter involved.

### **Provisions**

Provisions are recognized when, as a result of a past event, the Company has a legal or constructive obligation; it is probable that an outflow of resources will be required to settle the obligation; and the amount can be reliably estimated. The amount so recognized is a best estimate of the consideration required to settle the obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation.

In an event when the time value of money is material, the provision is carried at the present value of the cash flows estimated to settle the obligation.



### CASH FLOW STATEMENT FOR YEAR ENDED 31.03.2019

Particulars	As at 31 <sup>st</sup> Mar 19 ₹ in Lakhs	As at 31 <sup>st</sup> Mar 18 ₹ in Lakhs
<b>A. CASH FLOW FROM OPERATING ACTIVITIES:-</b>		
<b>NET LOSS / PROFIT BEFORE TAX.</b>	331	272
Adjustments for:		
Depreciation	593	689
Gratuity Expenses	(20)	(19)
Interest	1,144	1,182
Loss (Profit) on Sale of Assets	(1)	4
<b>Operating Profit before Working Capital changes</b>	<b>2,047</b>	<b>2,128</b>
Adjustments for:		
Trade and Other receivables	697	(346)
Inventories	(629)	(502)
Current Liabilities	(2,060)	1,093
Fixed Deposit for LC Margin	4	(11)
Other Current Assets	(115)	16
<b>Cash Generated from Operations</b>	<b>(56)</b>	<b>2,378</b>
Interest Paid	(1,144)	(1,182)
Direct Taxes Paid	(60)	(52)
<b>CASH FLOW BEFORE EXTRAORDINARY ITEMS</b>	<b>(1,260)</b>	<b>1,144</b>
<b>NET CASH FROM OPERATING ACTIVITIES</b>	(1,260)	1,144
<b>B. CASH FLOW FROM INVESTING ACTIVITIES:-</b>		
Purchase of Fixed Assets (including Capital Advances)	(158)	(293)
Sale of Fixed Assets	12	400
Purchase of Investments	-	(5)
<b>C. CASH FLOW FROM FINANCING ACTIVITIES:-</b>		
Change in Long Term Borrowings	1,442	(1,852)
<b>NET CASH USED IN FINANCING ACTIVITIES</b>	1,442	(1,852)
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	36	(606)
CASH AND CASH EQUIVALENTS AS AT (CLOSING BALANCE)	62	26
CASH AND CASH EQUIVALENTS AS AT (OPENING BALANCE)	26	632

In terms of our report attached.

For and on behalf of the Board of Directors

As per our report of even date

**For N NARESH & CO**  
Chartered Accountants  
FRN 011293S

Place : Bengaluru  
Date : 20<sup>th</sup> May, 2019

**DIVAKAR S SHETTY**  
Executive Chairman  
DIN No. : 00432755

**VILAS DINGRE**  
Chief Financial Officer

**KARTIK NAYAK**  
Jt. Managing Director  
DIN No. : 00477686

**JAGRUTI MURSENIA**  
Company Secretary

**PRAVEEN MALLY**  
Jt. Managing Director  
DIN No. : 00798354

**S.VENKATESAN**  
Partner M.No.025859





**INDEPENDENT AUDITOR'S REPORT  
TO THE MEMBERS OF SHETRON LIMITED  
Report on the Audit of the Consolidated Financial Statements**

**Opinion**

We have audited the accompanying consolidated Ind AS financial statements of SHETRON LIMITED its subsidiary SHETRON METROPAK PRIVATE LIMITED (together referred to as "the Company") and comprising of the consolidated Balance Sheet as at 31 March, 2019, the consolidated Statement of Profit and Loss (including other comprehensive income), the consolidated Cash Flow Statement and the consolidated Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated Ind AS financial statements").

In our opinion and to the best of our information and according to the explanations given to us, aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the India Accounting Standards prescribed under section 133 read with the Companies (Indian Accounting Standards) Rules, 2015 as amended, ("Ind AS") and other accounting principles generally accepted in India, of the consolidated state of affairs of the company as at March 31, 2019 and its consolidated PROFIT, consolidated changes in equity and its consolidated cash flows for the year ended on that date

**Basis for Opinion**

We conducted our audit of the Consolidated financial statements in accordance with the Standards on Auditing specified under section 143(10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the independence requirements that are relevant to our audit of the Consolidated financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Consolidated financial statements.

**Key Audit Matters**

S.No	Key Audit Matters	Auditor's Response
1.	The valuation of sale of assets held for disposal Rs.540 lakhs as mentioned in Note No 34	The auditor has relied upon the quotations received from interested parties at the time of initial valuation, However, due to adverse market conditions the sale of some of the assets did not take place. The present values are supported by valuation of technical experts in the company as also the old quotations.

**Information Other than the Consolidated Financial Statements and Auditor's Report Thereon**

The Company's Board of Directors are responsible for the preparation of the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Business Responsibility Report, Corporate Governance and Shareholder's Information, but does not include the Consolidated financial statements and our auditor's report thereon. Our opinion on the Consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.



In connection with our audit of the Consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Consolidated financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

#### **Management's Responsibility for the Consolidated Financial Statements**

The Company's Board of Directors is responsible for the preparation of these consolidated Ind AS financial statements in terms of the requirements of the Companies Act, 2013 that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated changes in equity of the Company is in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Companies Act, 2013 read with relevant rules issued there under.

The respective Board of Directors of the companies included in the Company are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated Ind AS financial statements by the Directors of the Company, as aforesaid. The respective Board of Directors of the Company are responsible for overseeing the Company's financial reporting process.

#### **Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the Consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Consolidated financial statements.

#### **Report on Other Legal and Regulatory Requirements**

1. As required by Section 143(3) of the Act, we report to the extent applicable based on our audit that:
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including Other Comprehensive Income, Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flow dealt with by this Report are in agreement with the relevant books of account.
  - d) In our opinion, the aforesaid Consolidated financial statements comply with the Ind AS specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - e) On the basis of the written representations received from the directors as on March 31, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2019 from being appointed as a director in terms of Section 164 (2) of the Act.



- f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
- g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:
- h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
  - i. The Company has disclosed the impact of pending litigations on its financial position in its Consolidated financial statements.
  - ii. The Company did not have any derivative contracts but have provided, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts.
  - iii. There were no amounts, which were required to be transferred, to the Investor Education and Protection Fund by the Company.
- 2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For **N NARESH & CO**  
Chartered Accountants  
FRN : 011293S

**Place : Bengaluru**  
**Date : 20<sup>th</sup> May, 2019**

**S.VENKATESAN**  
Partner  
(Membership No. 025859)



## **ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT**

(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of SHETRON LIMITED of even date)

### **Report on the Internal Financial Controls Over Financial Reporting under Clause of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

We have audited the internal financial controls over financial reporting of SHETRON LIMITED ("the Company") as of March 31, 2019 in conjunction with our audit of the Consolidated financial statements of the Company for the year ended on that date.

#### **Management's Responsibility for Internal Financial Controls**

The Board of Directors of the Company is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

#### **Auditor's Responsibility**

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Company based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting of the Company.

#### **Meaning of Internal Financial Controls Over Financial Reporting**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company;



and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

#### **Limitations of Internal Financial Controls Over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

#### **Opinion**

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2019, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **N NARESH & CO**  
Chartered Accountants  
FRN : 011293S

**Place : Bengaluru**  
**Date : 20<sup>th</sup> May, 2019**

**S.VENKATESAN**  
Partner  
(Membership No. 025859)



## **Annexure B to Independent Auditors' Report of Shetron Limited (on consolidated financial statements) for the Year Ended 31.3.2019.**

- (i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) The Company has a regular programme of physical verification of its fixed assets by which all fixed assets are verified in a phased manner over a period of two years. In accordance with this programme, a portion of the fixed assets has been physically verified by the management during the year and no material discrepancies have been noticed on such verification. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. All title deeds relating to immovable properties of the Company are held in the name of the Company.
- (ii) (a) The inventory, except goods-in-transit, has been physically verified by the management during the year. In respect of inventory lying with third parties, these have substantially been confirmed by them. In our opinion, the frequency of such verification is reasonable.
- (b) The procedures for the physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) The Company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material.
- (iii) The Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under Section 189 of the Act during the year under review.
- (iv) The company has not granted any loans or provided guarantees, and security for which section 185 and 186 of the Companies Act, 2013 are applicable during the year under review. The investments made were in compliance of Section 185 and 186 of the Companies Act, 2013.
- (v) The Company has not accepted any deposits from the public in accordance with the provisions of sections 73 to 76 of the Act and the rules framed there under.
- (vi) We have broadly reviewed the records maintained by the Company pursuant to the rules prescribed by the Central Government for maintenance of cost records under sub-section 1 of Section 148 of the Act and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the records.
- (vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/accrued in the books of account in respect of undisputed statutory dues including Provident fund, Employees' State Insurance, Income tax, Sales tax, Wealth tax, Service tax, Customs duty, Excise duty, Value added tax, Cess, Professional tax and other material statutory dues have been regularly deposited during the year by the Company with the appropriate authorities.  
  
According to the information and explanations given to us, no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Sales tax, Wealth tax, Service tax, Customs duty, Excise duty, Value added tax, Cess, Professional tax, GST and other material statutory dues were in arrears as at March 31, 2019 for a period of more than six months from the date they became payable.
- (b) According to the information and explanations given to us, there are no dues of Income tax, Wealth tax, Sales tax, Value added tax, Service tax, Customs duty, Excise duty and Cess, GST which have not been deposited with the appropriate authorities on account of any dispute
- (viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to its bankers or financial institutions or Government. The Company did not have any outstanding to debentures holders during the year.
- (xi) The Company has not raised moneys by way of further public offer (including debt instruments). In our opinion and according to the information and explanations given to us, terms loans raised have been applied by the company for the purpose for which they were obtained.



- (x) According to the information and explanations given to us, no instances of material fraud on or by the Company has been noticed or reported during the course of our audit.
- (xi) The company had paid/provided managerial remuneration with requisite approvals, if any, under Section 197 read with Schedule V of the Companies Act 2013.
- (xii) The Company is not a Nidhi company and hence the provisions of Clause (xii) of CARO 2016 are not applicable.
- (xiii) All transactions with the related parties are in compliance with Section 177 and 188 of the Companies Act 2013 wherever applicable and the details of all those transactions have been disclosed in Financial Statements and other documents as required by the applicable accounting standards.
- (xiv) The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review.
- (xv) The Company has not entered into any non-cash transactions with directors or persons connected with them.
- (xvi) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

Place: Bengaluru

Date : 20<sup>th</sup> May 2019



## CONSOLIDATED BALANCE SHEET AS AT 31<sup>st</sup> March, 2019

Particulars	Note No.	As at 31 <sup>st</sup> Mar 2019 ₹ in Lakhs	As at 31 <sup>st</sup> Mar 2018 ₹ in Lakhs
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Property, Plant & Equipment	2	4,988	5,195
Capital Work-in-Progress	2	-	305
Intangible Assets (Goodwill on Consolidation)		203	203
Financial Assets			
Investments	3	16	16
Trade Receivables	4	-	-
Other Non-Current Assets	5	120	120
<b>Total Non-Current Assets</b>		<b>5,327</b>	<b>5,839</b>
<b>Current Assets</b>			
Inventories	6	4,660	4,032
Financial Assets			
Trade Receivables	7	2,723	3,393
Cash & Cash Equivalents	8	68	35
Bank Balances other than Cash & Cash Equivalents	9	476	480
Other Current Assets	10	1,802	1,678
Assets held for Disposal	34	540	551
<b>Total Current Assets</b>		<b>10,269</b>	<b>10,169</b>
<b>TOTAL ASSETS</b>		<b>15,596</b>	<b>16,008</b>
<b>EQUITY &amp; LIABILITIES</b>			
<b>EQUITY</b>			
Equity Share Capital	11	900	900
Other Equity	11B	3,238	3,079
<b>LIABILITIES</b>			
<b>Non-Current Liabilities</b>			
Financial Liabilities			
Borrowings	12	3,592	2,136
Other Financial Liabilities	13	17	32
Deferred Tax Liabilities (Net)	14	542	490
Other Non-Current Liabilities		-	-
<b>Total Non-Current Liabilities</b>		<b>8,289</b>	<b>6,637</b>
<b>Current Liabilities</b>			
Financial Liabilities			
Borrowings	15	3,655	3,401
Trade Payables	16	2,934	3,662
Other Financial Liabilities	17	315	1,830
Other Current Liabilities	18	165	163
Provisions	19	238	315
<b>Total Current Liabilities</b>		<b>7,307</b>	<b>9,371</b>
<b>TOTAL EQUITY &amp; LIABILITIES</b>		<b>15,596</b>	<b>16,008</b>

In terms of our report attached.

For and on behalf of the Board of Directors

As per our report of even date

For N NARESH &amp; CO

Chartered Accountants

FRN 011293S

Place : Bengaluru  
Date : 20<sup>th</sup> May, 2019DIVAKAR S SHETTY  
Executive Chairman  
DIN No. : 00432755KARTIK NAYAK  
Jt. Managing Director  
DIN No. : 00477686PRAVEEN MALLY  
Jt. Managing Director  
DIN No. : 00798354VILAS DINGRE  
Chief Financial OfficerJAGRUTI MURSENIA  
Company SecretaryS.VENKATESAN  
Partner M.No.025859




**CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2019**

Particulars	Note No.	The year ended 31 <sup>st</sup> Mar 2019 ₹ in Lakhs	The year ended 31 <sup>st</sup> Mar 2018 ₹ in Lakhs
<b>REVENUE</b>			
Revenue from Operations		16,475	17,201
Other income	20	187	65
<b>TOTAL INCOME (I)</b>		<b>16,662</b>	<b>17,266</b>
<b>EXPENSES</b>			
Cost of Materials Consumed	21	11,473	11,585
Changes in Inventories of Finished Goods, Stock-in-Trade and Work-in-Progress		(176)	(2)
Employee Benefit Expense	22	1,492	1,473
Finance Costs	23	1,144	1,183
Depreciation & Amortisation Expense	2	670	766
Power & Fuel		608	533
Excise Duty		-	376
Other Expenses	24	1,162	1,045
<b>TOTAL EXPENSES (II)</b>		<b>16,372</b>	<b>16,959</b>
<b>Profit before Exceptional item &amp; Tax Expenses (I-II)</b>		290	307
Exceptional items - Impairment in value of Investments		-	-
<b>Profit before Tax Expenses</b>		290	307
<b>Tax Expenses:</b>			
Current Tax		60	59
Deferred Tax		51	38
<b>Total Tax Expense</b>		111	97
<b>Profit for the Year (III)</b>		179	210
<b>Other Comprehensive Income</b>			
A (i) Items that will not be reclassified to P & L - Actuarial Gain/(Loss) on Employee Benefits		(20)	(19)
B (i) Items that will be reclassified to P & L - Cash Flow Hedge		-	-
<b>Other Comprehensive Income for the year (IV)</b>		(20)	(19)
<b>Total Comprehensive Income for the year (III+IV)</b>		159	191
<b>Earnings Per Equity Share (Face Value Rs. 10 each)</b>			
Basic (in Rs)		1.77	2.11
Diluted (in Rs)		1.77	2.11

In terms of our report attached.

For and on behalf of the Board of Directors

As per our report of even date

**For N NARESH & CO**  
Chartered Accountants  
FRN 011293S

Place : Bengaluru  
Date : 20<sup>th</sup> May, 2019

**DIVAKAR S SHETTY**  
Executive Chairman  
DIN No. : 00432755

**KARTIK NAYAK**  
Jt. Managing Director  
DIN No. : 00477686

**PRAVEEN MALLY**  
Jt. Managing Director  
DIN No. : 00798354

**VILAS DINGRE**  
Chief Financial Officer

**JAGRUTI MURSENIA**  
Company Secretary

**S.VENKATESAN**  
Partner M.No.025859

## ₹ in Lakhs

Particulars	GROSS BLOCK			DEPRECIATION & AMORTISATION			NET BLOCK		
	As at 01.04.18	Additions	Deduction/Adj.	As at 31.03.19	As at 01.04.18	For the Year	Deduction/Adj.	As at 31.03.19	As at 31.03.18
(A) Tangible Assets									
Land:									
Freehold Land									
Leasehold Land	80			80	-	-		80	80
Buildings	2,288	-	-	2,288	1,145	70	-	1,073	1,143
Plant & Equipment:	-	-	-	-	-	-	-	-	-
Own	11,841	441	-	12,282	8,119	557	-	3,606	3,722
Given on Lease	-	-	-	-	-	-	-	-	-
Office Equipment	17	4	-	21	7	7	-	7	10
Furniture & Fixtures	233	0	-	233	206	3	-	24	27
Vehicles	329	18	14	333	116	33	14	198	213
Total Tangible Assets	14,788	463	14	15,237	9,593	670	14	4,988	5,195
(B) Capital Work-in-Progress	305	-	305	-	-	-	-	-	305
Total Tangible Assets	15,094	463	319	15,237	9,593	670	14	4,988	5,500
(C) Intangible Assets	-	-	-	-	-	-	-	-	-
Software	-	-	-	-	-	-	-	-	-
Total Intangible Assets	-	-	-	-	-	-	-	-	-
(D) Intangible Assets under Development	-	-	-	-	-	-	-	-	-
Total Intangible Assets	-	-	-	-	-	-	-	-	-
Total Assets (A+B+C+D)	15,094	463	319	15,237	9,593	670	14	4,988	5,500



Note 3:- Other Investments	₹ in Lakhs 31.03.19	₹ in Lakhs 31.03.18
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<b>Unquoted</b>		
<b>Equity Instruments</b>		
Others		
20,000 equity shares of face value of Rs.25 each		
in M/s. Kalyan Janata Sahakari Bank	5	5
11000 (L.Y.6000) equity shares of face value of Rs.100 each		
in M/s. Cosmos Co-Operative Bank Limited	11	11
	<b>16</b>	<b>16</b>

Note 4:- Trade Receivable		
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From Subsidiaries	-	-
Unsecured Considered Good (from Others)	-	-

Note 5:- Other Non-Current Assets		
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Advance to Suppliers	<b>120</b>	120
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Note 6:- Inventories		
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Raw Materials	3,460	3,037
Work-in-Progress	920	720
Finished Goods	5	29
Stores & Spares	275	246
	<b>4,660</b>	<b>4,032</b>

Note 7:- Trade Receivables		
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Unsecured, Considered good		
From Others	2,723	3,393
	<b>2,723</b>	<b>3,393</b>

Note 8:- Cash & Cash Equivalents		
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Balance with Banks (Current Account)	63	34
Cash on hand	5	1
	<b>68</b>	<b>35</b>

Note 9:- Bank Balance other than Cash		
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Fixed Deposits with Banks	31	28
Earmarked Fixed Deposits	445	452
	<b>476</b>	<b>480</b>

Note 10:- Other Current Assets		
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Advances to Staff and Workers	10	9
Advances to Suppliers	1,049	655
Prepaid Expenses	79	28
Security and Other Deposits	200	185
Balance With Govt Authorities and Other receivables	464	801
	<b>1,802</b>	<b>1,678</b>

**Note 11:- Share Capital**

₹ in Lakhs      ₹ in Lakhs  
31.03.19      31.03.18

<b>A. EQUITY CAPITAL</b>		
Authorised Capital 2,50,00,000 Equity shares of Rs.10/- each	2,500	2,500
<b>Issued, Subscribed and Paid up Share Capital</b>		
90,03,300 Equity shares of Rs.10/- in each fully paid	900	900
Less: Forfeited Shares	(0.35)	(0.35)
	<b>900</b>	<b>900</b>

There is no class of shares other than the equity shares. There is no change in the outstanding shares at the beginning or at the end of the period. The Company is a holding company of M/s.Shetron Metropak Private Limited. The other disclosure requirements of Schedule III of the Companies Act 2013 regarding share capital are not applicable to the company. The following shareholders hold more than 5% of value of shares.

<b>Name of the Shareholder</b>	<b>31.3.2019</b>		<b>31.3.2018</b>	
Shetron Enterprises Private Limited	17,13,617	19.03%	17,13,617	19.03%
Konjal Machiery Pvt Ltd	8,58,055	9.53%	8,58,055	9.53%
Bunts Properties Private Limited	8,48,857	9.43%	8,48,857	9.43%
Mr. Diwakar S Shetty	4,75,079	5.28%	4,67,720	5.19%

**Note 11.B Other Equity**

<b>Particulars</b>	<b>Capital Reserve</b>	<b>Securities Premium Reserve</b>	<b>For the Year ended 31-03-2019</b>		<b>Retained Earning</b>	<b>Total Equity</b>
			<b>General Reserve</b>	<b>Contingency Reserve</b>		
Balance as at 31-3-2018	15	2,111	205	-	654	2,985
Total Comprehensive Income					199	199
	<b>15</b>	<b>2,111</b>	<b>205</b>	<b>-</b>	<b>853</b>	<b>3,184</b>

**Note 12:- Non-Current Borrowings**

Loans from Related Parties	923	923
Term Loan from Banks/NBFCs	2,550	1,072
Term Loan from Others	119	141
	<b>3,592</b>	<b>2,136</b>

**Note 13 :- Other Financial Liabilities (Non-Current)**

<b>Particulars</b>		
Deferred Liabilities	17	32



	₹ in Lakhs 31.03.19	₹ in Lakhs 31.03.18
<b>Note 14 :- Deferred Tax Liabilities (NET)</b>		
<b>Particulars</b>		
<b>Deferred Tax Assets:</b>		
<b>MAT Credit Carried forward</b>	<b>10</b>	<b>99</b>
<b>Deferred Tax Liabilities:</b>		
Depreciation Difference	552	589
<b>Net Deferred Tax Liability</b>	<b>542</b>	<b>490</b>

**Note 15 :- Current Borrowings**

Demand Loan from Banks	3,110	2,799
Factoring Obligations	545	602
	<b>3,655</b>	<b>3,401</b>

**Note 16 :- Trade Payables**

Trade Payable outstanding for less than a year	<b>2,934</b>	<b>3,662</b>
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Trade creditors include the MSME Creditors Rs.2,80,01,698.42 (LY Rs. 2,26,04,853.14) Out of this amount outstanding for more than 45 days as on 31-3-2019 is Rs. 1,54,22,125.85 (last year Nil) payment made to MSME creditors during the year were within the appointed date.

**Note 17 :- Other Financial Liabilities**

Current Maturities of Long Term Debt	<b>315</b>	1,830
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**Note 18 :- Other Current Liabilities**

Interest Accrued	5	27
Others	155	131
Security and Other Deposits	5	5
	<b>165</b>	<b>163</b>

**Note 19 :- Provisions**

For Employee Benefits	167	141
Provision for Tax	71	174
	<b>238</b>	<b>315</b>

**Note 20 :- Other Income**

Dividend	0	1
Export Incentive/Draw back	128	23
Interest Received	33	31
Miscellaneous Income	23	1
Provision Reversed	(0)	4
Profit and Sales of Fixed Assets	1	-
Rent Received	2	5
	<b>187</b>	<b>65</b>

**Note 21 :- Cost of Material Consumed**

	₹ in Lakhs 31.03.19	₹ in Lakhs 31.03.18
Exchange Flucutation	39	(74)
Raw Materials	11,334	11,485
Carrage Inward	100	174
	<b>11,473</b>	<b>11,585</b>

**Note 22 :- Employee Benefit Expenses**

PF and Other Funds	103	99
Salaries and Wages	1,334	1,318
Staff Welfare Expenses	55	56
	<b>1,492</b>	<b>1,473</b>

**Note 23 :- Finance Cost**

Interest	704	777
Other Finance Cost	440	406
	<b>1,144</b>	<b>1,183</b>

**Note 24 :- Other Expenses**

Administrative Expenses	263	321
Commission Paid	40	37
Discount / Rebates	86	26
Drawings and Designs	21	22
Insurance	16	20
Job Charges	35	32
Loss on Sale of Fixed Assets	-	5
Other Expenses	16	9
Freight and forwarding	364	353
Rates and Taxes	45	31
Rent 18	21	
Repairs Buildings	27	23
Repairs Machinery	154	113
Repairs Others	65	21
Statutory Audit fees	12	11
	<b>1,162</b>	<b>1,045</b>

**Note 25 :- Contingent Liabilities**

Guarantees for Customs Duty	450	450
Export obligations under EPCG scheme	72	72

**Note 26 :- Ram Material Consumption**

<b>Value</b>		
Imported	5,196	4,731
Indigenous	6,278	6,854
<b>Total</b>	<b>11,474</b>	<b>11,585</b>
<b>Percentage</b>		
Imported	45%	41%
Indigenous	55%	59%
<b>Total</b>	<b>100%</b>	<b>100%</b>

**Note 27 :- Related Party Disclosures**

₹ in Lakhs      ₹ in Lakhs  
31.03.19      31.03.18

<b>I. Controlling Companies</b>	<b>NIL</b>	<b>NIL</b>
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**II. List of Related Parties**

Fibre Foils Limited	Related Party	Related Party
Sansha Systems Limited	Related Party	Related Party
Shetron Enterprise Private Limited	Related Party	Related Party
Shetron Metropak Private Limited	Related Party	Related Party
Bunts Properties Private Limited	Related Party	Related Party
Mr.D.S.Shetty	Key Management Personnel	Key Management Personnel
Mr.Kartik Nayak	Key Management Personnel	Key Management Personnel
Mr.Praveen Mally	Key Management Personnel	Key Management Personnel

**III. Transactions with related parties**

Sales	1	10
Purchases	-	16
Rent Paid	2	5
Shared Services received	-	7
Payment to Key Management Personnel	223	213
Status of outstanding Balances	-	
Amount Receivable	218	36
Amount Payable	920	920

**Notes 28-LC Obligations**

Letters of Credit and Guarantee established and bills discounted	2,759	3,897
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**Notes 29-Value of Import (CIF) / Exports (FOB)**

Raw Materials	5,400	4,959
Components and Spare parts	82	203
FOB Value of Exports	3,292	3,018
Expenditure in Foreign Currency	20	23

**Note 30- Segment Disclosure**

The company is elusively engaged in the business of "Metal Packaging" products primarily in India. As per Ind AS 108

"Operating Segments" specified under Section 133 of the Companies Act 2013, there are no reportable or operating or geographical segments applicable to the company.

**Note 31- Income Taxes (Ind AS 12)**

(i) Reconciliation of Effective Tax Rate

**Applicable tax rate** **28.60**

Effect of Adjustment of unabsorbed depreciation and losses

Effective Tax Rate

**Applicable tax rate** **28.60**



**(ii) Disclosures relating to deferred Taxes are given in Note No 14**

There are no uncertain tax treatments excepts departmental appeals which are likely to be decided in favour of the company.

**Note 32- Classification of Financial assets and Financial liabilities and Fair Value measurements**

All Financial assets and Financial assets and Financial liabilities are classified at amortised cost except Deferred Sales Tax Liability and Loan from Related Parties which are designated upon initial recognition as fair value through profit and loss. Fair value of these two liabilities are very close to their carrying amounts on account of likely maturities in short term.

The fair value of other financial assets and financial liabilities at the time of initial recognition was close to the transaction values and the Long term investments are carried at cost.

**Note 33- Financial Risk Management Objectives.**

The company's financial instruments are subject to Credit Risk, Foreign currency risk and Liquidity risk. The company does not envisage market risk as the company does not have financial assets and liabilities that are subject to change in values due to change in market prices. The company does not also have interest rate risk as the company has fixed contractual interest rates for all its financial assets and liabilities, wherever applicable.

The company's foreign currency risk are mainly for the imports. The company manages this risk by entering into forward contracts and thus quantifying its final liability. The company does not envisage any foreign currency risk on its exports, as the rupee value of its exports exposures have always shown a gain on final settlement.

The company's credit risk relate to credit sales to its customer. The company manages this risk by customer appraisal process before accepting an order from a new customer. The track record of the company in realising its debts so far has been very good. Hence the company has not made any provision for doubtful debts.

The company's liquidity risks are quite low as it has working capital arrangements with Banks and manages the funds through daily cash flow statements. The promoters have adequate resources to bring in funds to manage the temporary liquidity risks.

The additional quantitative data in this regard is not necessary as the data given in the Balance Sheet itself reflect the risk adjusted values.

**Note 34- Assets held for disposal**

The Company identified certain assets to be disposed off as a disposal group consisting of a piece of land, Naroska machine, certain dies and tools, LPG storage tank, transformer and certain Non-Current Advances and receivables as on 31-3-2017. Some of these assets were disposed off. The company has received enquiries for the other assets but could not materialise because of the adverse market conditions. The company expects to sell the assets within next 6 months.

**Note 35- Capital Management**

The company does not include interest bearing debt as a part of Capital for the purpose of Capital Management. The company aims to reduce the debt and reduce cost and thereby increasing the shareholder value.

**Note 36- Leased Assets**

All assets under lease are for a period of less than 12 months and as such option under Ind AS 116 is used to account the same as operating leases.

**Note 37-General**

The Previous year figures have been regrouped and reclassified to conform to INDAS and current year's classification.





## SHETRON LIMITED - YEAR ENDED 31-03-2019 SIGNIFICANT ACCOUNTING POLICIES

### 1. Significant Accounting Policies Statement of Compliance

These financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013. The financial statements have also been prepared in accordance with the relevant presentation requirements of the Companies Act, 2013. The Company adopted Ind AS from 1<sup>st</sup> April, 2017.

Up to the year ended 31st March, 2017, the Company prepared its financial statements in accordance with the requirements of previous Generally Accepted Accounting Principles (GAAP), which includes Standards notified under the Companies (Accounting Standards) Rules, 2006. These are the Company's first Ind AS financial statements. The date of transition to Ind AS is 1<sup>st</sup> April, 2017. Details of the exceptions and optional exemptions availed by the Company and principal adjustments along with related reconciliations are detailed in Note 36 Annexure.

### Basis of Preparation

The financial statements are prepared in accordance with the historical cost convention, except for certain items that are measured at fair values, as explained in the accounting policies.

Fair Value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of Ind AS 102 - Share-based Payment, leasing transactions that are within the scope of Ind AS 17 - Leases, and measurements that have some similarities to fair value but are not fair value, such as net realizable value in Ind AS 2 - Inventories or value in use in Ind AS 36 - Impairment of Assets.

The preparation of financial statements in conformity with Ind AS requires management to make judgments, estimates and assumptions that affect the application of the accounting policies and the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the year. Actual results could differ from those estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period; they are recognized in the period of the revision and future periods if the revision affects both current and future periods.

### Operating Cycle

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013 and Ind AS 1 - Presentation of Financial Statements based on the nature of products and the time between the acquisition of assets for processing and their realization in cash and cash equivalents.

### Property, Plant and Equipment - Tangible Assets

Property, plant and equipment are stated at cost of acquisition or construction less accumulated depreciation and impairment, if any. For this purpose, cost includes deemed cost which represents the carrying value of property, plant and equipment recognized as at 1<sup>st</sup> April, 2016 measured as per the previous GAAP. Cost is inclusive of inward freight, duties and taxes and incidental expenses related to acquisition. In respect of major projects involving



construction, related pre-operational expenses form part of the value of assets capitalized. Expenses capitalized also include applicable borrowing costs for qualifying assets, if any. All up gradation / enhancements are charged off as revenue expenditure unless they bring similar significant additional benefits.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in the Statement of Profit and Loss.

Depreciation of these assets commences when the assets are ready for their intended use which is generally on commissioning. Items of property, plant and equipment are depreciated in a manner that amortizes the cost (or other amount substituted for cost) of the assets after commissioning, less its residual value, over their useful lives as specified in Schedule II of the Companies Act, 2013 on Straight Line method basis. Land is not depreciated.

### **Inventories**

Inventories are stated at lower of cost and net realizable value. The cost is calculated on weighted average method. Cost comprises expenditure incurred in the normal course of business in bringing such inventories to its present location and condition and includes, where applicable, appropriate overheads based on normal level of activity. Net realizable value is the estimated selling price less estimated costs for completion and sale.

Obsolete, slow moving and defective inventories are identified from time to time and, where necessary, a provision is made for such inventories.

### **Foreign Currency Transactions**

The functional and presentation currency of the Company is Indian Rupee.

Transactions in foreign currency are accounted for at the exchange rate prevailing on the transaction date. Gains/ losses arising on settlement as also on translation of monetary items are recognized in the Statement of Profit and Loss.

### **Financial instruments, Financial assets, Financial liabilities and Equity instruments**

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the relevant instrument and are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities measured at fair value through profit or loss) are added to or deducted from the fair value on initial recognition of financial assets or financial liabilities.

Purchase or sale of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date when the Company commits to purchase or sell the asset.

### **Financial Assets**

**Recognition:** Financial assets include Investments, Trade receivables, Advances, Security Deposits, Cash and cash equivalents. Such assets are initially recognized at transaction price when the Company becomes party to contractual obligations. The transaction price includes transaction costs unless the asset is being fair valued through the Statement of Profit and Loss.

**Classification:** Management determines the classification of an asset at initial recognition depending on the purpose for which the assets were acquired. The subsequent measurement of financial assets depends on such classification.

### **Financial assets are classified as those measured at:**

- (a) amortised cost, where the financial assets are held solely for collection of cash flows arising from payments of principal and/or interest.
- (b) fair value through other comprehensive income (FVTOCI), where the financial assets are held not only for collection of cash flows arising from payments of principal and interest but also from the sale of such assets. Such assets are subsequently measured at fair value, with unrealised gains and losses arising from changes in the fair value being recognized in other comprehensive income.



(c) fair value through profit or loss (FVTPL), where the assets are managed in accordance with an approved investment strategy that triggers purchase and sale decisions based on the fair value of such assets. Such assets are subsequently measured at fair value, with unrealised gains and losses arising from changes in the fair value being recognized in the Statement of Profit and Loss in the period in which they arise.

Trade receivables, Advances, Security Deposits, Cash and cash equivalents etc. are classified for measurement at amortised cost while investments may fall under any of the aforesaid classes. However, in respect of particular investments in equity instruments that would otherwise be measured at fair value through profit or loss, an irrevocable election at initial recognition may be made to present subsequent changes in fair value through other comprehensive income.

#### **Financial Liabilities**

Borrowings, trade payables and other financial liabilities are initially recognized at the value of the respective contractual obligations. They are subsequently measured at amortized cost. Any discount or premium on redemption /settlement is recognized in the Statement of Profit and Loss as finance cost over the life of the liability using the effective interest method and adjusted to the liability figure disclosed in the Balance Sheet. Deferred Tax Liability and Unsecured Loans from related parties are subsequently measured at fair value through profit or loss. Financial liabilities are derecognized when the liability is extinguished, that is, when the contractual obligation is discharged, cancelled and on expiry.

#### **Revenue**

Revenue is measured at the fair value of the consideration received or receivable for goods supplied and services rendered, net of returns and discounts to customers. Revenue from the sale of goods includes excise and other duties which the Company pays as a principal but excludes amounts collected on behalf of third parties, such as sales tax and value added tax.

Revenue from the sale of goods is recognized when significant risks and rewards of ownership have been transferred to the customer, which is mainly upon delivery, the amount of revenue can be measured reliably and recovery of the consideration is probable. Revenue from services is recognized in the periods in which the services are rendered.

#### **Dividend Distribution**

Dividends paid (including income tax thereon) is recognized in the period in which the interim dividends are approved by the Board of Directors, or in respect of the final dividend when approved by shareholders.

#### **Employee Benefits**

The Company makes contributions to both defined benefit and defined contribution schemes which are mainly administered through duly constituted and approved Trusts.

Provident Fund contributions are in the nature of defined contribution scheme. In respect of employees who are members of constituted and approved trusts, the Company recognizes contribution payable to such trusts as an expense including any shortfall in interest between the amount of interest realized by the investment and the interest payable to members at the rate declared by the Government of India. In respect of other employees, provident funds are deposited with the Government and recognized as expense.

The Company makes contribution to defined contribution pension plan. The contribution payable is recognized as an expense, when an employee renders the related service. The Company also makes contribution to defined benefit pension and gratuity plan. The cost of providing benefits under the defined benefit obligation is calculated by independent actuary using the projected unit credit method. Service costs and net interest expense or income is reflected in the Statement of Profit and Loss. Gain or Loss on account of re-measurements are recognized immediately through other comprehensive income in the period in which they occur.

The employees of the Company are entitled to compensated leave for which the Company records the liability based on actuarial valuation computed using projected unit credit method. These benefits are unfunded.

Actual disbursements made, under the Workers' Voluntary Retirement Scheme are accounted as revenue expenses.

**Taxes on Income**

Taxes on income comprises of current taxes and deferred taxes. Current tax in the Statement of Profit and Loss is provided as the amount of tax payable in respect of taxable income for the period using tax rates and tax laws enacted during the period, together with any adjustment to tax payable in respect of previous years.

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities and the amounts used for taxation purposes (tax base), at the tax rates and tax laws enacted or substantively enacted by the end of the reporting period.

Deferred tax assets are recognized for the future tax consequences to the extent it is probable that future taxable profits will be available against which the deductible temporary differences can be utilized.

Income tax, in so far as it relates to items disclosed under other comprehensive income or equity, are disclosed separately under other comprehensive income or equity, as applicable.

Deferred tax assets and liabilities are offset when there is legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances related to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on net basis, or to realize the asset and settle the liability simultaneously.

**Claims**

Claims against the Company not acknowledged as debts are disclosed after a careful evaluation of the facts and legal aspects of the matter involved.

**Provisions**

Provisions are recognized when, as a result of a past event, the Company has a legal or constructive obligation; it is probable that an outflow of resources will be required to settle the obligation; and the amount can be reliably estimated. The amount so recognized is a best estimate of the consideration required to settle the obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation.

In an event when the time value of money is material, the provision is carried at the present value of the cash flows estimated to settle the obligation.



## CONSOLIDATED CASH FLOW STATEMENT FOR YEAR ENDED 31.03.2019

Particulars	As at 31 <sup>st</sup> Mar 19 ₹ in Lakhs	As at 31 <sup>st</sup> Mar 18 ₹ in Lakhs
<b>A. CASH FLOW FROM OPERATING ACTIVITIES:-</b>		
<b>NET LOSS / PROFIT BEFORE TAX .</b>	290	306
Adjustments for:		
Depreciation	670	766
Gratuity Expenses	(20)	(19)
Interest	1,144	1,183
Loss (Profit) on Sale of Assets	(1)	5
<b>Operating Profit before Working Capital changes</b>	<b>2,083</b>	<b>2,241</b>
Adjustments for:		
Trade and Other receivables	670	(505)
Inventories	(628)	(484)
Current Liabilities	(2,065)	1,102
Fixed Deposits for LC Margin	4	(11)
Other Current Assets	(123)	50
<b>Cash Generated from Operations</b>	<b>(59)</b>	<b>2,393</b>
Interest Paid	(1,144)	(1,183)
Direct Taxes Paid	(60)	(59)
<b>CASH FLOW BEFORE EXTRAORDINARY ITEMS</b>	<b>(1,263)</b>	<b>1,151</b>
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>(1,263)</b>	<b>1,151</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES:-</b>		
Purchase of Fixed Assets (including Capital Advances)	(158)	(293)
Sale of Fixed Assets	12	400
Purchase of Investments	-	(5)
	(146)	102
<b>C. CASH FLOW FROM FINANCING ACTIVITIES:-</b>		
Change in Long Term Borrowings	1,442	(1,852)
<b>NET CASH USED IN FINANCING ACTIVITIES</b>	<b>1,442</b>	<b>(1,852)</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>33</b>	<b>(599)</b>
CASH AND CASH EQUIVALENTS AS AT (CLOSING BALANCE)	68	35
CASH AND CASH EQUIVALENTS AS AT (OPENING BALANCE)	35	634

In terms of our report attached.

**For and on behalf of the Board of Directors**

As per our report of even date

**For N NARESH & CO**

Chartered Accountants

FRN 011293S

Place : Bengaluru  
Date : 20<sup>th</sup> May, 2019**DIVAKAR S SHETTY**  
Executive Chairman  
DIN No. : 00432755**KARTIK NAYAK**  
Jt. Managing Director  
DIN No. : 00477686**PRAVEEN MALLY**  
Jt. Managing Director  
DIN No. : 00798354**VILAS DINGRE**  
Chief Financial Officer**JAGRUTI MURSENIA**  
Company Secretary**S.VENKATESAN**  
Partner M.No.025859



Dear Shareholder(s),

As per the Companies Act, 2013 every Company is required to maintain its Register of Members in updated format. In view of this new requirement, we request you to provide the details as sought below duly filled and signed to our Registrar & Share Transfer Agents:

**INTEGRATED REGISTRY MANAGEMENT SERVICES PRIVATE LIMITED**

No.30, Ramana Residency, 4th Cross, Sampige Road,  
Malleswaram, Bangalore-560 003

Important note: The shareholders holding shares in demat form are requested to update their details to their Depository Participant where they have opened their Demat Account.

Dear Sir/Madam,

I/We wish to furnish the following details for updating in the Company's Register of Members pursuant to Section 88 of the Companies Act, 2013 and Rule 3(1) of the Companies (Management & Administration) Rules, 2014.

Sl. No.	Particulars	Details
1	Folio Number	
2	Name of the Shareholder(s)	
3	Father's/Mother's/Spouse Name	
4	Occupation	
5	Nationality	
6	Address of the Shareholder(s) (Please enclose address proof - self attested copy of Passport/ Driving License/ Bank Pass Book / Telephone Bill / Bank Pass Book/ Aadhar Card)	
7	CIN (In case the shareholder is a Company)	
8	E-mail ID to which the documents/notices can be served electronically	
9	Whether you wish to received Annual Reports in hard copy via Speed post/ Registered Post/ Courier or soft copy via E-Mail	
10	PAN (If available) (Please enclose self attested copy)	
11	A. Bank Name	
	B. Full Address of the Bank	
	C. 9 digit account code number of the Bank & Branch appearing on the MICR cheque issued by the Bank. (Please attach the photocopy of a cheque or a blank cancelled cheque issued by your Bank for verifying the accuracy of the code number)	
	D. Account Type (SB/Current)	
	E. Bank Account Number	
	F. IFSC Code	

Place:

Date:

(Signature of the Shareholder)







**Form No. MGT-11 Proxy form**

[Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies(Management and Administration) Rules, 2014]

Name of the member (s)	
Registered address	
E-mail Id	
Folio No/ Client Id	
DP ID	

I/We, being the member (s) of .....shares of the above named company, hereby appoint

1. Name : .....

Address : .....

E-mail Id: .....Signature : .....or failing him

2. Name : .....

Address : .....

E-mail Id: .....Signature : .....or failing him

3. Name : .....

Address : .....

E-mail Id: .....Signature : .....or failing him

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 39<sup>th</sup> Annual General Meeting of the Company, to be held on the on Tuesday, the 17<sup>th</sup> day of September, 2019 at 10:00 A.M. at Hotel Ajantha, #22/A, M.G. Road, Bengaluru - 560001 and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolution No.	Description of Resolution	Special/ Ordinary	Optional
<b>Ordinary Business:</b>			
1	Adoption of Financial Statements for the year ended March 31, 2019	Ordinary	
2	Appointment of Mr. Divakar Sanku Shetty (DIN: 00432755) who retires by rotation and offers himself for re-appointment	Ordinary	
<b>Special Business:</b>			
3	Re-Appointment of Mr. Babugowda Sanganagowda Patil (DIN: 00061959) as an Independent Director	Special	
4	Appointment of Dr. Jyoti Gopalikrishna Baliga (DIN:00484000) as a Director of the Company	Ordinary	
5	Appointment of Dr. Jyoti Gopalikrishna Baliga (DIN:00484000) as an Independent Director of the Company	Ordinary	
6	Re-Appointment of Mr. Divakar Sanku Shetty (DIN: 00432755) as Executive Chairman And Whole-Time Director	Special	
7	Re-Appointment of Mr. Kartik Manohar Nayak (DIN: 00477686) as Joint Managing Director	Special	
8	Re-Appointment of Mr. Praveen Vittal Mally (DIN: 00798354) as Joint Managing Director	Special	
9	Fixation of the Remuneration of the Cost Auditors of the Company for the Financial Year 2019-20	Ordinary	

Signed this.....day of.....2019

Signature of shareholder : .....

Signature of Proxy holder(s) : .....

Affix  
Revenue  
Stamp

**Note:**

1. This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.
2. It is optional to put a "X" in the appropriate column against the Resolutions indicated in the box. If you leave the 'For' or 'Against' column blank any or all Resolutions, your proxy will be entitled to vote in the manner as he / she thinks appropriate.
3. Please complete all details of Member(s) in the above box before submission.





**Form No. MGT-12**

**Polling Paper**

[Pursuant to section 109(5) of the Companies Act, 2013 and rule 21(1)(c) of the Companies (Management and Administration) Rules, 2014]

**BALLOT PAPER**

**39<sup>th</sup> Annual General Meeting on Tuesday, 17<sup>th</sup> September, 2019 at 10.00 am**

Sl. No	Particulars	Details
1	Name of the First Named Shareholder (In block letters)	
2	Postal address	
3	Registered folio No. / *Client ID No. (*Applicable to investors holding shares in dematerialized form)	
4	Class of Share	Equity

I/We hereby exercise my/our vote in respect of Ordinary/ Special resolution enumerated below by recording my/our assent or dissent to the said resolution in the following manner:

Sl No.	Item No.	No. of shares held by me	I assent to the Resolution	I dissent from the resolution
<b>Ordinary Business :</b>				
1	Adoption of Financial Statements for the year ended March 31, 2019			
2	Appointment of Mr. Divakar Sanku Shetty (DIN: 00432755) who retires by rotation and offers herself for re-appointment			
<b>Special Business:</b>				
3	Re-Appointment of Mr. Babugowda Sanganagowda Patil (DIN: 00061959) as an Independent Director			
4	Appointment of Dr. Jyoti Gopalikrishna Baliga (DIN:00484000) as a Director of the Company			
5	Appointment of Dr. Jyoti Gopalikrishna Baliga (DIN:00484000) as an Independent Director of the Company			
6	Re-Appointment of Mr. Divakar Sanku Shetty (DIN: 00432755) As Executive Chairman And Whole-Time Director			
7	Re-Appointment of Mr. Kartik Manohar Nayak (DIN: 00477686) as Joint Managing Director			
8	Re-Appointment of Mr. Praveen Vittal Mally (DIN: 00798354) as Joint Managing Director			
9	Fixation of the Remuneration of the Cost Auditors of the Company for the Financial Year 2019-20			

Place:

Date:

(Signature of the Shareholder/Proxy/Authorized Representative)



**INSTRUCTIONS :**

1. This Ballot Paper is for the members who have not voted through e-voting facility. A Member can opt for only one mode of voting i.e. either through e-voting or by Ballot Paper. If a Member casts votes in both the modes, then vote cast through e-voting shall prevail and Ballot Paper shall be treated as invalid.
2. Voting rights shall be reckoned on the paid up value of the shares registered in the name of the shareholders as on the cut-off date i.e., 10<sup>th</sup> September, 2019.
3. The vote should be cast either in favour or against by putting tick (✓) mark in the column provided for assent or dissent. Ballot Paper bearing tick marks in both the columns will be treated as invalid. Please do not use Pencil.
4. This form should be completed and signed by the Member/Proxy holder as per the specimen signatures registered with the Company/Depository. In case of joint holding, this form should be completed and signed by the first named member.
5. Any cutting/overwriting on this Ballot Paper should be signed by the shareholder/Proxy holder.
6. There will be only one Ballot Paper for every Folio/DP ID Client ID irrespective of the number of Joint Holders.
7. Unsigned, incomplete, improperly or incorrectly tick marked Ballot Paper will be rejected.
8. To avoid fraudulent transactions, the identity/signature of the Members holding shares in electronic/demat form is verified with the specimen signatures furnished by NSDL/CDSL and that of Members holding shares in physical form is verified as per the records of the Share Transfer Agent of the Company i.e. Integrated Registry Management Services Private Limited. Members are requested to keep the same updated.
9. Where the Ballot Paper has been signed by an authorized representative of the body corporate/ trust/ society, etc. a certified copy of the relevant authorisation / board resolution to vote should accompany the Ballot Paper.
10. The decision of Scrutinizer on the validity of the Ballot Paper and any other related matter shall be final.
11. The Scrutinizer will collate the votes downloaded from e-Voting system and votes cast through Ballot Paper to declare the final result for each of the resolutions enumerated above.
12. The results shall be declared after date of AGM of the Company. The results declared along with the Scrutinizer shall be placed on the Company's website: [www.shetrongroup.com](http://www.shetrongroup.com) and on the website of CDSL [www.evoting.csdsl.com](http://www.evoting.csdsl.com) within forty eight (48) hours of passing of the resolutions at the AGM of the Company and communicated to BSE Limited.