

SHETRON LIMITED

TRANSCRIPT FOR FORTY THIRD (43RD) ANNUAL GENERAL MEETING OF THE COMPANY CONVENED ON TUESDAY, THE 8TH DAY OF AUGUST, 2023 OVER VIDEO CONFERENCING (“VC”) / OTHER AUDIO VISUAL MEANS (“OAVM”) IN COMPLIANCE WITH GENERAL CIRCULAR NUMBERS 14/2020, 17/2020, 20/2020, 02/2021 AND 02/2022 AND ALL OTHER APPLICABLE LAWS AND CIRCULARS ISSUED BY THE MINISTRY OF CORPORATE AFFAIRS (MCA), GOVERNMENT OF INDIA AND SECURITIES AND EXCHANGE BOARD OF INDIA (SEBI).

(MEETING COMMENCED AT 11:00 A.M. AND CONCLUDED AT 11: 34 A.M.)

Panelists:

Mr. Diwakar S Shetty - Executive Chairman and Member

Mr. Kartik Manohar Nayak - Joint Managing Director and Member

Mr. Praveen Vittal Mally - Joint Managing Director and Member

Ms. Bhagya Chandra Rao - Independent Director

Dr. Mita Dixit - Independent Director

Mr. Vilas Dingre - Chief Financial Officer

Ms. Shipra Saha - Company Secretary

Mr. Venkatesan - Representative of Messrs Naresh and Co., Statutory Auditors

Mr. Vijayakrishna K T - Secretarial Auditor

And

Shareholders

Mr. Diwakar S Shetty (Chairman of the Meeting):	<p>Good Morning, Ladies and Gentlemen.</p> <p>In accordance with Article 116 of the Articles of Association, as the Chairman of the Board, let me occupy the Chair.</p> <p>On behalf of the Board of Directors of the Company, I extend a very warm welcome to all of you to this 43rd Annual General Meeting and the fourth AGM of your Company being held through Video Conference.</p> <p>In view of disruptions caused by Covid-19, the Ministry of Corporate Affairs (MCA) and SEBI have permitted the Companies to hold the Annual General Meeting through Video Conferencing or other Audio-Visual</p>
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Means. Accordingly, 43rd AGM of your Company is being held through Video Conferencing (VC).

I call the Meeting to order, as we have the requisite quorum present through video conferencing to conduct the proceedings of this Meeting. Participation of Members through video conferencing is being reckoned for the purpose of quorum as per the circulars issued by MCA and as per Section 103 of the Companies Act, 2013. This Meeting is being held through video conference in accordance with the circular issued by the Ministry of Corporate Affairs and SEBI. Before we start the main proceedings of the Meeting, I take this opportunity of announcing my colleagues on the Board of your Company and other participants who are participating in this video conference.

Mr. Bhagyachandra Rao	Chairman of Stakeholders' Relationship & Nomination & Remuneration Committees	Joined from Bangalore
Dr. Mita Dixit	Independent Director	Joined from Mumbai
Mr. Praveen Mally	Joint Managing Director	Joined from Mumbai
Mr. Kartik Nayak	Joint Managing Director	Joined from Bangalore
Mr. Vilas Dingre	Chief Financial Officer	Joined from Mumbai
Ms. Shipra Saha	Company Secretary and Compliance Officer	Participating from the Registered office, in Bangalore.

Mr. Harish HV has expressed his inability to attend the meeting since he is travelling and has authorized Myself / Mr. Bhagya Chandra Rao, Committee Members to represent the Audit Committee and take on queries, if any from Shareholders. I further acknowledge the participation of Mr. Venkatesan representing Messrs. Naresh & Co, Statutory Auditors

	<p>participating from Bangalore, Mr. Vijayakrishna KT, Secretarial Auditor and also Scrutinizer for this Meeting, participating from Bangalore.</p> <p>As the Notice is already circulated to all the Members, I please take the Notice of the Meeting as read.</p> <p>I now request Ms. Shipra Saha, Company Secretary, to provide general instructions to the members regarding participation in this meeting.</p>
<p>Ms. Shipra Saha (Company Secretary):</p>	<p>Thank you, Sir.</p> <p>Good morning everyone.</p> <ul style="list-style-type: none"> • The Company has enabled the Members to participate at the 43rd AGM through the video conferencing facility provided by Central Depository Services (India) Limited (CDSL), Registrars and Share Transfer Agent in compliance with the applicable circulars issued by the Ministry of Corporate Affairs and SEBI. • Members have been provided with the facility to exercise their right to vote by electronic means, both through remote e-voting and e-voting at the AGM in accordance with the provisions of the Companies Act, 2013 and SEBI Listing Regulations. • The Members joining the Meeting through video conferencing, who have not already cast their vote by means of remote e-voting, may vote through e-voting facility provided by CDSL. • The Company has appointed Mr. Vijayakrishna KT, Practising Company Secretary, as a Scrutinizer who will collate the voting results of the remote e-voting for each of the items as per the Notice. • Representations under Section 113 of the Companies Act, 2013, have been received in respect of all the Promoters, Corporate Shareholders. • Members are requested to refer additional information provided in the Notes to AGM Notice. • The Register of Directors and Key Managerial Personnel, the Register of Contracts or Arrangements, has been made available electronically for inspection by the members during the AGM. Members seeking to inspect such documents can send their requests to investors@shetrongroup.com. • As the AGM is being held through video conference, the facility for appointment of proxies by the Members was not applicable and hence, the proxy register for inspection is not available. • The Company has received requests from a few Members to register them as speakers at the meeting. Accordingly, the floor will be open

	<p>for these Members to ask questions or express their views. The Moderator will facilitate this session once the Chairman opens the floor for questions and answers.</p> <p>Thank you very much. I hand over to the Chairman to continue with the proceedings.</p>
<p>Mr. Diwakar S Shetty (Chairman of the Meeting):</p>	<p>Thank you, Ms. Shipra. The Company has taken all the efforts feasible under the circumstances to enable Members to participate and vote on the items being considered at the meeting.</p> <p>Dear Members,</p> <p>A very warm welcome to each and every one of you. It gives me great pleasure to welcome you to the <u>43rd Annual General Meeting</u> of Shetron Limited.</p> <p>I would like to thank you for sparing the time to join us today from wherever you are, and for your continued faith in Shetron Limited and its management.</p> <p>Global economy is projected to grow by 2.3 per cent in 2023 and 2.5 per cent in 2024, a slight uptick in the global growth forecast for 2023. For many developing countries, growth prospects have subdued due to tightening credit conditions and rising costs of external financing. The global metal cans market estimated at USD 69.2 billion in 2023 and is expected to expand at a compounded annual growth rate (CAGR) of 6.2% The increasing consumption of packaged and processed food & beverages is the primary factor supporting the market growth.</p> <p>For India, the positive effect of high public and private investment and consumption as well as rising exports was partly offset by higher energy import bills, which deepened the current account deficit and ate up reserves. The Minister of State for Steel and Rural Development address that Metal sector can play major role toward self reliant India and US \$ 5 Trillion Economy by 2024-25. As per ASSOCHAM the current outlook and future trends of Metal Industry has growth due to its multiple benefits in almost all walks of life.</p> <p><u>COMPANY SCENARIO:</u></p>

Your Company has started last year industrial packaging for non-agro products and non-seasonal and has received good response from customers. During the year, the Company has taken expansion plan to increase capacity of food cans by installing additional can lines at Bangalore to cover the southern region and also Mumbai to cover western region, expecting growth over the period. Your Company upgraded printing & Coating lines to improve quality and increase capacity to support enhanced capacity of Cans at Bangalore and Mumbai region. The existing customers have increased the volume because of the consistency in quality and services. Your Company also added few global customers which has increased the export sales.

FINANCIAL RESULTS:

The Annual Report received by you refers in detail to the financial performance of the Company for the said year. I shall however present you highlights thereof.

The financial highlights are as under:

- Your Company has achieved a turnover of Rs. 245.50 Crores for the year as against 227.45 Crores for the previous year.
- Your Company's operations ended up with a profit of Rs. 5.55 Crores.
- Your Company has started the Dividend track again. Your Company has declared and paid Interim Dividend in FY 2022-23 and has recommended Final Dividend to the Shareholders in this AGM.

CONCLUDING REMARKS:

I take this opportunity to thank all the stakeholders of the Company - Investors, Customers, Financial Institutions, Banks, Suppliers, the Government and all other Business Associates for their continued support and co-operation. I continue to look at Shetron Limited with great optimism and as a Company with great deal of resilience. The road ahead is full of challenges, but it is equally exciting and promising.

I wish to place on record my deep sense of gratitude to my colleagues on the Board for their counsel and support. I thank you once again for your

	<p>continued faith in Shetron Limited and its management. I wish you and your family members all the best!</p> <p>Thank you</p> <p>As there are no qualifications or observations or comments in the Independent Auditors' Report and in the Secretarial Audit Report, with the consent of the Members, I take the Independent Auditors Report and Secretarial Audit Report as read.</p> <p>As per the Secretarial Standards, I would like Ms. Shipra, Company Secretary of the Company to briefly explain the background of all the Six (6) resolutions proposed to be passed at this AGM for the benefit of all the Members present.</p>
<p>Ms. Shipra Saha (Company Secretary):</p>	<p><u>Thank you, Sir.</u></p> <p><u>Resolution Details:</u></p> <p><u>ORDINARY BUSINESS:</u></p> <p>1. Adoption of Financial Statements for the year ended March 31, 2023.</p> <p>2. Re-appointment of Mr. Kartik Manohar Nayak (DIN: 00477686), who retires by rotation, and being eligible, offers himself for reappointment.</p> <p>3. To confirm Interim Dividend of Re. 0.50 (5%) and to declare Final Dividend of Re. 0.50 (5%) per Equity Share of Rs. 10/- for the financial year 2022-23.</p> <p><u>SPECIAL BUSINESS:</u></p> <p>4. Appointment of Dr. Mita Dixit (Din: 08198165) as Director in the category of Independent Director of the company.</p> <p>5. Re-appointment of Mr. Diwakar Sanku Shetty (Din: 00432755) as Executive Chairman and Whole Time Director.</p> <p>6. Ratification of the remuneration of the Cost Auditors of the Company for the Financial year 2023-24</p>

	Thank you very much. I hand over to the Chairman to continue with the proceedings
Mr. Diwakar S Shetty (Chairman of the Meeting):	<p>Thank you All. If any Member desires to ask any question pertaining to any item on the Notice, he/she may do so now. Members are requested to keep their questions brief and specific. The moderator, a representative from CDSL will facilitate the questions on the video feature. Members may also note that the Company reserves the right to limit the number of Members asking questions depending on the availability of time. Members are requested to mention their name and their Folio ID or Client ID before asking their questions.</p> <p>I shall now request Mr. Praveen Mally - Joint Managing Director & Mr. Kartik Nayak - Joint Managing Director and Mr. Vilas Dingre, CFO to take down questions and I shall furnish replies, explanations and observations to the Members with assistance and cooperation from JMD'S & CFO. I shall now request the Moderator to give his general instructions to the Members who are present and who wish to seek clarifications one by one.</p>
Moderator:	<p>Thank you, Sir. So, each shareholder will have 2 minutes time. Our first shareholder Kankanala Bharat Raj. Bharat you can speak now. Mr. Bharat? Mr. Bharat? can you hear me? Mr. Bharat?</p>
Mr. Diwakar S Shetty (Chairman of the Meeting):	Why not go to 2nd person then come back.
Moderator:	<p>Yes, sir. Mr. Reddeppa Gundluru I will hand over it to you. Yes, Mr. Reddeppa you can please speak.</p>
Mr. Reddeppa Gundluru	<p>Hello, First of all my Chairman Diwakar Sanku Shetty sir and also CFO sir and Kartik Manohar Nayak ji, Praveen sir, Bhagya Chandra Rao sir, Harish Hassan Visweswara ji, Mita Dixit ma'am and Company Secretary Shipra Saha and Auditors, Scrutinizers and my fellow Shareholders of this video conference in this AGM. Good morning sir, Namaste, my name is Reddeppa Gundluru from Hyderabad. Sir, I am financial adviser. As a shareholder I am very happy about the company performance and proud Shareholder of the Company. Sir nice information in your speech you have</p>

	<p>given, lot of information given by you. Chairman sir, sir also I have received the annual report hard copy in the notice period. Sir, I am happy nice annual report with all of informative. Sir, I am welcoming Dr. Mita Dixit I wish her all the best. Also sir corporate governance is very wonderful under the leadership of all KMPs and Company Secretary with maintaining corporate governance very wonderful. Sir, each and everything simple thing also very transparent, sir I am thankful to Mr. Chairman. Sir, as you told us now about dividend track yes I am very happy about dividend track for continuing. Strong operation performance sir with continuous growth sir. Thank you sir, congratulations and also CSR this year you are doing thank you sir. Here my question is sir what is company next level vision sir in couple of years. And also CSR projects what are the CSR projects you are spending sir. Sir my company is doing cost control very excellent sir each group is transparent and consistent sir. Here my another question is what is order in pipeline sir and final question is what is the capex. So nothing more to ask sir, very wonderful Company, Company is performing very good sir. I support all resolution, I have e-voted also sir, would like to thank Company Secretary Ms. Shipra Saha her team is giving wonderful service to all the shareholders sir nice investor relation, appreciation to Company Secretary thank you so much sir I received the annual report and link in time and advance sir. I am very happy sir thank you very much sir I personally believe that the company will achieve under the leadership of Diwakar Sanku sir and Joint Managing Director will achieve higher awards, all the best for FY 2023. I wish board good health and happiness.</p>
Mr. Diwakar S Shetty (Chairman of the Meeting):	Thank you, thank you.
Moderator	I have next speaker, Shareholder Mr. Keshav Garg. Mr. Keshav Garg you can please go ahead.
Mr. Keshav Garg	Thank you for the opportunity, I hope my voice is audible.
Moderator	Yes, you are audible.
Mr. Keshav Garg	I have already sent my list of questions, and I have received the answers of some of the questions. Some other questions I will put before you sir. Kindly, give us some outlook about the current financial year. Sir, post COVID we have been growing really well. So, do you think that we can surpass 300 Crore top line this year and sir also please let us know something about our operating profit margins or EBITA margins. Sir, we are doing around 10% EBITA margin last year, sir which has declined from a peak of 16% in FY 2017, so going forward sir is there any possibility for us again reaching mid-single digit, mid-double digit operating margins or, you think that 10% margin is what we can do. Sir also if you see our operating profit is stagnant at around 20 to 25 crores since 2014 & 15, so you think that we can break out of this range in this financial year. Sir also

	<p>if you could give us some idea that with our current installed capacity and with the present realizations of tinplate, sir what is the maximum revenue that we can generate, provided demand is there and if you operate at full capacity utilization. So also what would be our market share. Sir also wanted to understand sir now interest cost is sir we are taking a big hit due to interest cost so because our profit after Taxes is 6 Crore and we are paying 10 crore interest. So are there any plans to deleverage the Company. Sir, I understand that we have some prime real estate legacy, real estate in Bangalore. So, are we planning to consolidate our manufacturing facilities at a single location and monetize that land and deleverage the balance sheet, what are your thoughts on the same. So also sir you have mentioned. In the annual report that due to the BIS that the government has put quality control order. So sir is the availability of tinplate any issue for us and is it a constraint for us to scale up our business. So the really encouraging thing about the company is sir that our operating margins are though they have reduced from earlier levels of 16% they are still in double digits whereas our competitors are doing some 6 7 percent operating margins. So many congratulations for that to you, sir. If you could give us some idea about our pricing arrangement with our customers. So is the raw material passed through that Like if tin plate prices go up does, uh, I mean, do we have a formula based pricing or is there some kind of a monthly or quarterly price revision or is it a fixed price contract. So basically I'm trying to understand that what is the risk from tinplate prices going up. Sir also you mentioned that we have ventured into some non-agro products like chemicals and paints. So are the margins in those new businesses are lower or higher than our existing business margins. So what are our export prospects are we doing anything different. Also, what is the scope for further value additions. Or is it that we can make some smaller size packaging boxes in which the margin might be a higher. Sir also unfortunately sir if you look at our dividend we have again started paying dividends since past 2 years. And that is a very encouraging thing but if we'll see then our dividend is 50 paisa today versus 2 rupees way back in 2007 and so if we try to see the inflation then actually the dividend in real terms is far lower. So but again since interest cost is so high so it's not prudent to give higher dividend makes sense to pay off the debt instead. These were some of my major questions, sir also I understand our installed capacity is 17 and a half million tonne per annum, so you can kindly correct me if I'm wrong and so if you could just give us some idea that when do we, in your judgment, you think we can operate at full capacity utilization and as the scale of our operation increases. So you think that our margins can go still further high. So that is all from my side. So thank you very much for giving me this opportunity and I wish you best of luck to you and your team. Thank you, sir.</p>
<p>Mr. Diwakar S Shetty (Chairman of the Meeting):</p>	<p>Yes,thank you</p>

Moderator	Thank you Mr. Garg, please go ahead. We don't have any other shareholders, so I request you to please continue.
Mr. Diwakar S Shetty (Chairman of the Meeting):	First one Mr. Bharat is he there or no?
Moderator	Mr. Bharat? Mr. Bharat? Mr. Bharat? No, sir, I think no sir.
Mr. Diwakar S Shetty (Chairman of the Meeting):	<p>Okay, So I think all questions are very relevant. I would like to address to the 1st person who has asked Company's mission, Yes, we have a Mission and Vision, Company has to become One of the prime suppliers of the food can, we have remained on that and we continue to remain number One or number Two in the business, that is first. And our CSR is a small volume this year, I think about, 8 lakhs this year since it is average of last 3 years it's slowly growing up. And regarding the order position, we have said that we have always have a quarterly and monthly order from the customers and we are continuing that kind of position, and they're all the regular customers. As far as the CAPEX is concerned, we are having a regular investment in last two years, 5 to 6 crores in upgrading the line and improve the efficiency on the line, that kind of thing, we are not planning major CAPEX like in few years, we are not planning anything at the moment. Now, you know, that One, uh, point you raised EBITDA the other question was asked reduction from 16/17%. If I have to tell our business mainly there are two business one is the food cans another was a battery as, you know, that globally, battery business is shrinking where it was a very high margins. So that is the one reason for low EBITDA. High margin battery is being replaced by the Packaging. Packaging is normal standard packaging growth is there so EBITDA is around 10% much better than the peer groups and we're trying to improve on this. And hopefully we will as that is our target to reach without affecting our customers 10 to 12% by more operational efficiency, and not by increasing the price, because it will hit our market share. Then there are other point you said that BIS will that be affecting. It was temporary we had an issue but now it is normalized. Our main Tin supplier there are two Company very big guys here, Tata Tinsplates and also JSW they have geared up all the production and we are now getting most of the material localized, very less quantity we import where BIS is there it will not affect the company. Those materials imported without paying any duty against export orders. And pricing again the tinsplate pricing here as you know the sale price quarterly goes up and comes down a little bit accordingly adjusting pricing with our customer they are all long term customers they understand it is a tough job. Our team is able to manage and</p>

pass it out. All the impact of the price we are able to pass so far. We have been doing very well without losing any customer, we are seeing continued support. And our target is to reach 300 Crore this year subject to the market condition. Sometimes with the volume growth we are doing it as well as the value grow. Sometime the template price goes down we have to reduce the price. I'm sure we will try our best. And about the CAPEX as I mentioned earlier also CAPEX we are not planning immediately for large CAPEX. We are gaining as small as rightly mentioned. We have balanced some capacity increase where the food can was growing. And also we have balanced our demand by switching over to the non food items and to non seasonal. So that it continues to support growth and you mentioned about the other business in chemical can, it is not a chemical basically, Okay, We can use one more segment to increase and it's in par with our EBITDA and general business, the volume is still to make big way. We have just started a year and a half to slowly penetrate the market. Hopefully, that will support crop growth. Also bottom line because the overheads remain the same, overheads are not increasing. The one concern point in EBITDA is the interest cost, we are slowly coming down our interest costs year after year, recently, this year we have a slightly upwards by the bank interest and not because the increase of the loan. It is because the bank interest is slightly change in last 1 year. We are keeping quite under control. Hopefully in next 3 to 4 years our interest cost will come down. We are all working for that, and it will happen. It will slowly without upsetting anything. So we keep investing in improvement, in the process as well as the efficiency that we have to continue as I mentioned about 5 to 6 Crore every year. This one, so that way we see it. Definitely in 4 or 5 years time will be better in the interest cost. And as far as the dividend, you are rightly said that we were in the problem so just came back suddenly with our Dividend track. As we are able to improve so just beginning from this year onwards. Trying to see how to reward the shareholders who are with us for long and have suffered also keeping in mind, Hopefully, next year we, we don't know, but let's see the results. There you are. You'll be with us. Well, aim is to improve across. Am I left any other question. Um, yeah, other one detail question we have replied all in detail as you mentioned every point we covered in the mail, hope it will satisfy you and other point you raised here at the top it is all hope I replied it all. Hope Nothing left out. Yeah.

Thank you, Mr. Praveen, Mr. Kartik and Mr. Vilas.

Members may note that the voting on the platform facilitated by CDSL will continue to be available for the next 30 minutes.

Therefore, Members who have not cast their vote yet are requested to do so. The Board of Directors has appointed Mr. Vijayakrishna KT, Practising Company Secretary, as the Scrutinizer to supervise the e-voting process. Further, I hereby authorize Ms. Shipra Saha, Company Secretary, to declare the result of the voting and place the results on the website of the Company, CDSL and Stock Exchange. The resolutions, as set forth in the Notice, shall be deemed to be passed today subject to receipt of requisite number of votes.

We are grateful to all our Shareholders for attending the meeting and I hereby declare the proceedings of this AGM as closed. Thank you very much and see you next year.