SHETRON LIMITED

THE NAME BEHIND THE NAMES

CODE OF CONDUCT FOR DIRECTORS AND SENIOR MANAGEMENT

(Approved on Board Meeting dated 08.02.2016)

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1. Introduction

The matters covered in this Code of Conduct for Board of Directors and Senior Management Personnel ("**Code**") are of the utmost importance to Shetron Limited ("Company"), its shareholders and stakeholders and are essential so that it can conduct business in accordance with legal and ethical values to which the Company is strongly committed.

In terms of Section 149 of the Companies Act, 2013, as amended, and Regulation 17(5) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("**the Listing Regulations**"), as amended, the Company has formulated and adopted a Code of Conduct for its Directors and Senior Management as defined under **the Listing Regulations** duly approved by its Board of Directors ('**the Board**'). The Code shall become effective from the date of board meeting in which the code was approved. .

2. Definitions

2.1. "**Act**" shall mean the Companies Act, 2013, rules framed there under and any amendments thereto.

2.2. "**Associate Compan**y" shall have the same meaning as defined under sub-section (6) of Section 2 of the Act.

2.3. "**Board**" shall mean the Board of Directors of Shetron Limited, as constituted from time to time as per the relevant laws and rules and regulations.

2.4. **"Company"** means Shetron Limited.

2.5. "**Compliance Officer**" shall mean the Company Secretary under Section 2(24) of the Act and Regulation 6 of the Listing Regulations.

2.6. "**Directors**" shall mean members of the board.

2.7. "**Independent Director**" means a director appointed as such in accordance with the relevant provisions of the Companies Act, 2013, rules made thereunder and Regulations of the Listing Regulations, and amendments thereto.

2.8. "**Key Managerial Personnel**" shall have the same meaning as defined under sub-section (51) of Section 2 of the Act.

2.9. "**Relative**" shall mean relative as defined under sub-section (77) of Section 2 of the Act, read with the Companies (Specification of definitions details) Rules, 2014.

2.10. "**Listing Regulations**" shall mean the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time.

2.11. "**Securities**" shall mean the securities as defined in clause (h) of Section 2 of the Securities Contracts (Regulation) Act, 1956.

2.12. "**Senior Management"** or "**Senior Management Personnel"** or "**SMP"** means as provided under SEBI Listing Regulations.

Any other term not defined herein shall have the same meaning as defined in the Act, the Listing Regulations or any other applicable law or regulation as amended from time to time.

3. Applicability

This Code is applicable to all the members of the Board of Directors and Senior Management Personnel of the Company. SMP of the Company shall include members of core management team, excluding the Board of Directors, and shall comprise all the members one level below the Chief Executive Officer/Managing Director/Whole-time Director or manager (including Chief Executive Officer and Manager, in case they are not part of the Board of Directors) , as well as functional heads by whatever name called and the person identified and designated as key managerial personnel of the Company.. Apart from the Code, the Independent Directors, in particular, shall abide by the Code for Independent Directors as laid down in the Act. The same is annexed herewith as **Annexure A**.

4. Compliance with Applicable Laws

The Directors and Senior Management shall comply with all applicable laws, rules, regulations, and guidelines, in all areas and geographies where the Company operates, both in letter and spirit. It is therefore desirable that Directors and Senior Management acquire appropriate knowledge of the legal requirements relating to their roles and duties to enable them to be in compliance thereof and to recognize potential risks, and to know when to seek advice from the legal department.

5. Honest and Ethical Conduct

5.1. Directors and Senior Management are expected to act in accordance with the highest standards of personal and professional integrity, honesty, and ethical conduct, while working on the Company's premises, at offsite locations where the Company's business is being conducted, at Company's sponsored business and social events, or at any other place where they are representing the Company. They shall act in a manner to protect, enhance and maintain the reputation of the Company.

5.2. Further, the Directors and Senior Management shall also take note of the following:

5.2.1. Directors and senior management shall ensure that they use the company's assets, properties and services for official purposes only or as per the terms of appointment.

5.2.2. Directors and senior management shall not receive directly or indirectly any benefit from the company's business associates, which is intended or can be perceived as being given to gain favor for dealing with the Company.

5.2.3. Senior management shall follow all prescribed safety and environment-related regulations.

5.3. Further, the Board and Senior Management Personnel of the Company should:

1. perform their roles with competence, diligence, in good faith and in the best interests of the Company;

2. provide expertise and experience in their areas of specialization and share learnings at the meetings of the Board with best interests of the Company and its stakeholders in mind. They should point the Company's management in the 'right' direction based on their experience and judgement;

3. give careful and independent consideration to the affairs of the Company and all documents placed before them to satisfy themselves with the soundness of key decisions taken by the management. They should call for additional information, where necessary, for making such judgements;

4. not engage in any business, relationship or any activity which detrimentally conflicts with the interest of the Company or bring discredit to the Company. Any situation that creates a conflict of interest between personal interests and the Company and its stakeholders' interests must be avoided at all costs;

5. not achieve or attempt to achieve any undue gain or advantage either to himself or to his relatives, partners, or associates.

6. Conflict of Interest

6.1. Directors and Senior Management must avoid situations wherein financial or personal considerations tend to compromise the exercise of professional judgments in discharge of their duties.

6.2. In addition to mandatory disclosures, Directors and Senior Management shall disclose their association with any other Company which, in their judgment, may lead to conflict of interest with the Company.

6.3. Directors and Senior Management are advised to avoid conducting the Company's business with a Relative, or with a business in which a Relative is associated in any significant role.

6.4. Directors and Senior Management shall as far as practicable, protect the Company's assets from loss, damage, misuse, or theft and ensure that the assets are only used for business purposes and other purposes specifically approved by management and must never be used for unauthorized purposes.

6.5. Unpublished Price Sensitive Information about the Company, which might impact market price of the Securities of the Company, should be kept in strict confidence until publicly released in accordance with the applicable legal requirements and the Regulations. Directors and Senior Management shall not derive any personal benefit or assist others to derive benefit by giving advice of such nature.

6.6. Disclose potential conflicts of interest that they may have regarding any matter at the Board Meetings and any Director having such conflict of interest will abstain himself/herself from discussions and voting on the concerned matter.

7. Privacy and Confidentiality

Directors and Senior Management must maintain the confidentiality of information entrusted to them in carrying out their duties and responsibilities, except where disclosure is approved by the Company or legally mandated or if such information is in the public domain. The Company's confidential and proprietary information shall not be inappropriately disclosed or used for the personal gain or advantage of the Directors and Senior Management.

8. Fair Dealing

Directors and Senior Management shall not take a discriminatory stance towards or give unfair advantage to the Company's employees, customers, suppliers, or competitors through manipulation, concealment, abuse of privileged information, misrepresentation of material facts, or any other unfair-dealing practice. No discrimination shall be done on the basis of caste, religion, sex, nationality, or disability of any kind towards any employee, customer, supplier or any business partner.

9. Insider trading

Director and Senior Management shall not derive benefit or assist others to derive benefit by giving investment advice based on unpublished price sensitive information (as defined in SEBI (Prohibition of Insider Trading) Regulations, 2015) about the Company and therefore constituting insider information. All Directors and Senior Management shall comply with SEBI (Prohibition of Insider Trading) Regulations, 2015 and insider trading policy of the Company.

10. Free and Fair Competition

Directors and Senior Management of the Company shall ensure compliance of Competition laws designed to encourage and protect free and fair market competition in India and elsewhere. The Company is committed to complying with the said regulations to enhance a free and fair market.

11. Violation

In the event of any violation, the same shall immediately upon knowledge, be reported to the Chairman of the Company. The Chairman shall, thereafter, inform the Board of Directors of the Company about such violation at their subsequent meeting.

12. Annual Declaration

As per Regulation 26(3) of the Listing Regulations, every Director and senior management personnel shall affirm compliance with the Code on an annual basis and submit a declaration to that effect.

13. Code for Independent Directors

In addition to the above, the Company expects that the Independent Directors of the Company shall abide by the guidelines, roles, functions, duties and other relevant provisions as applicable to the Independent Director under the code for Independent Directors specified in schedule IV of the Companies Act, 2013, as may be amended from time to time. This code for Independent Director shall serve as a guide to professional conduct for Independent Directors. Adherence to these standards by Independent Directors and fulfillment of their responsibilities in a professional and faithful manner will promote confidence of the investment community, particularly minority shareholders, regulators and companies in the institution of Independent Directors. The Schedule IV of the Companies Act, 2013 as on the effective date of the Code is attached as **Annexure A.**

14. Review and Disclosure

This Code shall be reviewed from time to time and any amendments or modifications thereto shall be subject to the review and approval of the Board of Directors of the Company. This Code shall be uploaded on the website of the Company in compliance with Corporate Governance norms.

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Annexure A

The Code for Independent Directors

As per Schedule IV of Companies Act, 2013, the Code is a guide to professional conduct for independent directors. Adherence to these standards by independent directors and fulfilment of their responsibilities professionally and faithfully will promote the confidence of the investment community, particularly minority shareholders, regulators and companies in the institution of independent directors.

I. Guidelines of professional conduct:

An independent director shall:

1. Uphold ethical standards of integrity and probity;
2. Act objectively and constructively while exercising his duties;
3. Exercise his responsibilities in a bona fide manner in the interest of the Company;
4. Devote sufficient time and attention to his professional obligations for informed and balanced decision making;
5. Not allow any extraneous considerations that will vitiate his exercise of objective independent judgment in the paramount interest of the Company as a whole, while concurring in or dissenting from the collective judgment of the Board in its decision making;
6. Not abuse his position to the detriment of the Company or its shareholders or for the purpose of gaining direct or indirect personal advantage or advantage for any associated person;
7. Refrain from any action that would lead to loss of his independence;
8. Where circumstances arise which make an independent director lose his independence, the independent director must immediately inform the Board; accordingly,
9. Assist the Company in implementing the best corporate governance practices.

II. Role and functions:

The independent directors shall:

1. Help in bringing an independent judgment to bear on the Board's deliberations especially on issues of strategy, performance, risk management, resources, key appointments, and standards of conduct;
2. Bring an objective view in the evaluation of the performance of board and management;
3. Scrutinise the performance of management in meeting agreed goals and objectives and monitor the reporting of performance;
4. Satisfy themselves on the integrity of financial information and that financial controls and the systems of risk management are robust and defensible;
5. Safeguard the interests of all stakeholders, particularly the minority shareholders;
6. Balance the conflicting interests of the stakeholders;
7. Determine appropriate levels of remuneration of executive directors, key managerial personnel and senior management and have a prime role in appointing and where necessary recommend removal of executive directors, key managerial personnel, and senior management;

8. Moderate and arbitrate in the interest of the Company as a whole, in situations of conflict between management and shareholder's interest.

III. Duties:

The independent directors shall—

1. Undertake appropriate induction and regularly update and refresh their skills, knowledge and familiarity with the Company;
2. Seek appropriate clarification or amplification of information and, where necessary, take and follow appropriate professional advice and opinion of outside experts at the expense of the Company;
3. Strive to attend all meetings of the Board of Directors and of the Board committees of which he is a member;
4. Participate constructively and actively in the committees of the Board in which they are chairpersons or members;
5. Strive to attend the general meetings of the Company;
6. Where they have concerns about the running of the Company or a proposed action, ensure that these are addressed by the Board and, to the extent that they are not resolved, insist that their concerns are recorded in the minutes of the Board meeting;
7. Keep themselves well informed about the Company and the external environment in which it operates;
8. Not to unfairly obstruct the functioning of an otherwise proper Board or committee of the Board;
9. Pay sufficient attention and ensure that adequate deliberations are held before approving related party transactions and assure themselves that the same are in the interest of the Company;
10 Ascertain and ensure that the Company has an adequate and functional vigil mechanism and to ensure that the interests of a person who uses such mechanism are not prejudicially affected on account of such use;
11 Report concerns about unethical behaviour, actual or suspected fraud or violation of the Company's code of conduct or ethics policy;
12 Act within their authority, assist in protecting the legitimate interests of the Company, shareholders and its employees;
13 Not disclose confidential information, including commercial secrets, technologies, advertising and sales promotion plans, unpublished price sensitive information, unless such disclosure is expressly approved by the Board or required by law.

IV. Manner of Appointment:

1. Appointment process of independent directors shall be independent of the company management; while selecting independent directors the Board shall ensure that there is appropriate balance of skills, experience and knowledge in the Board so as to enable the Board to discharge its functions and duties effectively.
2. The appointment of independent director(s) of the company shall be approved at the meeting of the shareholders.
3. The explanatory statement attached to the notice of the meeting for approving the appointment of independent director shall include a statement that in the opinion of the Board, the independent director proposed to be appointed fulfils the conditions

specified in the Act and the rules made thereunder and that the proposed director is independent of the management.

4. The appointment of independent directors shall be formalised through a letter of appointment, which shall set out :
   (a) the term of appointment;
   (b) the expectation of the Board from the appointed director; the Board-level committee(s) in which the director is expected to serve and its tasks;
   (c) the fiduciary duties that come with such an appointment along with accompanying liabilities;
   (d) provision for Directors and Officers (D and O) insurance, if any;
   (e) the Code of Business Ethics that the company expects its directors and employees to follow;
   (f) the list of actions that a director should not do while functioning as such in the company; and
   (g) the remuneration, mentioning periodic fees, reimbursement of expenses for participation in the Boards and other meetings and profit related commission, if any.
5. The terms and conditions of appointment of independent directors shall be open for inspection at the registered office of the company by any member during normal business hours.
6. The terms and conditions of appointment of independent directors shall also be posted on the company's website.
   (1) Appointment process of independent directors shall be independent of the company management; while selecting independent directors the Board shall ensure that there is appropriate balance of skills, experience and knowledge in the Board so as to enable the Board to discharge its functions and duties effectively.
   (2) The appointment of independent director(s) of the company shall be approved at the meeting of the shareholders.

V. Re-appointment:

The re-appointment of independent director shall be on the basis of report of performance evaluation.

VI. Resignation or removal:

(1) The resignation or removal of an independent director shall be in the same manner as is provided in sections 168 and 169 of the Act.
(2) An independent director who resigns or is removed from the Board of the company shall be replaced by a new independent director three months from the date of such resignation or removal, as the case may be.
(3) Where the company fulfils the requirement of independent directors in its Board even without filling the vacancy created by such resignation or removal, as the case may be, the requirement of replacement by a new independent director shall not apply.

VII. Separate meetings:

(1) The independent directors of the company shall hold at least one meeting in a financial year, without the attendance of non-independent directors and members of management;
(2) All the independent directors of the company shall strive to be present at such meeting;

(3) The meeting shall:

(a) review the performance of non-independent directors and the Board as a whole;

(b) review the performance of the Chairperson of the company, taking into account the views of executive directors and non-executive directors;

(c) assess the quality, quantity and timeliness of flow of information between the company management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

VII.

Evaluation mechanism:

(1) The performance evaluation of independent directors shall be done by the entire Board of Directors, excluding the director being evaluated.

(2) On the basis of the report of performance evaluation, it shall be determined whether to extend or continue the term of appointment of the independent director.

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