



FORWARD-LOOKING STATEMENTS

The report contains forward-looking statements that involve risks and uncertainties. When used in this discussion, the words like 'plans', 'expects', 'anticipates', 'believes', 'intends', 'estimates', or other similar expressions as they relate to Company or its business are intended to identify such forward-looking statements. Forward-looking statements are based on certain assumptions and expectations of future events. The Company's actual results, performance or achievements could differ materially from those expressed or implied in such forward-looking statements. The Company undertakes no obligation or responsibility to publicly amend, update, modify or revise any forward-looking statements, on the basis of any new information, future event, subsequent development or otherwise.

Navigating this report

Corporate information	1
About us	2
Our product profile	4
Performance highlights	6
5-Year track record	7
Key milestones	8
Chairman's overview	10
We are Driven!	14
CSR @ Setco	24
Board of directors' profiles	26
Management discussion & analysis	28
Directors report	34
Corporate governance report	40
Financial Sections	54
Standalone accounts	55
Consolidated accounts	83

CORPORATE INFORMATION



BOARD OF DIRECTORS

Harish Sheth

Chairman & Managing Director

Arun Arora

Ashok Kumar Jha

Bhalchandra Naik

Harshal Shah

Satish Deshpande

Shvetal Vakil *Executive Director*

Udit Sheth *Executive Director*

AUDITORS

Manesh Mehta & Associates

Chartered Accountants

Vadodara, Gujarat, India

BANKERS

Bank of Baroda

HDFC Bank

SOLICITORS

Wadia Ghandy & Co.

Mumbai, Maharashtra, India

COMPANY SECRETARY

Mihir Mehta

REGISTERED OFFICE

Baroda – Godhra Highway,

Kalol, District Panchmahals,

Pin Code – 389 330,

Gujarat, India.

Website: www.setcoauto.com

CORPORATE OFFICE

2/A, Ground Floor, Film Centre Building,

Tardeo Road, Mumbai – 400 034,

Maharashtra, India

PLANTS

Kalol (Panchmahals), Gujarat, India

Sitarganj, Uttaranchal, India

Paris, Tennessee, United States of
America, Subsidiary

Haslingden, Lancashire,
United Kingdom, Subsidiary

REGISTRAR & SHARE TRANSFER AGENTS

Link Intime India Pvt. Ltd.

C-13, Pannalal Silk Mill Compound,

L.B.S. Marg, Bhandup (West),

Mumbai – 400 078, Maharashtra, India.

INVESTOR GRIEVANCE E-MAIL ID

investor.relations@setcoauto.com

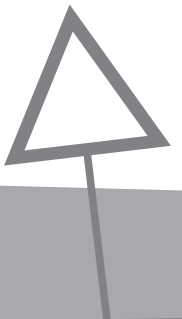
29TH ANNUAL GENERAL MEETING

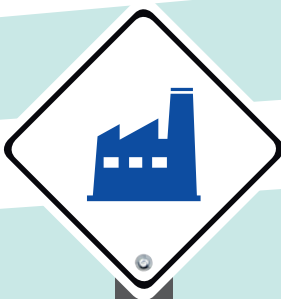
Date: September 17, 2012

Day: Monday

Place: Baroda – Godhra Highway, Kalol,
District Panchmahals,

Pin Code – 389 330, Gujarat, India.





**FOUR MANUFACTURING UNITS
ACROSS 3 COUNTRIES**

01



KALOL
(PANCHMAHALS),
GUJARAT, INDIA

SITARGANJ,
UTTARAKHAND,
INDIA

02



PARIS,
TENNESSEE,
UNITED STATES
OF AMERICA

03



HASLINGDEN,
LANCASHIRE,
UNITED
KINGDOM



**LISTING
INFORMATION**

LISTED ON BOMBAY
STOCK EXCHANGE
STOCK CODE: 505075



OUR STRENGTH

750 EMPLOYEES
INDIA – 650 EMPLOYEES
INTERNATIONAL
OPERATIONS –
100 EMPLOYEES



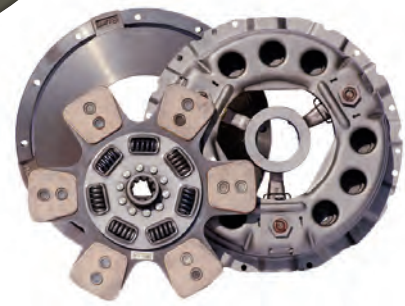


PRODUCTS PROFILE



12"/ 310mm Single

Diaphragm Spring, Push Type Clutch with Organic Driven Plate



13"/330mm Single

Push Type Clutch with Ceramic and Organic Driven Plate



14"/352mm Single & Twin

Press Steel Cover, Direct Pressure Coil Spring,
Pull Type Clutch with Ceramic Driven Plate



**352 Cushioned Ceramic DPA
352 Cushioned Ceramic CA**



362mm Single

Diaphragm Spring, Push Type Clutch with Organic Driven Plate

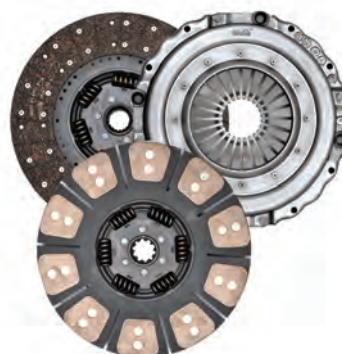


15"/380mm Single & Twin

Direct Pressure Coil Spring, Push and Pull Type Clutch with
Ceramic and Organic Driven Plate



380 Cushioned Ceramic DPA
380 Cushioned Ceramic CA



395-mm-dia-PPA-Push-Diaphragm



16.5"/420mm Single
 Direct Pressure Coil Spring, Push Type Clutch with Organic Driven Plate



17"/430mm Single
 Diaphragm Spring, Pull Type Clutch with Organic Driven Plate



Hydraulics
 (Pressure Converters)

OPERATIONS OVERVIEW

- We crossed Rs. 4 bn mark (in terms of consolidated sales)
- Total production of clutch driven plate increased by 16.6% to 7.15 lac units
- Total production of clutch cover assembly increased by 17.1% to 3.83 lac units

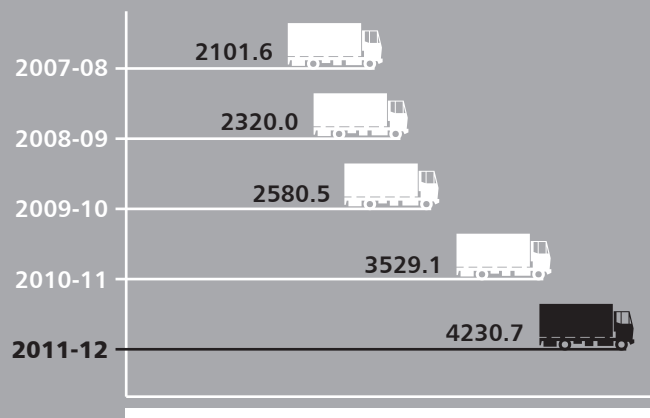
FINANCIAL HIGHLIGHTS FOR 2011-12

- Total revenues increased by 19.8% to Rs. 4230.7 mn
- EBIDTA increased by 17.2% to Rs. 785.0 mn
- Net profits increased by 35.7% to Rs. 454.7 mn
- EPS increased by 35.7% to Rs. 25.77

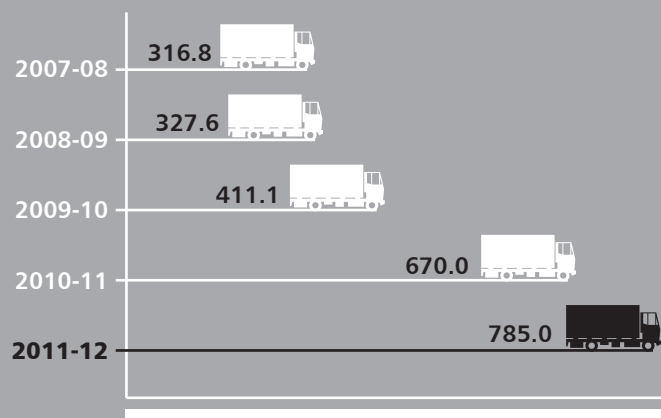
2011-12
PERFORMANCE

5 YEAR TRACK RECORD

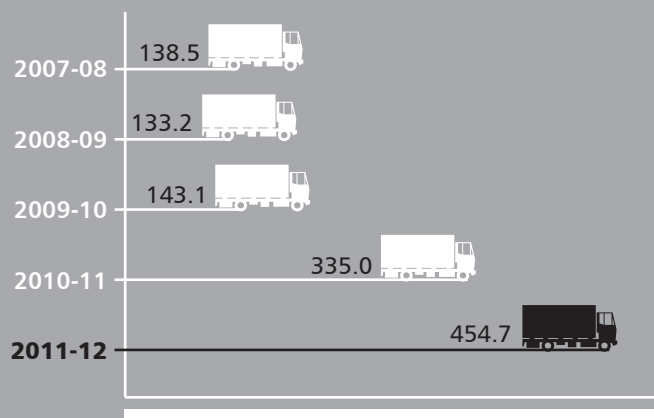
Revenues (Rs. mn)



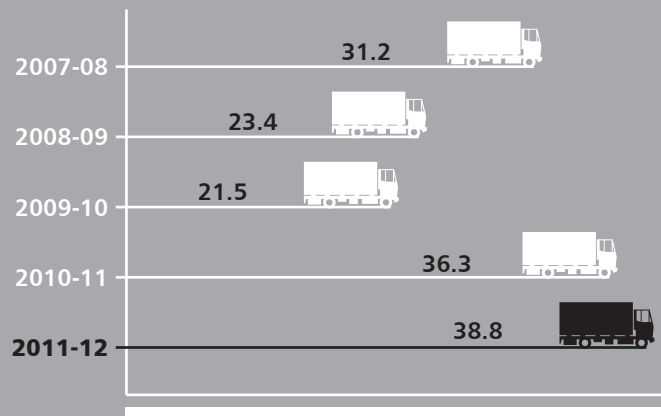
EBIDTA (Rs. mn)



Profit after tax (Rs. mn)



Return on Equity (%)



Return on Capital Employed (%)



**CROSSED
MAJOR
FRONTIERS...
AND YET,**

DRIVEN!

1982 ▶
Year of
Incorporation

1995-96 ▶
Commenced
exports



◀ 2004-05

- Crossed Rs. 500 mn turnover mark
- Started Commercial supplies of new age clutches to Ashok Leyland



2005-06 ▶

- New Vernon Equity Pvt. Ltd is issued 14.17% fresh equity
- Acquires LIPE Clutch Division (UK) from Dana Corporation (USA), and establishes Setco Automotive (UK) Ltd.
- Name changed to Setco Automotive Limited from Gujarat Setco Clutch Limited



◀ 2011-12

- Crossed Rs. 4 billion turnover mark
- Invested heavily in upgrading R&D capabilities



◀ 2010-11

- Crossed Rs. 3 billion turnover mark
- Forayed into newer markets in Central Asia, MENA Region, Africa, Latin America and South Asia.
- Extended SAP to global subsidiaries

1999-2000 ▶

Crossed Rs. 100 mn turnover mark



2000-01 ▶

- Signed a technical collaboration with LIPE UK, a division of Dana Corporation, USA
- Pioneered ceramic metallic clutch technology and offered to Tata Motors as an import substitute



◀ 2003-04

Developed the All India Service Network



◀ 2002-03

Commenced commercial supplies to Eicher Motors



2006-07 ▶

- Crossed Rs. 1 bn turnover mark
- Establishes a wholly owned subsidiary Setco Automotive NA Inc. (SANAI) in Paris, Tennessee for distribution
- Acquires US facility from Haldex AB Sweden for \$4.9 million through SANAI
- Established SETCO Foundation

2007-08 ▶

Set up Assembly operations in Uttarakhand (India)



◀ 2009-10

- Crossed Rs. 2 billion turnover mark
- Commenced operations in Press Shop in Kalol, Gujarat for developing clutches suitable to International vehicle manufacturers such as Volvo and Mercedes
- Invested in robust MIS "SAP"





CHAIRMAN'S OVERVIEW

MR. HARISH SHETH

Chairman & Managing Director

Turning 30 is an exciting feeling. It is a point in one's life-cycle where exuberance and experience co-exist. This is a time when Setco has successfully moved from a family run business to a professionally run corporate.



Dear Stakeholders,

Turning 30 is an exciting feeling. It is a point in one's life-cycle where exuberance and experience co-exist. This is a time when Setco has successfully moved from a family run business to a professionally run corporate. When we started three decades ago, we did not envisage such an eventful journey, but now the company is well poised for tremendous global success. After all, the potential of a vehicle is only tested once it hits the roads. Our character has been built over multiple road-blocks, and converting them into opportunities and successes. It is therefore a fitting coincidence to our fighting spirit that the 30th year also exerted newer challenges including economic slowdown; consistent rise in key input cost and capped realizations. I am proud to say that we didn't disappoint. In 2011-12, our standalone revenues increased by 23% at Rs. 3.71 bn, our EBIDTA increased by 17% at Rs. 697.8 mn and Net Profit grew by 29% at Rs. 424.2 mn. EPS was up by 29% at Rs. 24.05. Our consolidated revenues improved by 20% to Rs. 4.23 bn, while our EBIDTA increased by 17% to Rs. 785.0 mn. Our net profit improved by 36% to Rs. 454.7 mn and our EPS stood at Rs. 25.77, up 36%.

This financial year the auto industry and specifically the commercial vehicle (CV) industry have passed 2 significant milestones; increased competition and technology shift. We have seen a shift in technology where manufacturers have increased their product portfolios, and have demanded more exacting norms for their drive-train. Additionally, global competition has now launched itself in India where existing players have upped the ante and the new ones have come with new technologies, services and products. We have geared up to meet these challenges so that your company continues to be a premier clutch manufacturer in India and a significant player in the global market.

Commodity prices have been volatile and inflation has been increasing in the recent past. However we have been able to maintain our revenue growth momentum and maintain our margins in the last few years by efficient internal controls and improved productivity every year.

In our pursuit for offering our customers the best range of clutches, in 2009, we started investing in developing our competence in designing and manufacturing improved new age clutches. We have actively worked to improve our R&D, and our time to market, with a clear philosophy to continuously upgrade products and launch new ones as well. This hard work has won us nominations on new platforms of existing OEMs and also, new entrants in the market. With the advent of new age clutches in wake of introduction of BS III norms, we were among the first movers to supply these clutches to our customers. Taking this commitment to the next level we have commenced construction of a dedicated R&D center in Kalol, India, which shall commence operations in September 2012. It will further enhance our capabilities to offer value-added and customized clutches to diverse clients.

Our preparedness not only reflects in our capacities to develop new products, but also our client relationships.

Over the years, we have progressively broadened our product portfolio by offering new products to our existing customers and at the same time expanded our customer base both in India and overseas. India has proven its might on account of its cost advantage and its consumption story, thereby driving most of the large global automakers to set up their units in India. In addition to the cost-benefit that the country offers in terms of availability of low cost manpower, as compared to China, India offers greater cognizance to product patent, which in turn leads to better margins for new technology players.

With the influx of global companies in India, the demand for better quality standards and end product quality is getting stricter. For us at Setco, this is a huge advantage. We believe that the improved standards of quality will help consolidate the market; thereby shrinking the unorganized market in favour of organized one. Our ability to offer a wide range of products both to existing customer base and new customers in the OEM and aftermarket segments will enable us grow at a better rate.

In addition to this, we have successfully implemented a strong MIS system with global reach both for internal management as well as customer management. Furthermore, we have put in place a strong Performance Management System, to ensure that each Setco team-member is empowered as a stakeholder of the business and is focused towards the business goals. Last but not the least, we have ensured a strong focus on manufacturing engineering that will ensure that our ability to manufacture large quantities is effectively balanced with great quality. This multi-pronged approach has energized the DNA of the company, its people.

A credible business model also emanates from a credible corporate. Over the years, we have made consistent efforts to strengthen the corporate governance. We have an Independent Board, comprising of highly experienced and

respected professionals who have played a key advisory role in our growth.

Though our country is one of the fastest growing economies, socio-economic problems like poverty, illiteracy, lack of healthcare facilities still exist in abundance and the government has limited resources to tackle these challenges. As a responsible corporate we have identified two areas of prime necessity that will help build a better India.

1. Four years ago, we started the Anganwadi program to provide food, basic nutrition and medical facilities to the underprivileged children of our society. This program also provides for the basic nourishment and medical assistance to expectant mothers in the surrounding tribal villages. Inspired by this program our European Vendors MIBA Frictec GmbH has come forward and co-sponsored additional Anganwadi, which we started in the beginning of this year taking the total to 5 Anganwadis. I am pleased to mention that there are approx 360 children between the age group of 3 years and 6 years and approx 70 expectant mothers who are benefiting from this program. In addition this program also imparts handicraft skill development to approx 100 women aged between 16 years and 40 years who have become financially independent by making a decent livelihood. All these children and women come from multiple religious backgrounds and take advantage of the facilities under one roof thereby also learning to respect each other and develop communal tolerance for each other. For the progress of our country it is important for our future generation to be educated and independent. A recent study has found that approx 40% of children in our country drop out of school before they reach the 7th grade. We have initiated a program in the above Anganwadis to provide pre-school education to under

privileged children below the age of 6 years. This will prepare them for formal primary school going upto higher education and training in their future lives.

2. We encourage all our employees to educate their children by providing them with appropriate financial support. There is a special cash incentive offered for girl children to be educated. I am pleased to mention that approx 50 students have taken advantage of this program and completed their education and ventured out into their professional career including those such as MBA. Currently we have approx 500 students at various different levels in their academic education who are benefiting from this program.
3. We have also adopted a Technical Institute in the Zarod District of Gujarat where we impart technical education to teenagers of the tribal villages and surroundings. These teenagers can be ready to take up employment in their respective fields and make a decent livelihood for themselves and their families.

2012-13 thus far has outlined a challenging scenario in terms of slow-down in industrial production, global debt crisis and increasing inflation. However, for an economy that is presently 4th largest in terms of Purchasing Power Parity, it is expected to remain robust and promising in the long run. Having created a strong foundation, we are at an inflection point. With eyes on the vision to empower through progress, we have set sail for the destination next, with vigor, motivation and belief and I am confident that we will be able to overcome all the challenges in FY 2012 – 13.

Harish Sheth,
Chairman & Managing Director,
Setco Automotive Limited



1982 - 2012 - FUTURE, WE ARE DRIVEN ...

We commenced our humble journey 30 years back, and now looking at the rear-view mirror we can see the terrain we traversed, the corners we turned, the challenges we embraced. As we look at the each milestone we crossed, we realize it is our commitment to excel in everything we do that has brought us to where we are now.

AND TODAY ...

- We are a premier clutch manufacturer in India for M&HCVs and one of the largest in the world
- A motivated team of 750 members across five locations in three countries in three continents
- A critical supplier/partner to India's leading commercial vehicle makers such as Tata Motors, Ashok Leyland, Volvo-Eicher Motors, AMW and Daimler India Commercial Vehicles.
- Our consolidated turnover crossed Rs. 4 billion mark in 2011-12
- Our EBIDTA crossed Rs. 750 million in 2011-12

Our journey has had numerous exciting challenges, each of which we have turned into opportunities. Our team has built capacity to take on these and future challenges to create our own path towards success. Our motivation has been driven by our belief that we can and have and we will continuously develop better products and solutions for our customers in our chosen field of business. Our team enabled us to shape our present and empowered us to think beyond the accepted path. They helped us stay motivated. They helped us stay focused. Moreover, they helped us stay driven.

OUR JOURNEY CONTINUES ...



WE ARE DRIVEN ...

Our future has numerous challenges but we are excited to take these and create a strong global business. As a nation in progress, India is building roads and highways to connect its towns and cities across the country; the norm 'last mile connectivity' is now becoming a reality. Today the highways constitute only 2% of the length of all roads in India, while transport density in the country is very high compared to even other emerging countries such as China or Brazil. With roads, will come be vehicles, new products and new opportunities for us.

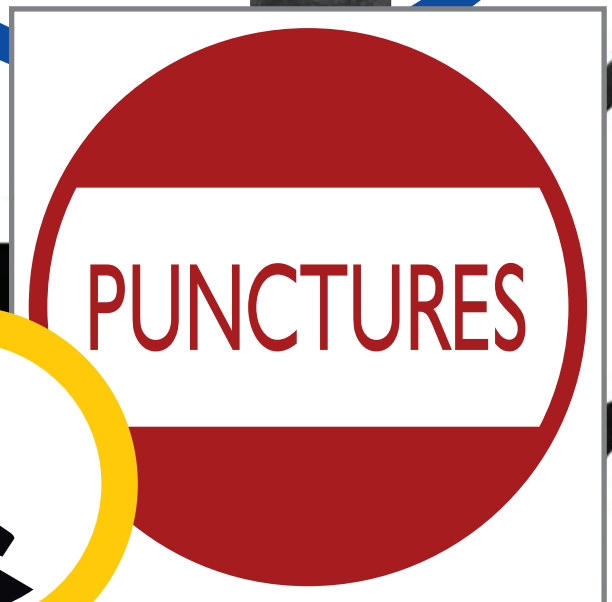
This road development, and the need to connect everyone, has invited global competition in the vehicle business in India, and on its heels brought in competition for us as well. Road development is a catalyst for India's growth into a major power and to bring the economy back into high growth trajectory. While Indian CV giants are expanding to meet rising vehicle demand, global truck makers alike have already set up or are in the process of setting up strong operations in a strategic location such as India. And there lies the opportunity for us. As a market leader in clutches, Setco Automotive has always been a partner of choice for the top Original Equipment Manufacturers (OEMs). Our uncompromising commitment to deliver world-class products coupled with our ability to deliver unparalleled customer service, has enabled us to create long-term relationships and therefore sustain our industry leadership in India each year. But we are investing strongly to ensure we maintain our leading position in our business while expanding in newer areas.

We remain driven in identifying critical areas for expansion and addressing improvement opportunities at hand. In 2011-12, we further raised the bar by producing a greater variety of high technology clutches for our customers and further cementing our value proposition in the industry. We have invested in state of the art R&D facility, we invested in building a larger team and we invested in building a strong techno-commercial road map for the company. This will be an integral part of our customer centric strategy and yield us rich rewards, both in terms of lower response time to the changing market demand as well as building right-cost products without any adverse impact on the quality.

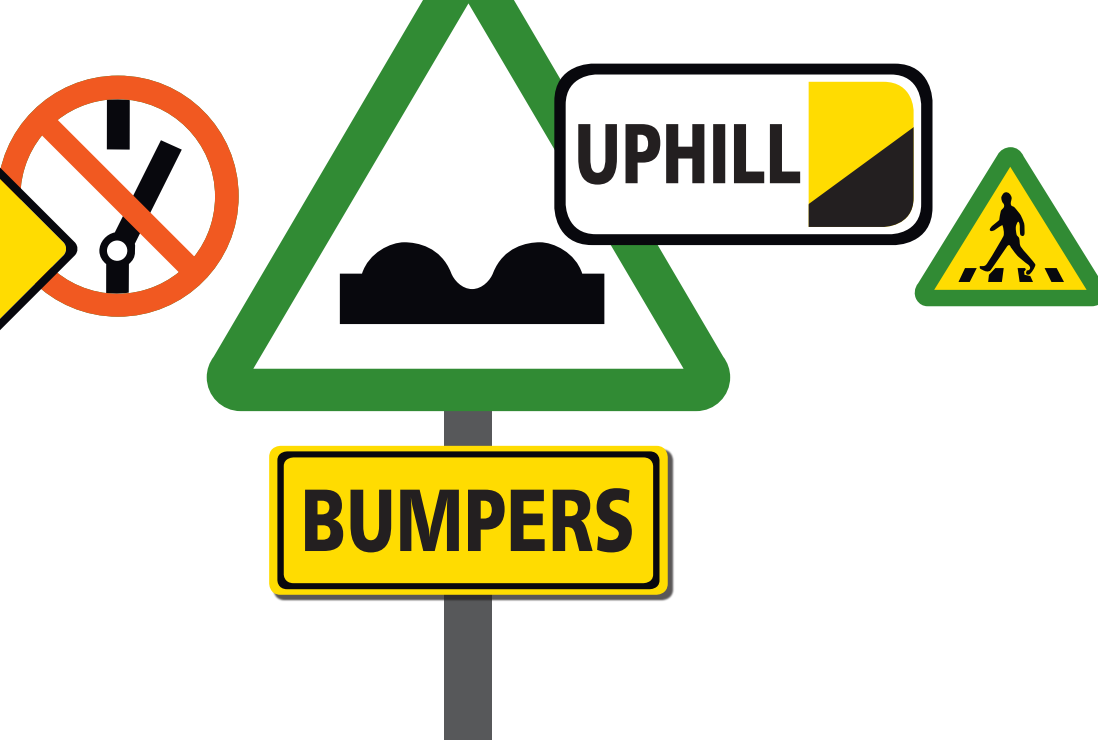




SUBWAYS



DOWNHILL



WE ARE DRIVEN ...

We love challenges. In fact, we thrive on them. At Setco, our biggest drive has been to reach our customer in all conditions. Our Aim has been to ensure smooth functioning of the OEM and the production should never get disrupted because of us.

From setting up a plant in a remote location to exceeding the customers' expectations amidst natural and man-made calamities, we have taken pride in demonstrating our ability to rise against adversities. That is the spirit that is an integral part of our brand, our products and our culture at Setco. Today, we drive on, into new geographies and take on new challenges. While India beckons us with great opportunity, we are equally driven to expand our international business.

Traditionally, we focused on markets with our physical presence for growth. Not any more. We are now busy expanding our reach in Middle East, Africa, Europe, North America and Latin America. Our subsidiaries in the UK and the USA will play a critical role in enabling us to unearth opportunities in newer markets and increase the share of exports from 6% of our total topline now. Our exposure to international automakers coming to India will also help us win more international business.

We are also expanding our product portfolio to newer segments. We have started supplies of our new-age light commercial vehicle (LCV) range of clutches from last quarter of FY2011-12 Demand for LCVs is increasing at a faster pace than demand for M&HCVs in India on account of offering last mile connectivity and affordability.

20

ROAD TAXES

LICENSING OFFICES

PLANT SITES

LOADING DOCKS

WEIGHING BRIDGES

STATE PERMITS

20

ROAD TAXES

LICENSING OFFICES

PLANT SITES

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WEIGHING BRIDGES

STATE PERMITS



WE ARE DRIVEN ...

Our product sits as the fuse in the logistics network of the nation. Our product is designed in such a way so that other products do not get affected and a less expensive product like a clutch fails, rather than the transmission, engine or other. Our clutches— one of the most abused components in the vehicle—has an average life of 250,000/300,000 km, after which it needs to be replaced. In the last decade, more than 3,580,000 M&HCVs were produced in the country. We are driven to ensure that our clutch gives optimized per rupee/ per mile costs to our customers.

Owing to our tie-ups with the OEMs, we have been able to rationalize our distribution cost and offer a wide range of clutches at wider point of sales to our customers. Currently, aftermarket sales account for 43% of our total revenues and have grown @ CAGR of 16% over the past three years.

With better technology and superior quality of trucks coming into the market, the share for branded clutches is expected to grow in a big way. The replacement sales or after-market sales of BS III compliant clutches will begin by October 2012, which will further enable us cement our value proposition among the new vehicle owners. Our road ahead is full of opportunities, with the demand for clutches set to increase steadily.

We have an ongoing plan to increase capacity every year to cope with the increase in demand. We continue to scale up production and invest on modernization, effective automation and debottlenecking. This year our key focus will be process engineering for flawless quality. We have a customer-centric approach, and it matters not whether the client is a mechanic or a OE, we focus on delivering solutions. On the one hand, we are busy reaching out to new global markets and top truck makers, and on the other hand, we are upgrading products for current customers, while investing in build a strong service support to cater to our global market.



WE REMAIN DRIVEN ...

Setco Automotive comprise of 750 highly motivated employees across 4 manufacturing locations and offices, located across 3 continents. We endeavor to provide an environment that encourages talented professionals to perform to their fullest potential. We believe that the development and effective management of our human resources is of core importance towards attaining our vision. We believe in consistent enhancement of skills and knowledge of our employees through sustained investments in their training programmes – both on and off the job. This Human Resource strategy has not only enabled us to attract, develop and retain talent pool but have also led to cordial industrial relations. In the last 22 years not one hour of production loss was caused on account of labour unrest.

Society too plays a silent and yet powerful role in development and smooth operations of each company. At Setco Automotive, we are proud to play some role in giving back some part of our earnings and prosperity to

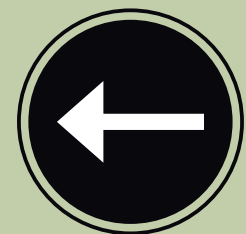
the society. Being a responsible corporate citizen, Setco has dedicated its efforts over the years in uplifting the economically backward sections through education, healthcare and vocational training. We established Setco Foundation in May 2007 to drive these initiatives. We contribute 5% of the net profits annually to fund our welfare programmes to uplift and empower the society.

We are committed to take the responsibility of exhibiting socially responsible business practices that ensures the distribution of wealth and well-being of the communities in which we operate. We have taken several initiatives to provide education and child welfare in Gujarat. We have established four Anganwadis (Nandghars) in Panchmahal district of Gujarat. These Anganwadis provide basic education along with healthy food and health checks to over 250 children aged 3-6 years and 100 children less than 3 years get nutrition and access to the health monitoring services.

In addition, health check-ups are provided to under-privileged expectant mothers and new mothers, along with nutritional diets. Seven more such Anganwadis will be established to cater to the education of over 1000 children in the coming years. At Setco, we have been championing empowerment through education. We believe good education not only enables a person to earn well but also makes him a responsible citizen. We support cost of education for children of our employees across our units, through Setco Foundation. In the last

seven years, this initiative has resulted in college level education for 175 students. We have also adopted ITI in Zalod (Gujarat) for upgrading and modernizing the infrastructure facilities, enabling superior levels of training activities.

Setco Automotive is also associated with a well-respected Charitable organization that promotes activities related to Education, Annakshetra (Food to poor and disabled), Medical Aid and Preserving & Uplifting of Culture.









BOARD OF DIRECTORS' PROFILES



HARISH SHETH,

Chairman & Managing Director

Mr. Sheth is the founder of Setco Automotive. A core visionary of the Company, Mr. Sheth has been instrumental in transforming the Company from a single product/single location to a multiple product/multi location Company, catering towards a remarkable presence for the Company in the international market as well. Mr. Sheth has a Bachelors degree in Mechanical Engineering from the University of Michigan, Ann Arbor and an MBA (Finance) from the Columbia University, New York.



ARUN ARORA,

Independent Director

Mr. Arora has been Executive Chairman with Edvance Learning Private Limited and Edvance Pre-Schools Private Limited. He is also the former CEO of Economic Times and President, Bennett & Coleman.

Mr. Arora also holds an Advanced Management Programme Degree from the Harvard Business School.



ASHOK KUMAR JHA,

IAS (Retired), Independent Director

Mr. Jha retired as the Finance Secretary, Ministry of Finance, Government of India. He has also served extensively in the Ministry of Economic Affairs. Post retirement, he joined the industry as President of Hyundai Motors. Mr. Jha is a graduate from St. Stephen's college in Economics and holds a Masters degree from the Delhi school of Economics. He also holds a Masters Degree in Development Economics from the Australian National University, Canberra.



B. L. NAIK,

Independent Director

Mr. Naik has been associated with the Bank of Baroda in various capacities as the Branch head, Regional head, Zonal head as well as the General Manager. He is a CAIIB by profession.



HARSHAL SHAH,

Non-Executive Director

Mr. Shah is a President at Reliance Capital Ltd and has a rich experience of 15 years of playing diverse roles while being associated with known brand as IBM Global Strategy (USA), Northstar Global Partners (USA), Infostakes, Inc. (USA and India), and Accenture (USA, Singapore and Hong Kong). Mr. Shah is an MBA from the Wharton School of Business. He holds two Bachelor's degrees in Electrical Engineering as well as Computer Science, from MIT.



SATISH DESHPANDE,

Independent Director

Mr. Deshpande has been a consultant with the Tata Economic Consultancy and is associated with various manufacturing industries in various renowned capacities, inclusive of a CEO of an export oriented engineering company. Presently Mr. Deshpande functions as the Vice President and advisor with New Vernon Advisory Services Private Limited, Mumbai for Equity investment opportunities in India. A guest lecturer with Symbiosis Institute of Management - Pune, he also holds a Green Belt – Six Sigma from General Electric Power Systems USA. Mr. Deshpande holds Management degrees from the prestigious IIM, Ahmedabad as well as ISB Hyderabad.



SHVETA VAKIL,

Executive Director

Mr. Vakil has over 39 years of diverse experience ranging from Greenfield projects, setting up JVs, strategizing M&As etc. In his career path, Mr. Vakil has also been associated with Hindustan Unilever wherein he was extensively involved with the setting up of the export business of Agri Products of the Company. He has also been the Director & Vice President in Bunge India Pvt. Ltd., an American Transnational & Global Leader in Veg. Oils and Oilseeds. Mr. Vakil holds a Bachelors' degree from Mumbai University and has also pursued an Advanced Management Programme from IIM, Ahmedabad.



UDIT SHETH,

Executive Director

Mr. Sheth started his career at Setco in 2002. A strategist by temperament, he has been responsible for Strategy and Business Development for Group Information Technology and the Joint Ventures of the Company. A key member within the M&A team, he has contributed to the Company's U.K. and USA acquisitions. Mr. Sheth has a Bachelor's Degree in Science with a specialization in Finance & MIS from Purdue University and has completed an Executive Education program from MIT, Cambridge-Boston, USA.

MANAGEMENT DISCUSSION & ANALYSIS

OVERVIEW FY 2011-12

Within a short span of time following the global financial meltdown in FY 2008-09, the Indian economy showed signs of revival and the momentum continued until FY 2010-11. The growth rate that had dropped to 6.7% was expected to touch 9% in FY 2011-12. However few months into FY 2011-12, there were strong indications that growth rate was slowing down and it would be close to 6%. Some of the reasons attributed for this slow down are global factors like Euro zone crises which also lead to the recession in Europe, sluggish growth rates in countries like USA and the Middle East crises which resulted in the rise of international crude oil which somehow has a direct impact on the Indian economy.

To curtail the increasing inflation rate, Reserve Bank of India increased the interest rates several times between March 2010 to January 2012 by 3.75%. As a result the year witnessed a sharp rise in borrowing costs.








Though the economy is not at its best, the Reserve Bank of India has cut the short-term lending rate for the first time in more than two years, signaling lower rates of finance that will boost both consumption and production. The Prime Minister's Economic Advisory Council recently projected 7.5%-8.0% GDP growth in 2012-13 although the Asian Development Bank (ADB) has pegged it at 7%.

AUTO INDUSTRY

The Indian automotive industry grew by 13.7% to produce more than 20 million vehicles in the year ended March 2012. The overall commercial vehicles segment registered a growth of 18.9%. While medium & heavy commercial vehicles (M&HCVs) grew 7.9%, sales of light commercial vehicles increased 27.4%.

The M&HCV sales growth was lower due to a slowdown in industrial production and trade activity, as well as increase in interest rates. Several transport service providers cut their fleet expansion plans due to slowing industrial activity and tough operating environment where freight rates remained stagnant despite increasing operating costs.

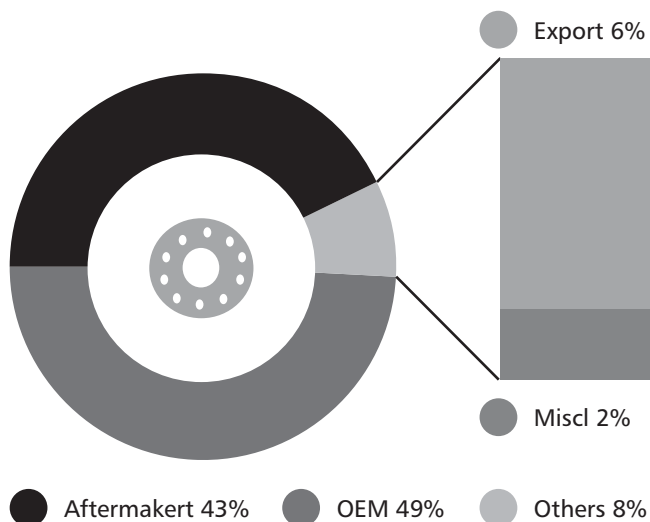
OPERATIONAL HIGHLIGHTS 2011-12

-  Your company has crossed sales of Rs 4 bn; Consolidated Sales for the year were at Rs 4.23 bn, up by 20%
-  Your company continues to outperform the commercial vehicle segment growth of 7.9%, by registering a growth of 40% in the OEM segment, resulting in an overall sales growth of 22% on standalone basis
-  After the turnaround in the last year, both the subsidiaries have embarked on a growth path and continue to remain an integral part of our growth strategy.
-  EBITDA increased by 17% both on a standalone basis and consolidated basis
-  Net Profit increased 29% on a standalone basis and 35% on a consolidated basis
-  Standalone Net Worth of your company grew to Rs. 1.23 bn from Rs. 880.78 mn and Consolidated Net Worth stood at Rs. 1.29 bn, compared to Rs. 922.4 mn
-  The Board of Directors have recommended a dividend of Rs. 4 per equity share and a Bonus shares issue of 1 equity share for every 2 equity shares held in the company

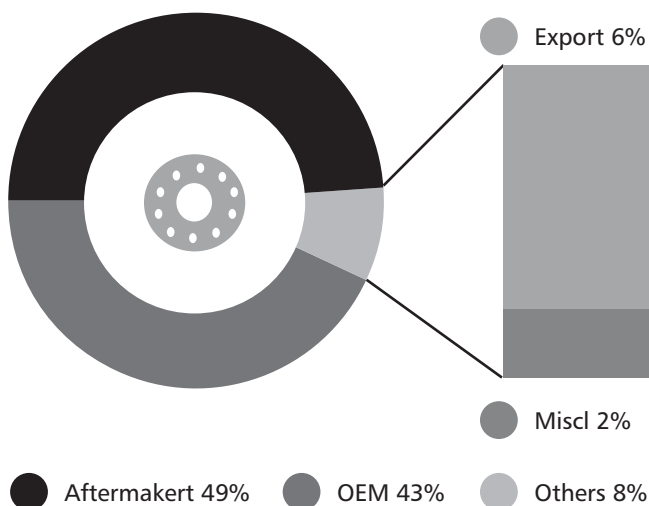
The company has 3 key business segments —Original Equipment Market (OEM), Aftermarket and Exports. The chart on the next page shows revenue contribution from each of these 3 segments.



March 2012



March 2011



OEM segment

Over the years your company evolved as India's largest manufacturer and supplier of clutches to the Medium and Heavy Commercial Vehicles (M&HCV) segment. Your company caters to approx 85% of the demand in the OEM segment. In addition to catering to the requirements of the existing OEM's your company is also working closely to meet the requirements of some of the new Global Commercial Vehicle manufacturers that have ventured into India.

During the year the company commenced supplies to OEM's of Light Commercial Vehicles (LCVs). The LCV segment continues to grow at a rate faster than the M&HCVs. During FY2011-12 the LCV segment grew by 27.4%.

A sizable growth potential is projected in this segment with many global commercial vehicle manufacturers making an entry into India. All these companies are looking to increase localisation and source their parts from domestic suppliers, to manufacture global quality products at competitive costs.

With its strong brand and reputation and being a preferred supplier to all the Indian commercial vehicle manufacturers, Setco has generated interest from these

global players. In fact, the company has already been approved as a preferred source to Bharat Benz (Indian subsidiary of Daimler- Germany) for their requirement of clutches for their trucks that will be on the Indian roads in early part of 2012-13.

Aftermarket

Typically the clutch is one of the most abused components; especially in India where road conditions are not among the best and tendency of overloading the vehicle. As a result of this, the clutch is among few components in the commercial vehicle that calls for regular replacement. The average life of a commercial vehicle clutch is approximately 250,000 kms, which creates a demand for the clutches in the replacement market accordingly. Your company has a strong presence in the aftermarket and has seen a steady growth of approx 20% Y-o-Y. With the introduction of new age / high end commercial vehicles, higher affordability and demand for genuine replacement parts, aftermarket demand is expected to witness a steady rise in future. In fact, in the fourth quarter of FY2011-12 aftermarket has been the fastest growing segment for your company.

Your company services the requirements of aftermarket through a strong alliance with the OES distribution network across the country. This has worked out to be



a Win – Win situation for both, the OEMS and Setco. This arrangement mutually optimizes both our resources and reaches maximum number of distributors across the country.

With the Indian economy expected to grow at a steady pace with improved and increased road network across the country, freight movement by road from one destination to another is bound to increase. This will ensure your company's aftermarket business will grow in a sustained manner.

Exports

Export is a key growth engine for Setco. The company has been taking various steps including initiatives on the R&D front to penetrate into the global markets. The primary focus is to provide superior quality clutches at competitive prices. Setco markets its clutches under the 'LIPE' brand. Our two subsidiaries in the UK and US play a key role in the company's drive to boost its exports and enhance its width in distribution. During the year the company has entered newer markets in Eastern Europe like Poland, Lithuania and South American countries like Peru, Ecuador.

The slowdown in the European economy has somewhat impacted our growth plans in these particular markets. However our continuous marketing efforts and advantage of low cost superior products out of India have started to bear fruitful results. In 2011-12, Setco's exports grew 24% and accounted for approx 6% of its total sales at Rs. 222 mn.

Global Commercial Vehicle manufacturers have ventured into India not only to take a share of the Indian Market demands, but are also making India as their Global Sourcing Hub. This has opened an avenue for your company to explore the opportunity to supply clutches and clutch components for these Global Commercial Vehicles overseas demand.

SUBSIDIARIES

Setco Automotive (UK) Ltd. (SAUL)

The European automotive industry is a key contributor to the European economy and society. Your company has growth plans in the entire Europe, which has huge potential for growth. However, the year 2011 has



witnessed continuous recessionary conditions in the European economy and as expected this has taken a huge toll on the European automotive industry.

Decline in the general buying trend, reduction of manufacturing of new Commercial Vehicles has had its impact on our English Subsidiary. Net Sales declined by 23% at £2.73M against £3.54M in the previous year. However, our ability to adapt to the crises situation helped us to work towards effective cost engineering across the board, which resulted in an increase of Net Profit by 57% at £ 33K.

This subsidiary continues to remain a strong R & D contributor for the group and it continues its thrust on development of new products for the commercial vehicle clutch market. With the availability of new products and our increased penetration into the existing European market will help this subsidiary to grow in the European market.

Setco Automotive (NA) Inc. (SANAI)

The American economy struggling under economic slowdown caused by the FY 2008 – 09 subprime financial crises has been unable to revive itself.

Despite these depressed sentiments, SANAI recorded a 14% increase in Net Sales at \$9.25M compared to \$8.08M in the previous year. This was the result of an aggressive and focused approach towards marketing of our products and penetrating into newer territories in America.

Increased revenue coupled with various cost engineering initiatives has brought back the American subsidiary on track resulting in it posting a Net Profit of \$523K compared to \$69K in the previous year, a growth of approx 8 times.

EXPANSION PLANS

The industry is fast changing and your company realizes the importance of being able to adapt to the ever-increasing demands and expectations of the market. Your company has embarked on the path of expansion and has plans to increase its capacity to match growing demand and cash in on its growth potential. This also included continuous investment in modernization of production facilities and increasing overall efficiency. As a part of our commitment to offer superior quality products

your company is in the process of setting up a state of art Research & Development (R & D) centre at Kalol and has applied for recognition from Dept of Science and Industrial Research, Govt of India. This facility has modern equipment, which facilitate various kinds of tests like endurance testing, fatigue testing and life of the product under extreme conditions, thus ensuring we supply the best quality product in the market.

Your company during the year entered into LCV segment and also plans to expand the range and complete offering to this segment of commercial vehicles in domestic market. In addition your company realizes the potential demand of our products in the international market and has laid down a special thrust to promote exports. Every year your company adds newer markets to its customer base.

In the year 2009, your company had set up a Press Shop as a backward integration. This expansion is paying off very well as the dependence of the press components from external sourcing has substantially reduced and we are able to maintain the strict quality norms. Taking our expansion plans forward; your company plans to invest approx Rs. 200 mn in another backward integration investment to set up a facility to produce in-house Diaphragm Springs. Currently we are sourcing these components from Europe. This will enable your company to transfer this technology into India and maintain the high quality standards and reduce costs. Your company sees these backward integration projects as an integral part of our future expansion plans.

OUTLOOK

Though the immediate future has some uncertainties, there are some signs of easier monetary policy and the government hinting at some austerity measures to spur growth, the momentum is picking up and the India growth story is expected to remain intact despite the Euro zone crisis.

Also, with India remaining one of the fastest-growing economies in the world and is poised to bridge its huge infrastructure gaps by building roads and expressways to take development to more people across the country and meet the growing demand of an ever-expanding middle class, the long-term growth prospect is intact.

In addition, the entry of global vehicle manufacturers will ensure India remains as the favourable destination for global sourcing. According to a recent ACMA report, the Indian auto-component industry is expected to become a USD \$113 bn industry by FY 2020 – 21 from USD \$40 bn in FY 2010 – 11, a growth of approx 1890%. In another report on the commercial vehicle industry, credit rating agency ICRA said that the demand for medium and heavy commercial vehicles will continue to grow in the long term, although near-term risks have increased. It projected long-term growth outlook for M&HCV of 9.5-11.5% CAGR over the next five years.

OPPORTUNITIES

Upswing in truck demand:

Indian economy is expected to revive from the 2nd half of FY 2012-13 and all-existing players have plans to launch new commercial vehicle platforms. Being a preferred supplier and having a strong presence in the Indian Commercial Vehicle clutch market, gives us the opportunity to supply our clutches for these new products. Setco's OEM and OES business is set to boom with this development.

Expanding Clutch Range for LCV Segment

Light Commercial Vehicles (LCV) typically account for around 55% of the commercial vehicles and has been growing at a rapid pace. Your company has recently commenced supply of LCV range of clutches to our existing customers. We see a good potential to grow into the LCV segment too.

Growth in Aftermarket

Supply of the new age BS III compliant clutches in the OEM segment started in October 2011. These vehicles will come for their first BS III compliant clutch replacements towards the end of FY 2012-13. These clutches will help the company fetch higher realisations. In addition, your company plans to penetrate into the aftermarket requirement for the LCV range of clutches.

Global Players' Entry

Global commercial vehicle manufacturers believe in the India Story and have started setting up their plants in India. They are looking for local suppliers in India. Your

company is strongly placed in the MHCV clutch segment to cater to their requirements.

Global Opportunity

Cost advantage offered by India is expected to translate into global automakers sourcing more components from the country. Here again, your company is well placed at an advantageous position.

THREATS

Entry of New Players

Low cost manufacturing in India has not only attracted Global commercial vehicle manufacturers into India, but has also invited many international Tier 1 manufacturers to not only take a share of the India market, but also pass the benefit of low cost for their global requirement. Some of these players have been in India since last few years, but have now stepped up their activity to explore the opportunity to service their Global sourcing requirements. Entry of domestic low cost/unorganized manufacturers offering quality non compliant with OEMs requirement is also a concern.

Demand Slowdown

There is a slowdown in M&HCV sales growth as well as the overall economy. While India is on the path of recovery, the Eurozone crisis and other global factors have the potential to impact growth that may lead to slowdown in industrial activity as well as demand for trucks and buses. Prices of diesel and commodities such as steel may also impact demand for vehicles.

Borrowing Cost

Interest cost has been steadily rising for the last 12 months, though we believe it has reached its peak level but it is a matter of concern.

HUMAN RESOURCES

Your Company's human resource management systems and processes are being further improved to prepare your company to meet enhanced challenges of the next few years. Agenda for the year was identifying and attracting right talent through campus recruitment of engineering and managerial talent as well as putting them through a rigor and prepare them to be a part of tomorrow's leadership team. Extra emphasis is paid to skill





enhancement programs, both external as well as internal as well as multi-skilling on the job. Even for the next year, your company is embarking upon a mammoth training and development program.

Your company, as a progressive employer, restructured compensation commensurate with the size, future direction and industry practices. Human resource team sharply focused on building a robust talent pool, enhancing individual and organizational capabilities, driving greater employee engagement and strengthening employee relations further through progressive practices at the shop floor and in other areas.


CORPORATE SOCIAL RESPONSIBILITY (CSR)


For growth to be responsible, it should go beyond numbers. It should benefit the society and create a better world. At Setco, that is the kind of growth we believe in, and constantly strive for. As a responsible Corporate Citizen we believe it is our responsibility to ensure the upliftment of the underprivileged section of the society. We have taken few initiatives towards fulfilling our responsibilities.


 As mentioned in our earlier reports, your company has adopted 4 Anganwadis in the rural district of Panchmahal, Gujarat. These Anganwadis bring together children from different tribal regions and impart basic education, provide basic nutrition and meals and look after their well-being. The Anganwadis also provides for the nutritional needs of expectant mothers. One of your company's European suppliers "MIBA Frictec GmbH" was inspired by this noble cause and has co-sponsored with your company yet another Anganwadi in the Katol region of Gujarat. Today we cater to approx 500 children's basic needs and plan to expand further.


 Your company firmly believes in nourishing talent for the future of the country. As a result we have taken the responsibility to sponsor the education of all the children of our employees with a special emphasis / incentives for the education of the girl child in the family. We have also begun a pre-school program at the Anganwadis for 3-6 using a combination of play-way and Montessori methods. Our children are benefitting tremendously, and "graduates" of the

Anganwadis are going onto better schools. A recent informal assessment of the children was conducted, and they were meeting the same developmental milestones as those of affluent, urban pre-schoolers

 We had adopted an Industrial Training Institute (ITI) in the backward tribal region of Zalod in Gujarat. This institute primarily engages in imparting training on Technical Skill Development to young villagers of the district, which could enable them to take up some decent employment whereby they could earn a respectable livelihood.

 Your company organizes regular Blood Donation drives in association with the Red Cross Society of India. We also organize regular tree-planting initiatives

 Your company has also organized to provide clean / pure drinking water in the surrounding tribal villages.

 Your company is also associated with Agnihotri K.G. Vyas Charitable Trust, a well-respected Charitable organization that promotes activities related to Education, Annakshetra (Food to poor and disabled), Medical Aid and Preserving & Uplifting of Culture through a more than 100 years old organization named "Shri Krishnashram".

INTERNAL CONTROL SYSTEMS

A company's risk management and internal control system has a key role in the management of risks that are significant to the fulfillment of its business objectives. A robust internal control system contributes towards safeguarding company's assets and the shareholders investment. We realize the importance of having an adequate internal control system to commensurate with the ever-growing business needs. Your company has an efficient Internal Audit Team and the management along with the internal audit committee periodically reviews these reports. There are adequate internal control systems to safeguard from loss, unauthorized use and disposition of its assets. The company is complying with all the Accounting Standards for maintaining books of accounts and reporting of financial statements.

DIRECTORS' REPORT

Dear Members,

Your Directors have the pleasure in presenting this Twenty Ninth Directors' Report together with the audited Annual Accounts of the Company for the financial year ended March 31, 2012.

FINANCIAL PERFORMANCE

The highlights of the financial position for the year under review as compared to the corresponding period in the previous year are given below:

Particulars	Standalone		Consolidated	
	2011-12	2010-11	2011-12	2010-11
Net Sales	3708.0	3026.5	4230.7	3529.1
Operating EBIDTA	697.8	591.7	785.0	670.0
Profit before Taxation	423.2	424.1	461.1	439.5
Profit after Taxation	424.2	328.7	454.7	335.0
Earnings Per Share (in Rs.) (basic)	24.04	18.63	25.77	18.99

(Rs. in Mn)

DIVIDEND

Your Directors are pleased to recommend Dividend at 40% (Rs. 4/- per Equity Share of Rs. 10/- each) on equity shares for the year ended March 31, 2012, maintaining the dividend rate as per the previous year, subject to the approval of shareholders at the ensuing annual general meeting of the Company. The Dividend distribution would result in cash outflow of Rs. 82 Mn (including Dividend Distribution Tax).

BONUS ISSUE

Your Directors are also pleased to state that the Shareholders in the Extra Ordinary General Meeting (EGM) held on August 6, 2012 have approved issue of bonus shares in the ratio of 1 (One) bonus equity share of face value Rs. 10/- each fully paid up for every 2 (two) equity shares of face value Rs. 10/- each fully paid up, to be held on the record date. However, the bonus shares would not be eligible for dividend for the financial year 2011-12.

SHARE CAPITAL

The Company issued 76783 Equity Shares of face value Rs. 10/- each between the period April 2012 to July 2012 under Setco Automotive Limited Employees Stock Option Scheme 2010, thereby increasing the paid up Share Capital to Rs. 177,205,430/-.

OPERATIONS AND FINANCE

Your directors have analyzed Company's operations and financials in detail and the same is provided in the attached report on Management Discussion and Analysis.

FIXED DEPOSITS

Your Company has not accepted any fixed deposits during the year and as such no amount of interest and principal fixed deposit was outstanding as on the balance sheet date.

AUTOMOTIVE INDUSTRY

Rs.1600 billion Indian Auto Component Industry, witnessed moderation in revenue growth and decelerated sales volume growth. This was mainly on account of increase in interest costs, high inflation on the domestic front, fuel price rise and to an extent European Crisis.

The Automotive Industry registered a growth of 13.7 % in 2011-12. This growth was driven by approx 19% growth in commercial vehicle segment.

While the outlook of the industry still remains strong for the long run, the industry faced strong challenges in the form of threat of low cost imports, currency volatility and ability to invest on product development to be able to move up the value chain.



Despite macro-economic challenges like inflation, high interest rates and rising fuel prices, the Company still drove double digit revenue growth at 20 % on consolidated and 22% on standalone basis in 2011-12, which was mainly supported by

- (i) Expanding product portfolio;
- (ii) Changing product mix in favour of higher realization products;
- (iii) Exports to Europe for CV applications supported by a favourable exchange rate scenario;
- (iv) increased sales to domestic replacement market; and
- (v) diversifying into light commercial vehicle segment.

SUBSIDIARIES

During the year under review, Company's subsidiaries have performed well despite slowdown in the global economies.

BOARD OF DIRECTORS

Changes in the Board

The Board at its meeting held on November 14, 2011 appointed Mr. D. Rajagopalan as an Additional Director of the Company.

However, in view of his appointment as Chief Information Commissioner of the State of Gujarat, Mr. Rajagopalan tendered his resignation w.e.f. November 23, 2011 as pursuant to the provisions of Right to Information Act, Mr. D. Rajagopalan cannot hold any office of profit or pursue any profession.

The Board acknowledges the guidance provided by Mr. Rajagopalan during his short association with the Company.

Mr. Pratap Merchant, Independent Director of the Company resigned from the Board effective from July 6, 2012. During a long tenure of eleven years that Mr. Merchant was on the Board, his contributions were immense. His vast and rich experience was very useful in directing the Company's strategies. The Board places on record its deep appreciation and gratitude for his guidance and contribution to the Company.

Re-appointment

In terms of the provisions of the Companies Act, 1956 and the Articles of Association of the Company, Mr. Harshal

Shah and Mr. Arun Arora, Directors of the Company retire by rotation as Director at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment.

The Information on the particulars of Directors seeking appointment / re-appointment as required under Clause 49 of the Listing Agreement of the Stock Exchange is provided in Report on Corporate Governance annexed to this report.

Your directors recommend reappointment of Mr. Harshal Shah and Mr. Arun Arora as Directors of the Company. A resolution to the effect is placed for your consideration and approval.

AUDITORS

M/s. Manesh Mehta & Associates, Chartered Accountants, the Statutory Auditors of the Company will be retiring at the ensuing Annual General Meeting. M/s. Manesh Mehta & Associates have confirmed their eligibility and willingness to accept appointment as Statutory Auditors for Financial Year 2012-2013.

Your directors recommend reappointment of M/s. Manesh Mehta & Associates, Chartered Accountants as Statutory Auditors of the Company for the financial year 2012-13. A resolution to the effect is placed for your consideration and approval.

Directors' Responsibility Statement

Your Directors, in compliance of Section 217 (2AA) of the Companies Act, 1956, and to the best of their knowledge and belief, hereby confirm that:

- (i) In the preparation of the annual accounts, the applicable accounting standards have been consistently followed by the Company as stated in the Significant Accounting Policies and that no material departure was made for the same.
- (ii) Accounting policies have been consistently applied and your Directors made judgment and estimates that were 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, March 31, 2012 and the profit of the Company for the year ended on that date.
- (iii) Proper and sufficient care has been taken for the

maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.

- (iv) The annual accounts have been prepared on a going concern basis.

Declaration under Section 212 of the Companies Act 1956

Pursuant to Section 212 of the Companies Act, 1956, a summary of key financials of subsidiaries viz. Setco Automotive (UK) Ltd., (SAUL), Setco Automotive (NA), Inc, (SANAI), WEW Holdings Limited, is provided in this Annual Report.

Pursuant to notification issued by Ministry of Corporate Affairs, the companies are now exempted from attaching the copy of the Balance Sheet, Profit & Loss Account, Directors' Report, Auditors' Report of the subsidiaries with the Balance Sheet of the Company on fulfillment and disclosure of necessary information as stated in the said notification.

The Company will make available these documents upon request by any member of the Company.

INVESTMENTS

The members at its general meeting held on September 20, 2007 had authorized the Board to make investments up to Rs. 50 crores as required under the provisions of the Companies Act, 1956.

Considering the net worth on March 31, 2012, the eligible amount up to which the Company can invest is more than the earlier sanction. The Company proposes to invest its surplus funds in suitable investment avenues from time to time.

CORPORATE GOVERNANCE

Your Company is driven with belief in transparency, better corporate governance practices and compliances, not restricting to the requirement of Clause 49 of the Listing Agreement but extending / strengthening internal norms of compliance and reporting.

As required, the Management Discussion and Analysis Report and the Corporate Governance Report along with Auditors' Certificate thereon form part of this Report is attached herewith.

EMPLOYEES RELATIONS

The industrial relation during the period under review remained cordial. The Company has received full cooperation from its employees at all levels during the year. The efforts made by them in achieving all round improvements in operations and management is commendable and your company sincerely appreciates their contribution.

HUMAN RESOURCES

With globalization, saturation of the job market due to recent downturn in global economies, various Companies started concentrating wider attention to its human capital. Further, to develop a competitive edge over competitors, the Companies leveraged workforce as a competitive weapon.

At Setco, we believe that machines are important in the production process but the man behind the machines is more important. He transforms the lifeless factors of production into useful products. Following this strategy, the Company continued concentrating on providing regular training, education and developments needs and better working facilities to ensure that the employee are more competent, able and highly productive.

This is reflected with number of our employees who are associated with the Company for more than 15 years is growing year on year.

The Company also continued its practice of felicitating and rewarding employees for their contributions and participation in Suggestion Schemes, Kaizens etc. These have contributed favorably in terms of cost reduction and improvement in efficiencies. The Company also rewards employees for their long services on completion of 15 years as well as 25 years in service.

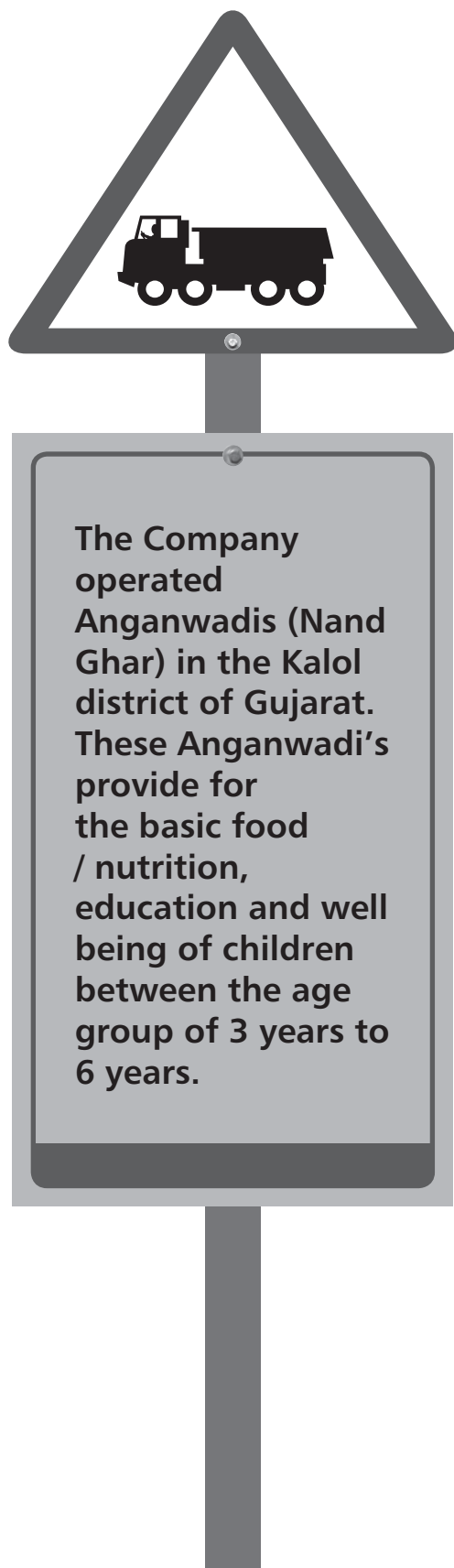


EMPLOYEE STOCK OPTION PLAN (ESOPS)

Details of shares issued under the Setco Automotive Limited Employee Stock Option Scheme 2010 as also the disclosures in compliance with Clause 12 of the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, as amended from time to time, are set out as follows:

Particulars		Grant I	Grant II
a)	Total number of Options granted		
	- For Financial Year 2010-11	92,250	115,750
	- For Financial Year 2011-12	Nil	Nil
b)	Pricing Formula	Fair Market Value of the Shares as on the date prior to the date of meeting of the Compensation Committee in which Options would be granted to the Eligible Employees.	
(c)	Options Vested during the year	45,677	35,041
(d)	Options Exercise during the year	Nil	Nil
(e)	Total number of shares arising as a result of exercise of Option	Nil	Nil
(f)	Options lapsed	1,424	10650
(g)	Variation of terms of Options	N.A.	N.A.
(h)	Money realized by exercise of Options	Nil	N.A.
(i)	Total number of Options in force	90,826	105,100
(j)	Grant to Senior Management	Nil during the financial year 2011-12	
(k)	Employees receiving 5% or more of the total number of Options granted during the year	None	
(l)	Employees granted Option equal to or exceeding 1% of the issued capital	None	
(m)	Diluted earnings per share pursuant to issue of shares on exercise of Options calculated in accordance with Accounting Standard (AS) 20 'Earnings Per Share'	Rs. 24.01 per share	
(n)	Method of calculation of Employee compensation cost	The employee compensation cost has been calculated using the intrinsic value method of accounting for Options issued under the Scheme.	
(o)	The Difference between the employee compensation cost computed using intrinsic value of the stock options, and the fair value of the options and the impact of this difference on profits and EPS	Employee compensation cost would have been higher by Rs. 22,28,648 during the year, had the Company used fair value method for accounting the options issued under ESOS.	
(p)	Impact of this difference on Profits and on EPS of the Company	Profits would have been lower by Rs. 22,28,648 and E.P.S. would have been lower by Rs. 0.13 during the year, had the Company used fair value method of accounting the options issued under ESOS.	
(q)	Weighted average exercise price	Rs.93	Rs.124
(r)	Weighted average fair value of options based on Black Scholes methodology	Rs.46.31	Rs.38.28
(s)	Significant assumptions used to estimate fair value of options including weighted average		
i.	Risk free interest rate	8.36%	8.28%
ii.	Expected life	2.00	2.51
iii.	Expected volatility	43.61%	46.88%
iv.	Expected dividends	1.73%	1.73%
v.	Closing market price of share on a date prior to date of grant	Rs.119.90	Rs.119.90

No employees have been issued share options during the year equal to or exceeding 1% of the issued capital of the Company at the time of the grant.



The Remuneration Committee at its meetings held on April 10, 2012, May 14, 2012 and July 5, 2012 allotted 61,199 equity shares, 11,062 equity shares and 4,522 equity shares respectively aggregating to 76783 equity shares of face value of Rs. 10/- each under Setco Automotive Limited Employee Stock Option Scheme – 2010. The aggregate amount realized from exercising these shares was Rs. 8.14 Mn. The details of shares issued to Directors are provided in the Corporate Governance Report attached herewith.

A certificate from the Statutory Auditors of the Company certifying that the Setco Automotive Limited Employee Stock Option Scheme – 2010 has been implemented in accordance with the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and the resolution passed by the members will be placed before shareholders at the Annual General Meeting for perusal.

Particulars of Employees

The information relating to the particulars of employees as required pursuant to Section 217 (2A) of the Companies Act, 1956 read with Companies (Particulars of Employees Rules, 1975, as amended, are set out in the Annexure to Directors Report. However, as per Section 219(1)(b)(iv) of the Act, the Directors' Report is circulated to all members excluding the aforesaid information about the employees. Any shareholder interested in obtaining a copy of said information may write to the Company Secretary at the Company's Registered Office.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

The Company realizes its moral obligation towards corporate social responsibility and has committed to spend up to 5% of its net profits towards CSR.

The Company operated Anganwadis (Nand Ghar) in the Kalol district of Gujarat. These Anganwadi's provide for the basic food / nutrition, education and well being of children between the age group of 3 years to 6 years. They also cater to the nutritional and medical requirements of under privileged expectant mother in the surrounding villages.

Inspired by this noble cause, our European supplier M/s. Miba Frictec GmbH has sponsored two additional Anganwadi's during the year thus bringing the total to five. Currently these Anganwadi's support approx 360



Children between the age group of 3 years to 6 years and about 70 expectant mothers from economically weaker section are availing the aforesaid facilities. Further, around 100 women in the surrounding area were given self employment and supportive training.

The Company is identifying centres to build additional Anganwadis to cater to a larger section of this community.

The company has been encouraging its employees to educate their children by sponsoring the entire education cost. This program has been a great success and approx 50 students have completed their academic studies and have started their professional lives. Currently there are approx 500 students at different levels of their academic career who are taking advantage of this facility.

The Company has signed MOU with the Government of Gujarat for developing K-12 school with sports academy. The Company is awaiting allotment of land by the Government.

During the year the Company has associated itself with Agnihotri K-G Vyas Charitable Trust to provide Education Annakshetra (Food for disabled), Medical Aid and Preserving & Uplifting of Culture through a more than 100 years old organization named "Shri Krishnashram".

Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo

- A. Conservation of Energy:** The operations of the Company are not energy – intensive. However, the Company takes necessary steps wherever applicable, to conserve energy. To this extent, employees and operators are regularly educated about saving energy.

- B. Technology Absorption:** The Company's product i.e. clutches for commercial vehicles are manufactured under the proprietary technology and heritage 'Lipe' Brand. Most of the components for manufacturing clutches are procured indigenously. Certain critical components are imported in order to offer better quality to customers and at a competitive price.
- C. Foreign Exchange Earnings and Outgo:** Details of foreign exchange earnings and outgo during the financial year 2011-2012 are furnished in notes to the accounts.

QUALITY STANDARD ACCREDITATION

Your Company is ISO 9002 as well as TS 16949 certified in line with the global requirements of the automotive sector by Bureau Veritas Certification (formerly BVQI).

Further, the Company's Unit was accredited with Environmental Management System (EMS) (ISO 14001) as well as Occupational Health and Safety Standards (OHSAS 18001) Certification.

APPRECIATIONS:

Your Directors place on record their sincere appreciation for the assistance and guidance from all our stakeholders including financial institutions and banks associated with the Company. Your Company's employees are instrumental in your Company's scaling new heights year after year. The commitment of the each and every Setco Family Member are appreciated and deeply acknowledged. We look forward to delivering more value to every stakeholder.

For and on behalf of the Board
Harish Sheth
Chairman and Managing Director

Mumbai
 August 6, 2012

CORPORATE GOVERNANCE REPORT

1. PHILOSOPHY:

Corporate Governance is principles of equity, expression of sound policies, relationship with stakeholders, honest communications, commitment to values and business ethical practices.

The Company's believes that strong corporate governance retains shareholder's trusts, ensures efficient working and proper conduct of business activities with integrity. Further, good corporate governance also lowers of the cost of capital by reducing risk and creates higher firm valuation. The Company's belief in Corporate Governance is practiced through timely and accurate disclosures of information regarding financial status.

In accordance with Clause 49 of the Listing Agreement, the details required are set forth.

2. BOARD OF DIRECTORS

The Board of Directors is at the heart of corporate governance. The principal role of the board of directors – as representatives of the shareholders, is to oversee the function of the organization and ensure that the Company continues to operate in the best interests of all stakeholders.

An active, well informed and independent Board is necessary to ensure high level of corporate governance.

(i) Composition of the Board

The Board of Directors of the Company comprising executive, non executive and independent Directors are properly blended with in-depth knowledge and expertise accelerating the growth of the Company.

The composition of Board of Directors is in conformity with Clause 49 of the Listing Agreement. The Board comprises 8 Directors of which 4 (Four) Directors are Independent, 1 (One) Director is Non Executive and 3 (Three) Directors are Executive.

The Composition of Board and category of Directors are as follows:

Category	Name of the Director
Executive Directors	
● Promoter Directors	1. Mr. Harish Sheth
	2. Mr. Udit Sheth
● Non Promoter Director	3. Mr. Shvetal Vakil
Non Executive Directors	
● Independent	4. Mr. Arun Arora
	5. Mr. Ashok Kumar Jha
	6. Mr. Bhalchandra Naik
	7. Mr. Satish Deshpande
● Non Independent	8. Mr. Harshal Shah

Mr. Harshal Shah, Non Executive Director is related to Mr. Harish Sheth and Mr. Udit Sheth.

As prescribed under Clause 49 of the Listing Agreement, none of the Directors is a member of more than ten Committees nor is any of them, a chairman of more than five committees in which they are members.

(ii) The dates of Board Meetings, record of attendance, directorships of public limited companies & Membership / Chairmanship are as follows:

Board Meetings / Procedure

During the financial year, four Board Meetings were held on May 30, 2011, August 11, 2011, November 14, 2011 and February 7, 2012.

Proper notices and detailed agenda papers for the Board / Committee meetings are sent well in advance. All material information is circulated to the Directors alongwith agenda papers to enable Directors to study deliberate, suggest and guide the Company in its decisions.



The Board at its meeting reviews performance of the Company, business plans, annual budgets, capex plans, appointment / remuneration of senior management, functioning of foreign subsidiaries, general economic conditions, foreign exchange exposures, details of investor grievances and major legal issues.

Further, the Board also periodically reviews the compliance reports of applicable laws to the Company as well as steps taken to rectify instances of non compliances.

The following table provides the attendance record at the Board Meeting and Annual General Meeting of the Company during the financial year 2011-12 and directorships, memberships and chairmanships in other public limited companies:

Name of the Director	No. of Board Meetings Attended	Attendance at the AGM	No. of Directorship of Public Limited Companies @	No. of Membership in Committees#	No. of Chairmanship in Committees#
Mr. Harish Sheth	4	Present	2	1	Nil
Mr. Arun Arora	3	Absent	2	2	Nil
Mr. Ashok Kumar Jha	3	Absent	3	1	Nil
Mr. Bhalchandra Naik	4	Present	1	1	Nil
Mr. D. Rajagopalan*	1	--	--	--	--
Mr. Harshal Shah	3	Absent	1	2	Nil
Mr. Pratap Merchant**	3	Present	6	5	3
Mr. Satish Deshpande	3	Absent	3	3	1
Mr. Shvetal Vakil	4	Present	2	2	1
Mr. Udit Sheth	4	Absent	1	Nil	Nil

@ Including Directorship of Setco Automotive Limited.

Committees considered are Audit Committee and Shareholders' / Investor's Grievance Committee including that of Setco Automotive Limited.

* Mr. D. Rajagopalan was appointed as an Independent Director w.e.f. November 14, 2011. However, on his appointment as Chief Information Commissioner, State of Gujarat, Mr. D. Rajagopalan resigned as a Director w.e.f. November 24, 2011.

** Mr. Pratap Merchant resigned as a Director w.e.f. July 6, 2012.

(iii) Details of Directors seeking appointment / re-appointment at the Annual General Meeting

Mr. Harshal Shah and Mr. Arun Arora retire by rotation and being eligible offers themselves for re-appointment.

The brief resumes of directors seeking re-appointment is annexed to this Report.

3. COMMITTEES OF BOARD OF DIRECTORS

As on March 31, 2012, the Board has four Committees viz. Audit Committee, Shareholders' / Investor's Grievance Committee, Remuneration Committee and Finance / Operations Committee. The composition of committees is in accordance with the Companies Act, 1956 and the Listing Agreement.

Audit Committee:

The Audit Committee reviews financial statements, internal audit reports by the independent internal auditors, recommends appointment and scope of internal auditors and appointment of statutory auditors and recommending their remuneration to the Board.

The composition of Audit Committee is in accordance with the Companies Act, 1956 and Clause 49 of the Listing Agreement.

The Committee met 5 times during the financial year 2011-12 viz. May 30, 2011, August 11, 2011, November 14, 2011, February 7, 2012 and March 6, 2012. The detailed constitution and attendance at the Committee meetings which were held during the year are as follows:

Name of the Director	Category	Position	No. of meetings held	No. of meetings attended
Mr. Pratap Merchant	Independent Director	Chairman	5	4
Mr. Ashok Kumar Jha	Independent Director	Member	5	4
Mr. Bhalchandra L. Naik	Independent Director	Member	5	5
Mr. Harshal Shah	Non Executive Director	Member	5	4
Mr. Satish Deshpande	Independent Director	Member	5	4

The Chairman of the Audit Committee attended the Annual General Meeting of the Company held during the year under review.

The Chairman & Managing Director, Statutory Auditors and Chief Financial Officer are invitees to the Audit Committee Meetings. The Company Secretary acts as the Secretary to the Committee.

Mr. Satish Deshpande was appointed as a Chairman of the Audit Committee and Mr. Arun Arora was inducted as a member of the Audit Committee w.e.f. July 5, 2012. Mr. Pratap Merchant resigned as a Director w.e.f. July 6, 2012.

Shareholders' / Investor's Grievance Committee:

The Shareholders' / Investor's Grievance Committee has been formed to review necessary actions for redressal of investor grievances, complaints, cases of transfers, transmissions, issue of duplicate share certificates, etc.

The Shareholders' / Investor's Grievance Committee comprises of 4 Directors, of which two are independent Directors, one non executive director and one executive director. The Chairman of the committee is an Independent Director.

The committee met 4 times during the financial year 2011-12 viz. May 30, 2011, August 11, 2011, November 14, 2011 and February 7, 2012. The detailed constitution and attendance at the committee meetings is as under:

Name of the Director	Category	Position	No. of meetings held	No. of meetings attended
Mr. Satish Deshpande	Independent Director	Chairman	4	3
Mr. Arun Arora	Independent Director	Member	4	3
Mr. Harish Sheth	Chairman and Managing Director	Member	4	4
Mr. Harshal Shah	Non Executive Director	Member	4	3

Mr. Mihir Mehta, Company Secretary and Mr. Kalpesh Shah, Manager are designated as the Compliance Officers of the Company.

The status of investor grievances received during the financial year 2011-12 is as follows:

No. of Complaints pending at the beginning	Nil
No. of Complaints / queries received	52
No. of complaints resolved	52
No. of complaints pending as on March 31, 2012	Nil

Remuneration Committee:

The Remuneration Committee was constituted to consider / review the managerial remuneration.

The remuneration committee comprises of four Directors all of them are independent. The composition of Remuneration Committee is in accordance with Clause 49 of the Listing Agreement and the Companies Act, 1956.



The committee met once during the financial year 2011-12 viz. May 30, 2011. The detailed constitution and attendance at meetings of the committee is as under:

Name of the Director	Category	Position	No. of meetings held	No. of meetings attended
Mr. Pratap Merchant	Independent Director	Chairman	1	1
Mr. Arun Arora	Independent Director	Member	1	1
Mr. Ashok Kumar Jha	Independent Director	Member	1	1
Mr. Satish Deshpande	Independent Director	Member	1	0

Mr. Bhalchandra Naik was inducted as a member of the Remuneration Committee and Mr. Satish Deshpande was designated as a Chairman of the Remuneration Committee w.e.f. July 5, 2012. Mr. Pratap Merchant resigned as a Director w.e.f. July 6, 2012.

The terms of reference of remuneration committee is appointment / re-appointment of the Executive Directors and their remuneration, remuneration payable to relatives of Directors, approve grant of stock options to the employees and directors of the Company (other than promoter directors) and subsidiaries, such other functions and take such decisions as are required under Employees Stock Options Plan of the Company and discharge such other functions or exercise such powers as may be delegated to the Committee by the Board from time to time.

The Remuneration Committee considers recommending remuneration for the managerial personnel taking into account qualification, experience, performance, current market trend and such other relevant factors.

The non executive Directors are paid sitting fees as per the provisions of the Companies Act, 1956 and Articles of Association of the Company for attending the Board / Committee meetings.

The members of the Company at the 26th Annual General Meeting held on September 24, 2009 has approved payment of commission upto 1% of profits payable to Non Executive Directors of the Company and authorised the Board to determine such commission.

The detailed information for Directors' remuneration / commission for financial year 2011-12 is as follows:

Name of the Director	Category	Salary, allowances & perquisites	Contribution to Provident & Other Fund	Commission/ Performance Incentive	Sitting Fees	Total
Mr. Harish Sheth	Chairman and Managing Director	150.00	18.00	83.38	--	251.38
Mr. Arun Arora	Independent Director	--	--	7.78	0.50	8.28
Mr. Ashok Kumar Jha	Independent Director	--	--	7.78	0.55	8.33
Mr. Bhalchandra Naik	Independent Director	--	--	7.78	0.65	8.43
Mr. D. Rajagopalan*	Independent Director	--	--	--	0.10	0.10
Mr. Harshal Shah	Non Executive Director	--	--	7.78	--	7.78
Mr. Pratap Merchant**	Independent Director	--	--	7.78	0.55	8.33
Mr. Satish Deshpande	Independent Director	--	--	7.78	0.65	8.43
Mr. Shveta Vakil	Executive Director	66.60	5.40	46.72 #	--	118.72
Mr. Udit Sheth	Executive Director	45.00	5.40	46.72 #	--	97.12

* Mr. D. Rajagopalan was appointed as an Independent Director w.e.f. November 14, 2011. However, on his appointment as Chief Information Commissioner, State of Gujarat, Mr. D. Rajagopalan resigned as a Director w.e.f. November 24, 2011.

** Mr. Pratap Merchant resigned as a Director w.e.f. July 6, 2012.

Mr. Harshal Shah, Non Executive Director, being relative of Mr. Harish Sheth and Mr. Udit Sheth, is not paid any sitting fee.

Includes performance linked incentive of Rs.23.38 lacs each for the Financial Year 2010-11.

Employee Stock Options

As per the Employee Stock Options Scheme for its employees and Directors of the Company and its subsidiaries, during the year 2,333 Stock Options were vested to Mr. Shveta Vakil, Executive Director and 1,000 Stock Options were vested to each of the Non Executive Directors of the Company. Each Option is convertible into an equity share of Rs. 10/- each. The Stock Options were granted at an Exercise Price of Rs. 124/- per equity share.

The Remuneration Committee pursuant to Setco Automotive Limited Employee Stock Option Plan – 2010 issued 1,000 equity shares of face value Rs. 10/- each to Mr. Arun Arora, Mr. Ashok Kumar Jha, Mr. Bhalchandra L. Naik, Mr. Harshal Shah, Mr. Pratap Merchant and Mr. Shveta Vakil. These shares were allotted in the month of April 2012 and May 2012 and are not included in the below table.

The details of Equity Shares held by Non Executive / Independent Directors as at March 31, 2012:

Name of the Director	No. of Equity Shares held
Mr. Arun Arora	32,500
Mr. Ashok Kumar Jha	Nil
Mr. Bhalchandra L. Naik	2,200
Mr. Harshal Shah	95,530
Mr. Pratap Merchant	Nil
Mr. Satish Deshpande	Nil

Finance / Operations Committee

The Finance / Operations Committee have been constituted to look after routine administrative and management functions. The Committee is responsible for maintaining Company's investment policy, loans and financial related activities.

The Committee comprises of Mr. Harish Sheth, Chairman and Managing Director, Mr. Udit Sheth & Mr. Shveta Vakil, Executive Directors and Mr. Bhalchandra L. Naik, Independent Director.

The Committee met 16 times during the financial year 2011-12.

10. MEANS OF COMMUNICATION:

The Company publishes its quarterly, half-yearly and yearly financial results in leading English and Gujarati newspapers. The results are also posted on Company's website viz. www.setcoauto.com and websites of the stock exchange. Information relating to shareholding pattern and compliance on corporate governance norms are also posted on Company's website.

The Company also sends half-yearly performance highlights various stakeholders.

All price sensitive informations are immediately informed to Stock Exchange before the same is communicated to general public through press releases, if any.

11. DETAILS OF NON COMPLIANCE WITH CAPITAL MARKETS

The Company has complied with all the requirements of regulatory authorities on matters relating to capital markets and no penalties / strictures have been imposed on the Company by the Stock Exchange or SEBI.

12. COMPLIANCES WITH MANDATORY / NON MANDATORY REQUIREMENTS OF THE LISTING AGREEMENT:

A certificate from the Statutory Auditor of the Company certifying compliance of corporate governance under Clause 49 of the Listing Agreement is annexed herewith.



The Clause also states that the non mandatory requirements may be implemented as per the discretion of the Company. The Company complied with majority of such non mandatory requirements, details of which are as follows:

- a. **Non Executive Chairman's office:** The Chairman of the Company is Executive Chairman and as such, this provision is not applicable.
- b. **Remuneration Committee:** The Company has constituted Remuneration Committee, the details of which are provided in this report.
- c. **Shareholders Right:** The quarterly, half yearly and annual financial results are published in newspapers having wide circulation in English and gujarati and are also available on Company's website. The Annual Report is sent to all shareholders of the Company.
- d. **Audit Qualifications:** It is always the Company's endeavor to present unqualified financial statements. There are no audit qualifications in the Company's financial statements for the year ended March 31, 2012.
- e. **Training to Board Members:** The Directors are fully briefed on business related matters, risk assessment and mitigation procedures and new initiatives, development proposed by the Company. The Directors are also updated on global corporate and industry scenario.
- f. **Mechanism for evaluation of Non Executive Directors:** The role of Directors is to provide direction and exercise control to ensure that the Company is managed in the manner that fulfills stakeholder aspirations and societal expectations. The Board has so far evaluated Non Executive Directors collectively to reinforce the principle of collective responsibility.
- g. **Whistle Blower Policy:** The Company encourages an open door policy where employees have access to the Head of the Business / Function. In terms of Setco Automotive Limited's Code of Conduct, any instance of non adherence to the Code or any other observed / unethical behavior is to be brought to the attention of the immediate reporting authority, who is required to report the same to Head of Corporate Human Resource.

12. DISCLOSURE OF MATERIALLY SIGNIFICANT RELATED PARTY TRANSACTIONS:

The Company did not enter into any materially significant transactions with Promoters, Directors or the Managements, their subsidiaries or relatives etc., which were in conflict with the interest of the Company. Details of Related Party Transactions are provided in Note 36 of notes forming part of financial statements.

13. MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Management Discussion and Analysis Report forms part of this Annual Report.

14. RISK MANAGEMENT

The Company has laid down the procedures to inform the Board members about effective risk assessment and risk mitigation

15. GENERAL BODY MEETINGS

- i. **Details of last three Annual General Meetings held:**

Financial Year	Venue	Day & Date	Time
2008-2009	Baroda – Godhra Highway, Kalol, District – Panchmahal, Pin Code – 389 330, Gujarat.	Thursday, September 24, 2009	3.00 p.m.
2009-2010	Baroda – Godhra Highway, Kalol, District – Panchmahal, Pin Code – 389 330, Gujarat.	Saturday, September 18, 2010	3.00 p.m.
2010-2011	Baroda – Godhra Highway, Kalol, District – Panchmahal, Pin Code – 389 330, Gujarat.	Wednesday, September 28, 2011	3.00 p.m.

ii. **Special Resolutions passed during the last three years**

Date of AGM	Section	Particulars of Special Resolution
August 19, 2008	-	To delist Company's Equity Shares from Ahmedabad Stock Exchange
September 24, 2009	1. Section 297 of the Companies Act, 1956.	To accord sanction to the Company to enter into arrangement with M/s. Western Engineering Works, a firm in which Directors are interested.
	2. Section 295 and Section 372A of the Companies Act, 1956.	To accord sanction to Board to make investments / provide loans to Companies in which Directors are interested.
	3. Section 198 and Section 309 of the Companies Act, 1956	To pay commission upto 1 (One) percent to Non Executive Directors of the Company
September 18, 2010	1. Section 31 of the Companies Act, 1956	Amendment of Article 3 relating to share capital
	2. Section 81(1A) of the Companies Act, 1956	Authorising the Board to offer, issue and allot equity stock options under Employee Stock Options Scheme to employees and Directors of the Company and its subsidiaries
	3. Section 198, 309, 310, 311 and Schedule XIII of the Companies Act, 1956	Increase in remuneration payable to one of the Executive Directors of the Company
	4. Section 314 of the Companies Act, 1956 and	Appointment and remuneration payable to one of the relative of the Director
September 28, 2011	Section 198, 309, 310, 311 and Schedule XIII of the Companies Act, 1956	Revision of Remuneration / Payment of Commission to Mr. Shvetal Vakil, Executive Director
	Section 198, 309, 310, 311 and Schedule XIII of the Companies Act, 1956	Revision of Remuneration / Payment of Commission to Mr. Udit Sheth, Executive Director

- iii. There were no resolutions passed through the Postal Ballot during the Financial Year 2011-12. None of the businesses proposed to be transacted at the ensuing Annual General Meeting require passing of resolution through postal ballot.

16. GENERAL SHAREHOLDER INFORMATION:

i) **29th Annual General Meeting**

Day & date	Monday, September 17, 2012
Time	3.00 P.M.
Venue	Baroda – Godhra Highway, Kalol, District – Panchmahal, Pin Code – 389 330, Gujarat.

- ii) **Financial Year** : April 1, 2011 – March 31, 2012
- iii) **Dates of Book Closure** : August 17, 2012 – August 18, 2012
- iv) **Dividend Payment Date** : On or after September 24, 2012
- v) **Listing on Stock Exchange** : The Bombay Stock Exchange Limited
- Stock Code : 505075
- Demat ISIN in NSDL & CDSL : INE878E01013

vi) **Financial Calendar:**

The Board of Director of the Company approves unaudited results for each quarter within such number of days as may be prescribed under Listing Agreement from time to time.



vii) Market Price Data for Financial Year 2011-12

Month	Share Price (Rs.)		BSE Sensex
	High Price*	Low Price*	
April-11	135.90	116.45	19135.96
May-11	162.90	124.40	18503.28
June-11	165.00	145.40	18845.87
July-11	179.90	153.10	18197.20
August-11	184.10	165.25	16676.75
September-11	185.00	165.05	16453.76
October-11	186.00	165.80	17705.01
November-11	190.00	168.00	16123.46
December-11	184.95	155.00	15454.92
January-12	173.45	155.00	17193.55
February-12	190.00	165.25	17752.68
March-12	203.95	172.00	17404.20

* considered highest price and lowest price during the respective month

** considered closing Sensex as at last day of the respective month

vii) Performance of the Company's share price to BSE Sensex



ix) Registrar and Share Transfer Agents:

Link Intime India Private Limited
 Unit: Setco Automotive Limited
 C-13, Pannalal Silk Mill Compound
 L.B.S. Marg, Bhandup (West)
 Mumbai 400 078

x) Share Transfer System:

Shareholders are requested to communicate with Link Intime India Private Limited, Company's Registrar and Share Transfer Agents for matters related to share transfers in physical form, dividend, share certificates, change of address.

The Company ensures that the Registrar process all the requests received from shareholders within three weeks from the date of receipt provided the documents are in order. The Registrar also updates the Company on action status.

The shares held in dematerialized form are electronically traded in the depository and the Registrar & Share Transfer Agents receives from Depositories, periodical details of beneficiary holdings to update their records and registers.

The Shareholders / Investor's Grievance Committee of Board of Directors of the Company at its meetings held every quarter take note of status of investor's grievances / correspondences received during the quarter and also ratify transfers effected during the quarter.

xi) Distribution of Shareholding as on March 31, 2012:

Distribution of Shareholding						
No. of Shares			Shareholders		Shares Held	
			No.	%	Shares	%
1	-	5000	5287	92.16%	725,472	4.11%
5001	-	10000	203	3.54%	160,053	0.91%
10001	-	20000	88	1.53%	132,412	0.75%
20001	-	30000	22	0.38%	56,578	0.32%
30001	-	40000	26	0.45%	92,400	0.52%
40001	-	50000	15	0.26%	71,654	0.41%
50001	-	100000	45	0.78%	352,339	2.00%
100001	-	*****	51	0.89%	16,052,852	90.98%
			5737		17,643,760	

xii) Dematerialisation and Liquidity:

The Company from time to time advocates its equity shareholders possessing shares in physical form to have the same dematted for their benefit.

The process of dematerialization is as follows:

- Share Certificate(s) alongwith Demat Requisition Form (DRF) is to be submitted by the shareholder to the Depository Participant (DP) with whom he/she has a demat account.
- DP processes the DRF and generates a unique number known as DRN
- DP forwards the DRF and share certificates to the Company's registrar and share transfer agents
- The Company's registrar and share transfer agents after processing the DRF confirm or reject the request to the depositories.



- Upon confirmation, the Depository gives credits to the shareholder in his/her demat / depository account maintained with DP.

The process of dematerialization takes approximately 15-20 days from the date of receipt of DRF by the Registrar and Share Transfer Agent of the Company.

As on March 31, 2012, 96.73% of Equity Shares (i.e. 17,064,542 Equity Shares) were held in dematerialized form and the rest in physical form. Trading in Company's equity shares are permitted only in dematerialized form.

xiii) Outstanding GDRs / ADRs / Warrants or any Convertible Instruments:

There were no outstanding GDRs / ADRs / Warrants or any convertible instruments as at March 31, 2012.

xiv) Plant Locations in India:

Gujarat: Baroda – Godhra Highway, Kalol, District Panchmahal, Pin Code 389 330, Gujarat.

Uttarakhand: Plot No. 196/A Phase 1, Eldeco Sidcul Industrial Park (E.S.I.P), Village Lalarpatti, P.O. Sia Camp, Udham Singh Nagar, Pin Code – 262 403, Uttarakhand.

xv) Address for correspondence:

The members are requested to write to Link Intime India Private Limited for any query related to share transfers, dematerialization, transmissions, change of address, non receipt of dividend or any other related queries.

The address of Link Intime India Private Limited is as follows:

Unit: Setco Automotive Limited
C-13, Pannalal Silk Mill Compound,
L.B.S. Marg, Bhandup (West),
Mumbai 400 078

The members can also send their grievances, if any, to the Company Secretary at the Corporate Office of the Company at 2/A, Ground Floor, Film Centre Building, Tardeo Road, Mumbai – 400 034 or email at investor.relations@setcoauto.com.

Other Useful Information for Shareholders

Dividend: Electronic Clearing Services (ECS)/ National Electronic Clearing Services (NECS) facility

The dividend remittances to shareholders will happen through ECS/NECS as per the locations approved by RBI from time to time. If you are located at any of the ECS/ NECS centers and have not registered your ECS/NECS, please arrange to forward your ECS/NECS mandate to your depository participant if the shares are held in demat form, or to the Company/Registrars, if the shares are held in physical form, immediately.

Due dates for Transfer of Unclaimed Dividend to Investor Education and Protection Fund (IEPF) are as under:

Financial Year	Date of declaration of Dividend	Due date to transfer to IEPF
Interim Dividend 2006-07	01.11.2006	01.12.2013
Final Dividend 2006-07	20.09.2007	20.10.2014
Final Dividend 2007-08	19.08.2008	19.09.2015
Final Dividend 2008-09	24.09.2009	24.10.2016
Final Dividend 2009-10	18.09.2010	18.10.2017
Final Dividend 2010-11	28.09.2011	28.10.2018

Shareholders who have not yet encashed their interim / final dividend warrants for the previous years may approach with non-cashed dividend warrants in their hands to the Company, at its Corporate Office for revalidation / issue of duplicate dividend warrants. It may be noted that any amount remaining unclaimed for a period of 7 years from the date of transfer to unpaid dividend account shall be transferred to the Investor Education & Protection Fund as required under Section 205-C of the Companies Act, 1956.

Code of Conduct:

Pursuant to Clause 49 of the Listing Agreement, the Board of Directors has laid down a 'Code of Conduct' for all Board and Senior Management Members and they have affirmed compliance with the Code of Conduct of the Company for the Financial Year 2011-12.

The declaration pursuant to Clause 49(1)(D) of the Listing Agreement stating that all the Board Members and Senior Management Members have affirmed their compliance with the said code of conduct for the year ended March 31, 2012 is annexed to this Report.

The Code of conduct is also placed on company's website.

Insider Trading:

The Company has also Code of Conduct for Prevention of Insider Trading as required under SEBI (Prohibition of Insider Trading) Regulations, 1992. The Directors and Senior Management affirmed compliance of the said Code.

Auditors' certificate on Corporate Governance:

The Auditors Certificate certifying the Company's compliance with the requirements of Corporate Governance in terms of Clause 49 of the Listing Agreement is attached and forms part of this Annual Report.

Annexure

CERTIFICATE PURSUANT TO CLAUSE 49(1)(D):

To

The members of

Setco Automotive Limited

I, Harish K. Sheth, Chairman and Managing Director of Setco Automotive Limited, hereby confirm, pursuant to Clause 49(1)(D) of the Listing Agreement, that the Board of Directors has laid down code of conduct for all Board and Senior Management Members of the Company and the said code has also been posted on the Company's website.

I further confirm that all the Board members and senior management personnel have affirmed their compliance with the said code of conduct for the year ended March 31, 2012.

Harish K. Sheth

Chairman & Managing Director



Annexure

STATUTORY AUDITORS' CERTIFICATE FOR CORPORATE GOVERNANCE

To

The members of

Setco Automotive Limited

Vadodara Godhra Highway,

Kalol – 389 330.

1. We have examined the compliance of conditions of corporate governance by Setco Automotive Limited for the year ended on 31st March, 2012 as stipulated in Clause 49 of the Listing Agreement of the said company with stock exchanges.
2. The compliance of conditions of corporate governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the company.
3. In our opinion and to the best of our information and according to the explanations given to us, we certify that the company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement except that
 - risk management practices are required to be further strengthened.
4. We 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.

For Manesh Mehta & Associates

Chartered Accountants

(M. P. MEHTA)

Partner

(M. No. 36032)

Place: Vadodara

Date: August 9, 2012

Annexure

CERTIFICATION UNDER CLAUSE 49 OF THE LISTING AGREEMENT

We, Harish K. Sheth, Chairman and Managing Director and Vinay Shahane, Associate Vice President – Finance, designated as Chief Financial Officer of Setco Automotive Limited hereby certify that: -

- (a) We have reviewed financial statements of the Company for the year ended March 31, 2012 and that to the best of our knowledge and belief:-
 - (i) these statements do not contain any materially untrue statement or omit any material fact 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 our knowledge and belief, no transactions entered into by the Company during the year, which are fraudulent, illegal or violative of the company's code of conduct.
- (c) We accept the responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of the internal control systems of the company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- (d) We have indicated to the auditors and the Audit committee:
 - (i) significant changes in internal control over financial reporting during the year;
 - (ii) significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
 - (iii) there were no instances of significant fraud.

Date: August 6, 2012

Harish K. Sheth

Vinay Shahane

Place: Mumbai

Chairman & Managing Director

Associate Vice President – Finance

**Annexure****The details of Directors seeking appointment / re-appointment are as follows:**

Name of the Director	Mr. Harshal Shah
Date of Birth	December 16, 1970
Qualifications	MBA from The Wharton School of Business, two Bachelors' degrees: in Management, and Electrical Engineering & Computer Science, with a Minor in Economics (Truman Gray Scholar from MIT and MIT Sloan School of Management)
Specialised Expertise	Mr. Harshal Shah has wide international experience in investments, acquisition, divestitures, strategy and marketing.
No. of Shares held in the Company	95,530
Directorships in other Companies	1. Yatra Online Private Limited 2. Infostake Capital & Finance Private Limited 3. Reliance Venture Asset Management Private Limited
Committee positions held*	Audit committee and Shareholder's / Investor Grievance Committee of Setco Automotive Limited

Name of the Director	Mr. Arun Arora
Date of Birth	August 8, 1945
Qualifications	B.Com, AMP, Business Management, Harvard Business School
Specialised Expertise	Setting up new businesses, Strategy, Understanding of Media across platforms, Mentoring and leading human capital
No. of Shares held in the Company	32,500
Directorships in other Companies	1. Worldwide Media Private Limited 2. Edvance Learning Private Limited 3. Edvance Online Private Limited 4. Edvance Pre-School Private Limited 5. SE TransStadia Private Limited 6. Times Guaranty Limited
Committee positions held*	Audit committee and Shareholder's / Investor Grievance Committee of Setco Automotive Limited

*Committees considered are Audit Committee and Shareholders' / Investor's Grievance Committee including that of Setco Automotive Limited.



FINANCIAL SECTIONS

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AUDITORS' REPORT

To,
The Shareholders of,

SETCO AUTOMOTIVE LIMITED

1. We have audited the attached Balance Sheet of Setco Automotive Limited as at 31st March, 2012 and also the Statement of Profit and Loss and the Cash Flow Statement of the Company for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan & perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 as amended by the Companies (Auditor's Report) (Amendment) Order, 2004, issued by the Central Government of India in terms of Section 227 (4A) of the Companies Act, 1956, we enclose in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that:
 - a) We have 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 appears from our examination of those books;
 - c) The Balance Sheet, Statement of Profit & Loss and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - d) In our opinion, the Balance Sheet, Statement of Profit & Loss and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
 - e) On the basis of the written representations received from the directors as on 31st March, 2012 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2012 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
 - f) Sundry debit & credit balances are subject to reconciliation and/or confirmation (Refer Note 41(i) - "Notes forming part of Financial Statements")
 - g) Attention is invited to the Note No. 35 - "Notes forming part of Financial Statements, on impact of survey proceedings conducted by Income tax Department during the year on MAT credit entitlement of Rs. 9,04,26,348/- forgone.
 - h) In our opinion and to the best of our information and according to the explanations given to us, the said financial statements, read with Notes thereon, give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (i) In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2012
 - (ii) In the case of Statement of Profit and Loss, of the Profit for the year ended on that date, and
 - (iii) In the case of Cash Flow Statement, of the cash flows for the year ended on that date.

For **Manesh Mehta & Associates**
Chartered Accountants
(Firm Registration No. : 115832W)
(M.P.MEHTA)
Partner
(M. No. 036032)

Place : Mumbai
Date : 05.07.2012



ANNEXURE TO THE AUDITORS' REPORT

(Referred to in paragraph 3 of our report of even date)

1. In respect of its fixed assets:
 - a) The Company has maintained proper records showing full particulars and situation of fixed assets on the basis of available information.
 - b) As per the information and explanations given to us, there is a phased program of physical verification of fixed assets as adopted by the Company, which in our opinion, is reasonable having regard to the size of the company and the nature of the assets. As informed, no material discrepancies were noticed on such verification.
 - c) In our opinion and according to the information & explanations given to us, no substantial part of the fixed assets has been disposed off during the year and hence, going concern status of the company is not affected.
2. In respect of its inventories:
 - a) According to the information and explanations given to us, inventories (excluding stocks with third parties) were physically verified during the year by the management at reasonable intervals.
 - b) According to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to size of the Company and the nature of its business.
 - c) In our opinion and according to the information and explanations given to us, the Company has maintained proper records of its inventories. No material discrepancies were noticed on physical verification of inventory.
3. According to the information and explanations given to us, the Company has neither granted nor taken any loans to/from Companies, firms or other parties covered in the Register maintained under Section 301 of the Companies Act, 1956.
4. In our opinion and according to the information and explanations given to us, there is adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchase of inventory, fixed assets and sale of goods. We have not observed any continuing failure to correct major weaknesses in such internal controls.
5. According to the information and explanations given to us, we are of the opinion that particulars of contracts or arrangements that need to be entered in the register maintained in pursuance of Section 301 of the Companies Act, 1956, have been so entered. In our opinion and according to the information & explanations given to us, the transactions made in pursuance of such contracts or arrangements exceeding the value of Rupees five lacs have been made at prices which appear reasonable as per information available with the company.
6. According to the information and explanations given to us, the Company has not accepted any deposits from the public within the meaning of section 58A and 58AA of the Companies Act, 1956 and the rules framed there under.
7. In our opinion, the Company has an adequate internal audit system commensurate with the size and the nature of its business.
8. We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Accounting Records) Rules, 2011 prescribed by the Central Government under Section 209(1)(d) of the Companies Act, 1956 and are of the opinion that prima facie the prescribed cost records have been maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
9. According to the information and explanations given to us and on the basis of our examination of books of account:
 - a) The Company has been generally regular in depositing undisputed statutory dues including Provident Fund, Employees State Insurance, VAT, Central Sales Tax, Income Tax, Wealth Tax, Custom Duty, Excise Duty and Cess with appropriate authorities though there have been few instances of delay in deposition in respect of Service Tax,

ANNEXURE

TO THE AUDITORS' REPORT (Contd.)

Tax Deducted at Source, Tax Collected at Source, Professional Tax and Central Sales Tax. According to the information and explanations given to us, there are no undisputed items outstanding for more than six months as of 31st March, 2012.

- b) According to the information and explanations given to us, there were no disputed amounts remaining unpaid in respect of VAT, Central Sales Tax, Excise duty, Service Tax, Income Tax, Wealth Tax, Cess and Custom Duty.
10. The Company does not have accumulated losses as at 31.03.2012. The company has not incurred cash losses during the current year and in the immediately preceding financial year.
11. In our opinion and according to the information & explanations given to us, Company has not defaulted in repayment of dues with regard to loans obtained from banks. The company has not taken loan from any financial institution nor issued any debentures.
12. The Company has given guarantees for loans taken by its foreign subsidiaries from banks. In our opinion and according to the information and explanations given to us, the terms and conditions of the said guarantees are not, prima facie, prejudicial to the interest of the company.
13. In our opinion and according to the information and explanations given to us, the term loans availed by the Company during the year were, prima facie, applied for the purposes for which the loans were obtained.
14. According to the information and explanations given to us and based on our examination of the balance sheet on an overall basis, we report that no funds raised on short-term basis have been used for long-term investment.
15. The Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under section 301 of the Companies Act, 1956 during the year.
16. The Company has not issued any debentures during the year.
17. The Company has not raised any money from public issue during the year.
18. To the best of our knowledge and belief and according to the information and explanations given to us, no fraud on or by the Company was noticed or reported during the year.
19. In our opinion and as per the information and explanations given to us, the nature of the Company's business/activities during the year is such that clauses (xii), (xiii) and (xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable.

For **Manesh Mehta & Associates**
Chartered Accountants
 (Firm Registration No. : 115832W)
(M.P.MEHTA)
Partner
 (M. No. 036032)

Place : Mumbai
 Date : 05.07.2012



BALANCE SHEET

AS AT 31st MARCH, 2012

(Rupees)

	Note No.	As at 31st March, 2012		As at 31st March, 2011	
EQUITY & LIABILITIES :					
Shareholders' Funds					
Share Capital	2	17,64,37,600	1,22,80,74,154 48,91,769	17,64,37,600	88,07,84,314
Reserves & Surplus	3	1,05,16,36,554		70,43,46,714	
Share Application Money Pending Allotment	4			-	
Non-current Liabilities					
Long-term Borrowings	5	5,65,25,465	11,70,92,527	12,04,03,786	17,38,49,349
Deferred Tax Liabilities (net)	6	5,55,66,000		4,98,36,000	
Long- Term Provisions	7	50,01,062		36,09,563	
Current Liabilities					
Short-term Borrowings	8	1,04,11,95,171	1,76,25,37,548 3,11,25,95,998	68,69,92,682	1,26,53,13,009 2,31,99,46,672
Trade Payables	9	45,88,73,846		29,98,99,094	
Other Current Liabilities	10	16,89,43,536		17,26,66,965	
Short Term Provisions	11	9,35,24,995		10,57,54,268	
Total					
ASSETS :					
Non Current Assets					
Fixed Assets	12		88,24,11,834		75,08,72,612
- Tangible Assets		72,79,26,987		68,07,97,621	
- Intangible Assets		3,50,99,985		3,07,23,240	
- Capital Work-in-Progress		4,40,42,032		46,19,441	
- Intangible Assets under Development		7,53,42,830		3,47,32,310	
Non-current Investments	13	33,30,99,783	45,42,90,561	27,61,51,683	32,62,33,930
Long-term Loans & Advances	14	12,04,95,508		4,84,06,977	
Trade Receivables	15	6,95,270		15,05,270	
Other Non-current Assets	16	-		1,70,000	
Current Assets					
Current Investments	17	7,20,51,900	1,77,58,93,603	-	1,24,28,40,130
Inventories	18	47,61,91,835		34,51,28,747	
Trade Receivables	19	90,09,08,405		65,91,23,164	
Cash and Cash Equivalents	20	7,19,09,254		1,83,71,477	
Short-term Loans & Advances	21	25,46,62,209		22,00,46,742	
Other Current Assets		1,70,000		1,70,000	
Total					

Notes including Significant Accounting Policies are an integral part of the financial statements: 1 to 53

As per our report of even date attached
For Manesh Mehta & AssociatesManesh P. Mehta
Partner

Membership No. : 036032

Harish Sheth
Chairman & Managing Director
Arun Arora
Director
Harshal Shah
DirectorFor and on behalf of the Board
Udit ShethExecutive Director
Ashok Kumar Jha
Director
Pratap Merchant
Director
Vinay Shahane
Associate Vice President – FinanceShveta Vakil
Executive Director
Bhalchandra Naik
Director
Satish Deshpande
Director
Mihir Mehta
Company SecretaryPlace : Mumbai
Date: July 5, 2012Place : Mumbai
Date: July 5, 2012

STATEMENT OF PROFIT AND LOSS

FOR THE YEAR ENDED 31st MARCH, 2012

		(Rupees)	
	Note No.	Year Ended 31st March 2012	Year Ended 31st March 2011
REVENUE :			
Revenue from Operations		3,97,12,02,949	3,20,47,52,663
Less: Excise Duty		26,31,87,356	17,82,45,152
Revenue from Operations (Net)	22	3,70,80,15,593	3,02,65,07,511
Other Income	23	3,53,13,226	1,17,63,171
		3,74,33,28,819	3,03,82,70,682
EXPENSES :			
Cost of Materials & Components consumed	24	2,29,60,85,413	1,77,68,85,779
Purchase of Traded Goods	25	-	95,94,562
Changes in Inventories of Finished Goods and Work in Progress- (Increase)	26	(5,40,69,803)	(1,26,84,398)
Employee Benefits Expense	27	24,28,74,489	18,78,08,789
Finance Cost	28	16,55,36,745	10,09,15,802
Depreciation and Amortization Expenses	12	8,06,44,568	7,40,66,185
Miscellaneous Expenditure Amortised	29	1,70,000	20,20,297
Other Expenses	30	56,04,87,058	47,55,29,829
		3,29,17,28,470	2,61,41,36,845
Profit/(Loss) before Exceptional Items and Tax		45,16,00,349	42,41,33,837
Exceptional Items	31	2,84,40,454	-
Profit Before Tax		42,31,59,895	42,41,33,837
Less:- Provision for Taxation :			
- Provision of Corporate Tax		8,46,64,775	8,45,32,000
- Deferred Tax Adjustments		57,30,000	90,00,000
- MAT Credit Entitlement			
- Previous Periods	32	(5,08,84,979)	
- Current Year		(4,05,53,355)	
- Tax adjustment for Earlier year		--	18,38,772
		(10,43,559)	9,53,70,772
PROFIT AFTER TAX		42,42,03,454	32,87,63,065
Earnings Per Share (Face value of Rs. 10/- each)	33		
Before Considering Exceptional Items			
- Basic		25.65	18.63
- Diluted		25.62	18.61
After Considering Exceptional Items			
- Basic		24.04	18.63
- Diluted		24.01	18.61

Notes including Significant Accounting Policies are an integral part of the financial statements: 1 to 53

As per our report of even date attached
For Manesh Mehta & Associates

Manesh P. Mehta
Partner

Membership No. : 036032

Harish Sheth
Chairman & Managing Director
Arun Arora
Director
Harshal Shah
Director

For and on behalf of the Board
Udit Sheth
Executive Director
Ashok Kumar Jha
Director
Pratap Merchant
Director
Vinay Shahane
Associate Vice President – Finance

Shveta Vakil
Executive Director
Bhalchandra Naik
Director
Satish Deshpande
Director
Mihir Mehta
Company Secretary

Place : Mumbai
Date: July 5, 2012

Place : Mumbai
Date: July 5, 2012



CASH FLOW STATEMENT

FOR THE YEAR ENDED 31st MARCH, 2012

		(Rupees)
	2011-2012	2010-2011
A CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before tax	42,31,59,895	42,41,33,837
Adjustment for		
Depreciation	8,06,44,568	7,40,66,184
Miscellaneous Expenses Written off	1,70,000	20,20,297
Loss/(profit) on Sale of Assets	5,31,933	11,23,593
Interest Expense	16,55,36,745	10,09,15,802
Interest Income	(32,26,416)	(26,71,492)
Corporate tax	(8,46,64,775)	(8,63,70,772)
MAT Credit Entitlement	9,14,38,334	
Employee Stock Options Cost	21,10,462	7,05,144
Operating Profit (Loss) before		
Working Capital Changes	67,57,00,746	51,39,22,593
Trade Receivable	(24,09,75,240)	(30,77,99,750)
Inventories	(13,10,63,088)	(9,43,09,144)
Loans and Advances	(10,70,89,678)	(5,51,76,901)
Trade Payable	15,60,00,818	12,71,08,589
Other Liabilities	99,57,378	7,73,02,537
Cash Flow Generated from Operations	36,25,30,936	26,10,47,924
Direct Taxes (Tax deducted at Source)	3,85,681	6,33,239
Net Cash Flow from Operating Activities	36,29,16,617	26,16,81,163
B CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(18,73,88,965)	(10,68,41,112)
Sale of Fixed Assets	3,02,52,917	20,11,193
Intangible Asset	(5,55,79,675)	(2,74,62,121)
Profit/(Loss) on Sale of Fixed Assets	-	(11,23,593)
Adjustment in Depreciation Reserve	-	(12,39,600)
Interest Received	32,26,416	26,71,492
Central Cash Subsidy	30,00,000	-
Decrease/(Increase) in Investment	(12,90,00,000)	(7,85,00,000)
Net Cash used in Investing Activities	(33,54,89,307)	(21,04,83,741)

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31st MARCH, 2012

		(Rupees)
	2011-2012	2010-2011
C CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Cash Credit	29,42,02,489	21,92,23,744
Proceeds from Short Term Loans	11,00,00,000	
Proceeds from Term Loans	5,34,57,126	6,61,51,586
Repayment of Borrowings	(18,88,80,096)	(15,39,19,637)
Interest Paid	(16,55,36,745)	(10,09,15,802)
Share Application Money Received	48,91,769	-
Dividend & Dividend Distribution Tax	(8,20,24,076)	(8,20,24,076)
Net Cash Flow from Financing Activities	2,61,10,467	(5,14,84,185)
Net Increase in Cash and Cash Equivalents (A+B+C)	5,35,37,777	(2,86,763)
Opening Cash and Cash Equivalents	1,83,71,477	1,86,58,240
Closing Cash and Cash Equivalents	7,19,09,254	1,83,71,477

Notes :

1. The above Cash Flow Statement has been prepared under the "Indirect method" as set out in the Accounting Standard -3 "Cash Flow Statements"
2. Previous years figures have been regrouped / restated / reclassified, wherever necessary.
3. Cash and Cash Equivalents include cash on hand and deposit accounts held with scheduled banks. It include Rs. Nil (Previous Year Rs. 57,97,459/-) representing margin money deposit accounts held with bank

Notes including Significant Accounting Policies are an integral part of the financial statements: 1 to 53

As per our report of even date attached
For Manesh Mehta & Associates

Manesh P. Mehta
Partner

Membership No. : 036032

Place : Mumbai
Date: July 5, 2012

Harish Sheth
Chairman & Managing Director
Arun Arora
Director
Harshal Shah
Director

Place : Mumbai
Date: July 5, 2012

For and on behalf of the Board
Udit Sheth
Executive Director
Ashok Kumar Jha
Director
Pratap Merchant
Director
Vinay Shahane
Associate Vice President – Finance

Shveta Vakil
Executive Director
Bhalchandra Naik
Director
Satish Deshpande
Director
Mihir Mehta
Company Secretary



NOTES

FORMING PART OF FINANCIAL STATEMENTS

1 SIGNIFICANT ACCOUNTING POLICIES

1.1 General

The Financial Statements are prepared under historical cost convention on accrual basis and they are in consonance with generally accepted accounting principles in India and applicable Accounting Standards notified u/s 211 (3C) & other relevant provisions of the Companies Act, 1956.

1.2 Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

1.3 Fixed Assets / Intangible Assets

- i. Fixed assets are stated at cost of acquisition / construction. The cost of fixed assets includes direct / indirect apportioned expenses incurred for the purpose of acquiring fixed assets, net of cenvat credit on qualifying assets. Press Tools and such type of machinery items developed in house are capitalized at direct cost plus overheads and standing charges.
- ii. Pre- operative expenses, comprising revenue expenses incurred up to the date of commencement of production are apportioned to fixed assets.
- iii. Expenditure (including technical know-how) incurred on product development yielding future economic benefits is recognized as internally generated Intangible Asset as per Accounting Standard 26 on "Intangible Assets".

1.4 Depreciation/Amortization

- i. Depreciation is charged on straight-line method (SLM), at the rates and in the manner prescribed in Schedule XIV of the Companies Act, 1956. Depreciation on additions during the year to fixed assets is charged on pro-rata basis.
- ii. Intangible Assets are amortized as follows:
 - a) Product Development: over a period of ten years after commencement of commercial production of relevant item.
 - b) Computer Software (including Licence fees): over a period of three years.
 - c) Website Development: over a period of three years.

1.5 Investments

Investments are stated at cost.

1.6 Inventories

Inventories are valued in accordance with Accounting Standard (AS)-2 "Valuation of Inventories" at lower of cost (exclusive of taxes and cenvat credits availed on inputs) and net realizable value. It is on weighted average basis. Finished Goods and Work-in-Progress are valued at aggregate cost determined, comprising material cost and manufacturing overheads. Finished Goods include Excise Duty. Scrap is valued at realizable value.

1.7 Impairment of Assets

Impairment of assets is recognized when there is an indication of impairment. On such indication, the recoverable amount of asset is estimated and if such estimation is less than its book value, the book value is reduced to its recoverable amount.

NOTES

FORMING PART OF FINANCIAL STATEMENTS (Contd.)

1.8 Revenue Recognition

- a) Sales and Services are accounted for on dispatch of products from the works and which are followed by transfer of risk and reward to the customer's up to the time the financial statements of the Company are approved.
- b) Insurance claims are accounted as and when admitted.
- c) Other income is accounted on accrual basis except when the realization of such income is uncertain.

1.9 Foreign Currency Transactions

Transactions in foreign currency are recorded at monthly exchange rates as notified by the concerned authorities. Monetary assets and liabilities denominated in foreign currency are restated at year end exchange rates. Non monetary Items (Investments) denominated in foreign currency are stated using the exchange rate on the date of transaction. Exchange differences arising on settlement of transactions and on restatement of monetary items are recognized as income or expense in the year in which they arise, except in respect of the liabilities, if any for acquisition of fixed assets, where such exchange difference is adjusted in the carrying cost of fixed assets.

1.10 Cenvat Credit

Cenvat credit available on the material inputs is adjusted against consumption. Cenvat credit available on capital goods is adjusted against cost of fixed assets. Cenvat credit remaining unutilized is shown as receivables in Short term Loans and Advances.

1.11 Miscellaneous Expenditure

- i) Share Issue Expenses are amortized over a period of -5- years.
- ii) Fees for Increase in Authorized Share Capital is amortized over a period of -5- years.

1.12 Selling/ Marketing Expenses

- i. Warranty is extended on products sold. Warranty expenses are accrued / accounted as and when claim is accepted.
- ii. Commission, Discount and other expenses payable on sales are recognized on determination of amount payable in accordance with arrangements / contracts with the parties.

1.13 Employee Benefits

i. *Short Term Employee Benefits*

Short term employee benefits are recognized as an expense at the undiscounted amounts in the statement of profit and loss of year in which the related services are rendered.

ii. *Defined Contribution Plans*

Provident Fund & ESIC are defined contribution schemes established under a State Plan. The contributions to the schemes are charged to the statement of profit and loss in the year when the contributions become due.

iii. *Defined Benefit Plans*

The company has a defined benefit gratuity plan. Every employee who has completed five years or more of service gets a gratuity on post employment at 15 days salary (last drawn salary) for each completed year of services as per the rules of the company. The aforesaid liability is provided for on the basis of an actuarial valuation made using Project Unit Credit Method at the end of the financial year. The scheme is funded with an insurance company in the form of a qualifying insurance policy. Actuarial gains/losses are recognized in statement of profit and loss in the year in which they arise.

iv. *Compensated Absences*

Employees are entitled to accumulate leave subject to certain limits for future encashment. The liability in respect of leave encashment is provided for on the basis of actuarial valuation made at the end of the financial year using Project Unit Credit Method. The said liability is not funded.



NOTES

FORMING PART OF FINANCIAL STATEMENTS (Contd.)

1.14 R & D Expenses

Revenue expenses are charged to statement of profit and loss under the respective heads of expenses.

1.15 Borrowing Costs

Borrowing cost that are attributable to the acquisition, construction or production of qualifying assets are capitalized as a part of cost of such assets. All other borrowing costs are recognized as expense in the period in which they are incurred.

1.16 Taxes on Income

- i. Provision for current tax is made for the amount of tax payable in respect of taxable income for the year under Income Tax Act, 1961. Company has started recognizing unutilized MAT credit from current financial year.
- ii. Deferred tax is recognized on timing differences; being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax assets are recognized only to the extent there is virtual certainty of its realization.

1.17 Provisions and Contingent Liabilities

- i. Provisions in respect of present obligations arising out of past events are made in the accounts when reliable estimates can be made of the amount of the obligation.
- ii. Contingent liabilities are disclosed by way of a note to the Financial Statements, after careful evaluation by the management of the facts and legal aspects of the matter involved.

1.18 Earnings per Share

The earnings considered for ascertaining the Company's Earnings Per Share (EPS) comprises the net profit after tax. The number of shares used in computing Basic EPS is the weighted average number of shares outstanding during the period. The number of shares used in computing diluted EPS comprises the weighted average shares considered for deriving basic EPS, and also the weighted average number of equity shares that would be issued on the conversion of all dilutive potential equity shares. In case of dilutive options, the difference between the number of shares issuable and the number of shares that would be issued at fair value are treated as diluted potential equity shares. Dilutive potential equity shares are deemed converted as of the beginning of the period, unless issued at a later date.

1.19 Employee Stock Option Scheme

Stock options granted to the employees under the stock option scheme established are evaluated as per the accounting treatment prescribed by Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999. The Company follows the intrinsic value method of accounting for the options and accordingly, the excess of market value of the stock options as on date of grant over the exercise price of the options, if any, is recognized as deferred employee compensation and is charged to the statement of profit and loss on graded vesting basis over the vesting period of the options. The unamortized portion of the deferred employee compensation is netted out against "Stock options Outstanding"

1.20 Government Grants

- i. Government grant is recognized when there is reasonable assurance that the grant will be received and all relevant conditions are complied with.
- ii. Grant received by way of investment subsidy in relation to total investment is credited to capital reserve.

NOTES

FORMING PART OF FINANCIAL STATEMENTS (Contd.)

2 SHARE CAPITAL

2.1 Authorised, issued, subscribed and fully paid - up:

(Rs.)

Particulars	31 March 2012	31 March 2011
Authorised Capital:		
3,00,00,000 (3,00,00,000) Equity Shares of Rs. 10 each	30,00,00,000	30,00,00,000
Issued, Subscribed and Fully Paid up Share Capital:		
17643760 (17643760) Equity Shares of Rs.10 each	17,64,37,600	17,64,37,600

- The company has only one class of equity shares having a par value of Rs. 10 per share. Each shareholder of equity share is entitled to one vote per share. The company declares and pays dividends in Indian rupees; the dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.
- During the year ended 31st March 2012, Dividend of Rs. 4/- per share (Previous year Rs. 4/- per share) is recognized as amount distributable to equity share holders.
- In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. However, no such preferential amounts exist currently. The distribution will be in proportion to the number of equity shares held by the shareholders.

2.2 Reconciliation of number of shares outstanding at the beginning and at the end of the reporting period

	31 March 2012		31 March 2011	
	Number	Rs.	Number	Rs.
Equity Shares				
As at the beginning of the year	1,76,43,760	17,64,37,600	88,21,880	8,82,18,800
Add : Bonus shares Issued during the year	-	-	88,21,880	8,82,18,800
	1,76,43,760	17,64,37,600	1,76,43,760	17,64,37,600
Less : Changes, if any during the year	-	-	-	-
Outstanding at the end of the year	1,76,43,760	17,64,37,600	1,76,43,760	17,64,37,600

2.3 Aggregate number and class of shares allotted as fully paid up pursuant to contract(s) without payment being received in cash, bonus shares and shares bought back for the period of 5 years immediately preceding March 31, 2012.

(Number)

	31 March 2012	31 March 2011
Equity shares with voting rights		
Equity shares allotted as fully paid bonus shares by Capitalisation of Securities Premium	-	88,21,880

2.4 Details of Shareholders holding more than 5% shares in the company

Name of the shareholders	31 March 2012		31 March 2011	
	Number of Equity shares	% Holding	Number of Equity shares	% Holding
Equity Shares of Rs. 10 each fully paid				
Setco Engineering Private Limited (Promoter Group)	87,61,846	49.66	87,61,846	49.66
New Vernon Equity Private Limited	21,95,000	12.44	25,00,000	14.17

2.5 For details of shares reserved for issue under the Employee Stock Option Plan (ESOP) of the company, refer note 50



NOTES

FORMING PART OF FINANCIAL STATEMENTS (Contd.)

3 RESERVES & SURPLUS

(Rs.)

Particulars	31 March 2012	31 March 2011
(i) Capital Reserve		
a) On forfeiture of Shares	21,000	21,000
b) Cash Subsidy		
As per Last Balance Sheet	-	-
Add: Central subsidy received during the year for Uttarakhand Unit.	30,00,000	-
Total	30,21,000	21,000
(ii) Securities Premium Reserve		
As per Last Balance Sheet	4,92,81,200	13,75,00,000
Less: Amount Utilised towards issue of fully paid Bonus Shares	-	(8,82,18,800)
Total	4,92,81,200	4,92,81,200
(iii) Employee Stock Options Outstanding		
As per Last Balance Sheet	7,05,144	-
Add: Amounts recorded on grants/modifications/cancellations during the year	21,10,462	7,05,144
Total	28,15,606	7,05,144
(iv) Other Reserves		
General Reserve		
As per Last Balance Sheet	10,34,59,271	5,34,59,271
Add: Transferred from statement of profit and loss	5,00,00,000	5,00,00,000
Total	15,34,59,271	10,34,59,271
(v) Surplus in Statement of Profit and Loss:		
As per Last Balance Sheet	55,08,80,099	35,41,41,110
Add: Profit for the year	42,42,03,454	32,87,63,065
Less:- Appropriations		
Proposed Dividend	(7,05,75,040)	(7,05,75,040)
Corporate Dividend Tax	(1,14,49,036)	(1,14,49,036)
Transfer to General Reserve	(5,00,00,000)	(5,00,00,000)
Total	84,30,59,477	55,08,80,099
Total (i to v)	1,05,16,36,554	70,43,46,714

4 SHARE APPLICATION MONEY PENDING ALLOTMENT

Share application money pending allotment represents application money received from employees on exercise of stock options granted and vested under the ESOP.

	31 March 2012		31 March 2011	
	Number	Rs.	Number	Rs.
Share Application money pending allotment	45,309	48,91,769	-	-

The equity shares have been allotted in the month of April 2012 against the share application money received.

NOTES

FORMING PART OF FINANCIAL STATEMENTS (Contd.)

5 LONG TERM BORROWINGS

(Rs.)

Particulars	31 March 2012	31 March 2011
Term Loans		
From Banks		
Secured	5,64,64,635	11,96,02,506
Unsecured	-	-
From other parties		
Secured	60,830	8,01,280
Unsecured	-	-
	5,65,25,465	12,04,03,786
The above amount includes		
Secured Borrowings	5,65,25,465	12,04,03,786
Unsecured Borrowings	-	-

Indian rupee term loan from Bank of Baroda is repayable in 16 quarterly installments each of Rs. 71,87,500/- to be repaid by March, 2015. The loan is secured by first pari passu charge on company's fixed assets (excluding cars/ vehicles) and the second charge on pari passu basis on stocks and book debts as collateral security

Indian rupee term loan from HDFC Bank is repayable in equated monthly installments each of Rs. 86,410/-, by March 2015, and is secured against the vehicles purchased.

Indian rupee term loan from Kotak Mahindra Prime Ltd is repayable in equated monthly installments each of Rs.71,251/-, by April, 2013 and is secured against the vehicles purchased.

6 DEFERRED TAX LIABILITIES (NET)

(Rs.)

Particulars	31 March 2012	31 March 2011
Timing differences related to Fixed Assets	17,12,61,000	15,00,03,000
Net deferred tax liability	5,55,66,000	4,98,36,000
Total provision made in statement of profit and loss.	57,30,000	90,00,000

7 LONG TERM PROVISIONS

(Rs.)

Particulars	31 March 2012	31 March 2011
Provision for employee benefits		
Provision for Gratuity	12,46,824	1,43,075
Provision for Compensated Absences.	37,54,238	34,66,488
Total	50,01,062	36,09,563

8 SHORT TERM BORROWINGS

(Rs.)

Particulars	31 March 2012	31 March 2011
Loans repayable on demand:		
Working Capital Loan(Cash Credit) from Banks		
- Secured	93,11,95,171	63,69,92,682
- Unsecured	11,00,00,000	5,00,00,000
Total	1,04,11,95,171	68,69,92,682

Working Capital Loans are secured by first charge by way of hypothecation of current assets including stocks, book debts etc. and second charge on entire fixed assets of the company.



NOTES

FORMING PART OF FINANCIAL STATEMENTS (Contd.)

9 TRADE PAYABLES

(Rs.)

Particulars	31 March 2012	31 March 2011
Micro, Small and Medium Enterprises	-	-
Others	45,88,73,846	29,98,99,094
Total	45,88,73,846	29,98,99,094

The Company has not received information from suppliers or service providers, whether they are covered under Micro, Small and Medium Enterprises (Development) Act, 2006 and hence, it has not been possible to give the required information relating to such suppliers and amounts unpaid, if any, as at year end.

10 OTHER CURRENT LIABILITIES

(Rs.)

Particulars	31 March 2012	31 March 2011
Other Liabilities		
Payable towards Statutory Liabilities	2,54,03,830	1,10,10,597
Payable to Employees	2,62,14,746	2,27,86,756
Current Maturities of Term Loan	11,44,32,032	13,56,86,774
Interest Accrued and Due	28,92,928	31,82,838
Total	16,89,43,536	17,26,66,965

Indian rupee term loan from Bank of Baroda is repayable in 16 quarterly installments each of Rs. 2,29,00,000/- to be repaid by December, 2012. The loan is secured by first pari passu charge on company's fixed assets (excluding cars/vehicles) and the second charge on pari passu basis on stocks and book debts as collateral security.

Indian rupee term loan from HDFC Bank is repayable in 16 quarterly installments each of Rs. 56,25,000/- to be repaid by December, 2012. The loan is secured by first pari passu charge on company's fixed assets (excluding cars/vehicles) and the second charge on pari passu basis on stocks and book debts as collateral security.

11 SHORT TERM PROVISIONS

(Rs.)

Particulars	31 March 2012	31 March 2011
Provision for Employee Benefits		
Provision for Gratuity	23,52,642	21,98,192
Provision for Compensated Absences	11,09,476	-
Others		
Proposed Dividend	7,05,75,040	7,05,75,040
Corporate Tax on Dividend	1,14,49,036	1,14,49,036
Provision for Taxation (Net of Taxes Paid)	80,38,801	2,15,32,000
Total	9,35,24,995	10,57,54,268

12 | FIXED ASSETS

(Rs.)

		GROSS BLOCK				DEPRECIATION				NET BLOCK	
Sl. No.	Particulars	Cost as on 01.04.2011	Additions for the year	Adjustment for the year	Cost as on 31.03.2012	Up to 01.04.2011	Additions for the year	Adjustment for the year	Up to 31.03.2012	As on 31.03.2012	As on 31.03.2011
A	Tangible Assets										
	1 Land	5,86,49,842	6,19,91,675	(2,98,02,918)	9,08,38,599	-	-	-	-	9,08,38,599	5,86,49,842
	2 Buildings	18,52,56,886	8,03,705	-	18,60,60,591	1,77,89,558	60,08,237	-	2,37,97,795	16,22,62,796	16,74,67,328
	3 Plant & Machinery	57,75,07,233	6,66,26,965	-	64,41,34,198	19,27,96,371	5,54,74,164	-	24,82,70,535	39,58,63,663	38,47,10,862
	4 Furniture & Fixtures	1,95,72,047	13,44,063	-	2,09,16,110	46,05,322	11,95,918	-	58,01,240	1,51,14,870	1,49,66,725
	5 Office Equipments	61,45,143	5,11,190	-	66,56,333	14,43,311	3,82,139	-	18,25,450	48,30,883	47,01,832
	6 Pollution Equipments	2,77,500	-	-	2,77,500	68,485	13,181	-	81,666	1,95,834	2,09,015
	7 Computers	2,38,48,303	34,34,511	-	2,72,82,814	74,99,645	39,77,195	-	1,14,76,840	1,58,05,974	1,63,48,658
	8 Electric Fittings	2,60,73,223	7,24,635	-	2,67,97,858	36,67,271	12,40,923	-	49,08,194	2,18,89,664	2,24,05,952
	9 Vehicles	1,54,75,334	1,25,29,630	(21,24,030)	2,58,80,934	41,37,927	17,60,401	(11,42,098)	47,56,230	2,11,24,704	1,13,37,407
	Total (Tangible Assets) A	91,28,05,511	14,79,66,374	(3,19,26,948)	1,02,88,44,937	23,20,07,890	7,00,52,158	(11,42,098)	30,09,17,950	72,79,26,987	68,07,97,621
B	Intangible Assets										
	1 Goodwill	19,61,719	-	-	19,61,719	19,61,719	-	-	19,61,719	-	-
	2 Product Development	4,76,87,348	-	-	4,76,87,348	2,64,00,969	33,24,410	-	2,97,25,379	1,79,61,969	2,12,86,379
	3 Technical Know how	27,75,310	-	-	27,75,310	27,75,310	-	-	27,75,310	-	-
	4 Computer Software	2,32,10,123	1,49,69,155	-	3,81,79,278	1,37,96,301	72,44,961	-	2,10,41,262	1,71,38,016	94,13,822
	5 Web Site Development	5,63,988	-	-	5,63,988	5,40,949	23,039	-	5,63,988	-	23,039
	Total (Intangible Assets) B	7,61,98,488	1,49,69,155	-	9,11,67,643	4,54,75,248	1,05,92,410	-	5,60,67,658	3,50,99,985	3,07,23,240
C	Intangible Assets under Development (Product Development)	3,47,32,310	4,06,10,520		7,53,42,830					7,53,42,830	3,47,32,310
	Grand Total (A + B + C)	1,02,37,36,309	20,35,46,049	(3,19,26,948)	1,19,53,55,410	27,74,83,138	8,06,44,568	(11,42,098)	35,69,85,608	83,83,69,802	74,62,53,171
	Previous Year:	(89,60,63,710)	(12,96,83,792)	(20,11,193)	(1,02,37,36,309)	(20,46,56,554)	(7,40,66,185)	(12,39,600)	(27,74,83,137)	(74,62,53,171)	
D	Capital Work in Progress										
	Capital Work in Progress	46,19,441	3,94,22,591	-	4,40,42,032	-	-	-	-	4,40,42,032	46,19,441

Note:

- (1) Depreciation on assets, other than Intangible Assets, is computed on Straight Line Method (SLM) in accordance with provisions of Section 205(2)(b) of the Companies Act 1956. Depreciation on Plant & Machineries (including Tools - Finished) include Extra Shift Depreciation. Intangible assets are amortised as per accounting policy adopted by the Company.
- (2) Depreciation on additions during the year is charged on pro-rata basis.
- (3) Capital work in progress includes interest on borrowing of Rs.18,11,480/-, in accordance with accounting standard -16- "Borrowing Costs".
- (4) (i) The Company has purchased the Land of Rs 6,01,59,761/- at Village Alindra, Taluka Kalol from a Government Authority. Possession of land is given to the Company by the said authority pending execution of legal documents.
(ii) Adjustment refers to the part of land sold to an associate concern on the basis of valuation report.
- (5) Product development being of technical nature, auditors have relied on the management representation.



NOTES

FORMING PART OF FINANCIAL STATEMENTS (Contd.)

13 NON CURRENT INVESTMENT

(Rs.)

Particulars	31 March 2012	31 March 2011
13.1 Trade Investment (unquoted)		
Investment in Subsidiary Companies (At cost):-		
i) 8,00,000 (8,00,000) Equity Shares of £ 1 each fully paid up of wholly owned foreign subsidiary - Setco Automotive UK Ltd. (UK)	64,840,000	64,840,000
ii) 1,28,778 (1,28,778) Equity Shares of MUR 100 each fully paid up of wholly owned foreign subsidiary - WEW Holdings Ltd.(Mauritius)	1,90,80,525	1,90,80,525
iii) 2,15,014 (2,15,014) 0% Redeemable Preference Shares of MUR 100 each fully paid up of wholly owned foreign subsidiary - WEW Holdings Ltd.(Mauritius)	3,16,79,008	3,16,79,008
iv) 1030 (1030) 11% Cumulative Redeemable Preference Shares of \$ 1500 each fully paid up of wholly owned foreign subsidiary - Setco Automotive N.A.Inc. (USA)		7,20,51,900
Investment in Associate Companies (At cost):-		
i) 9,70,000 (NIL) Equity Share @ Rs.50/- each fully paid up of SE Transstadia Pvt. Ltd.	4,85,00,000	-
ii) Share Application Money - SE Transstadia Pvt. Ltd.	-	2,85,00,000
iii) Share Application Money - Setco Engineering Pvt. Ltd.	-	6,00,00,000
iv) 16900000 (NIL) 10% 15 years Non Cumulative Redeemable Preference Shares @ Rs.10/- each fully paid of Setco Engineering Pvt. Ltd.	16,90,00,000	-
Non Trade Investment (unquoted) (At cost)		
i) 10 (10) Equity Shares of Rs. 25/- each of Kalol Urban Co.op.Bank Ltd.	250	250
Total	33,30,99,783	27,61,51,683

13.2 Investment in SE Trasstadia Pvt. Ltd. and SETCO Engineering Pvt. Ltd., associate concerns have been made in terms of approval given by the members of the company in the Annual General Meeting of the company held on 24th September 2009.

13.3 Investment in the equity shares of Rs. 10/- each of SE Transtadia Pvt. Ltd., have been made at a premium of Rs. 40/- based on the future projections and relative worth of the company.

NOTES

FORMING PART OF FINANCIAL STATEMENTS (Contd.)

14 LONG TERM LOANS AND ADVANCES

(Rs.)

Particulars	31 March 2012	31 March 2011
Unsecured, considered good		
Capital Advances	1,83,47,192	3,81,66,307
Other Deposits	97,58,511	93,37,881
MAT Credit Entitlement	9,14,38,334	-
Loans And Advances to related parties		
Unsecured, considered good	6,51,471	6,02,789
Advances recoverable in cash or kind		
Advance to Creditors	3,00,000	3,00,000
Total	12,04,95,508	4,84,06,977

15 TRADE RECEIVABLES

(Rs.)

Particulars	31 March 2012	31 March 2011
Unsecured, considered good		
Outstanding for a period exceeding six months from the date they are due for payment	6,95,270	15,05,270
Total	6,95,270	15,05,270

16 OTHER NON CURRENT ASSETS

(Rs.)

Particulars	31 March 2012	31 March 2011
Fees for increase in Authorised Share Capital	-	1,70,000
Total	-	1,70,000

17 CURRENT INVESTMENT

(Rs.)

Particulars	31 March 2012	31 March 2011
1030 (1030) 11% Cumulative Redeemable Preference Shares of \$ 1500 each fully paid up of wholly owned foreign subsidiary -Setco Automotive N.A.Inc. (USA)	7,20,51,900	-
Total	7,20,51,900	-

18 INVENTORIES

(Rs.)

Particulars	31 March 2012	31 March 2011
Raw Materials	25,68,68,152	18,97,08,091
Work -In- Progress	12,12,06,729	8,67,38,487
Finished Goods (incl Sales in transit Rs.2,27,30,187, (Previous year Rs. 1,32,37,006) (Refer Note No. 34)	6,76,09,485	4,86,21,240
Stores & Packing Materials	2,96,14,049	1,97,80,825
Scrap	8,93,420	2,80,104
Total	47,61,91,835	34,51,28,747



NOTES

FORMING PART OF FINANCIAL STATEMENTS (Contd.)

19 TRADE RECEIVABLES

(Rs.)

Particulars	31 March 2012	31 March 2011
Unsecured, considered good		
Outstanding for a period exceeding six months from the date they are due for payment	5,18,05,745	3,15,23,506
Other Debts	84,91,02,660	62,75,99,658
Total	90,09,08,405	65,91,23,164

20 CASH AND CASH EQUIVALENTS

(Rs.)

Particulars	31 March 2012	31 March 2011
Cash and Cash Equivalent		
Cash Balances	39,59,899	18,54,741
Bank Balances	6,79,49,355	1,07,19,277
Others		
Fixed Deposit Account (On Margin Account)	-	57,97,459
Total	7,19,09,254	1,83,71,477

Of the above, balances that meet the definition of Cash and Cash Equivalents as per AS-3 Cash Flow Statements is Rs. 7,19,09,254/- (Previous year Rs. 1,25,74,018/-)

21 SHORT TERM LOANS AND ADVANCES

(Rs.)

Particulars	31 March 2012	31 March 2011
Other Deposits		
Unsecured, considered good	1,03,478	2,59,259
Loans And Advances to Related Parties		
Unsecured, considered good		
Setco Automotive (NA) Inc.	1,36,54,693	1,26,69,237
Setco Automotive (UK) Ltd.	4,74,72,083	3,93,86,096
Western Engineering Works	5,67,99,559	4,93,50,282
Advances recoverable in cash or kind		
Prepaid Expenses	57,16,872	42,72,071
Advance for Goods & Services	9,86,40,338	8,23,07,049
Other Loans And Advances		
Balance with Central Excise	12,76,629	36,21,790
Employees Advances	15,01,376	8,46,116
Statutory dues receivable - VAT	1,77,14,233	1,83,96,033
- Excise	26,21,649	32,66,690
- Service Tax	88,90,726	55,14,389
- Others	2,70,572	1,57,730
Total	25,46,62,209	22,00,46,742

NOTES

FORMING PART OF FINANCIAL STATEMENTS (Contd.)

22 REVENUE FROM OPERATIONS (NET)

(Rs.)

Particulars	Year ended 31st March 2012	Year ended 31st March 2011
Sales of Finished Goods	4,03,74,10,428	3,24,06,11,412
Sales of Manufacturing Scrap	5,92,92,426	4,13,29,401
Total	4,09,67,02,854	3,28,19,40,813
Less:- Sales in Transit	3,14,36,815	1,57,89,695
Less:- Sales Taxes & VAT	9,40,63,090	6,13,98,455
Total	3,97,12,02,949	3,20,47,52,663
Less:- Excise Duty	26,31,87,356	17,82,45,152
Total	3,70,80,15,593	3,02,65,07,511

23 OTHER INCOME

(Rs.)

Particulars	Year ended 31st March 2012	Year ended 31st March 2011
Lease Rent	60,000	15,20,000
Interest Income - Subsidiary	27,95,650	21,54,393
- Others	4,30,766	5,17,099
Miscellaneous Income	12,46,546	21,000
Foreign Exchange Gain/(Loss) (Net)	2,70,17,376	74,77,657
Sundry Balances Written back	37,41,494	17,026
Insurance Claim Received	21,394	55,996
Total	3,53,13,226	1,17,63,171

24 COST OF MATERIALS AND COMPONENTS CONSUMED

(Rs.)

Particulars	Year ended 31st March 2012	Year ended 31st March 2011
Opening Stock	18,97,08,091	11,73,79,733
Add : Purchases (Net)	2,36,32,45,474	1,84,92,14,137
Less : Closing Stock	25,68,68,152	18,97,08,091
Total	2,29,60,85,413	1,77,68,85,779

25 PURCHASE OF TRADED GOODS

(Rs.)

Particulars	Year ended 31st March 2012	Year ended 31st March 2011
Cost of Goods Traded	-	95,94,562
Total	-	95,94,562



NOTES

FORMING PART OF FINANCIAL STATEMENTS (Contd.)

26 | CHANGES IN INVENTORIES OF FINISHED GOODS AND WORK IN-PROGRESS (Rs.)

Particulars	Year ended 31st March 2012	Year ended 31st March 2011
Opening Stock:		
Finished Goods	3,53,84,234	3,37,19,272
Work- in –Progress	8,67,38,487	7,17,77,898
Goods- in –Transit	1,32,37,006	1,71,15,393
Scrap	2,80,104	3,42,870
	13,56,39,831	12,29,55,433
Closing Stock:		
Finished Goods	4,48,79,298	3,53,84,234
Work -in –Progress	12,12,06,729	8,67,38,487
Goods- in- Transit	2,27,30,187	1,32,37,006
Scrap	8,93,420	2,80,104
	18,97,09,634	13,56,39,831
Increase in Inventories	Total	
	(5,40,69,803)	(1,26,84,398)

27 | EMPLOYEE BENEFITS (Rs.)

Particulars	Year ended 31st March 2012	Year ended 31st March 2011
Salaries, Wages and Bonus	21,58,28,760	16,74,95,503
Contribution to Employees welfare funds	1,55,34,984	1,21,42,637
Staff Welfare expenses	1,15,10,745	81,70,649
Total	24,28,74,489	18,78,08,789

Including managerial remuneration of Rs. 4,67,22,000/- (Previous year Rs. 3,73,13,000/-). In respect of Financial year 2010-11, Chairman & Managing Director has forgone Rs. 46,76,220/- towards his remuneration & the same has been reversed in current Financial year.

28 | FINANCE COST (Rs.)

Particulars	Year ended 31st March 2012	Year ended 31st March 2011
Interest Expense	16,09,17,347	9,71,31,315
Other Financial Charges	46,19,398	37,84,487
Total	16,55,36,745	10,09,15,802

29 | MISCELLANEOUS EXPENDITURE AMORTISED (Rs.)

Particulars	Year ended 31st March 2012	Year ended 31st March 2011
Share Issue expenses	-	18,50,297
Fees for increase in Authorised Share Capital	1,70,000	1,70,000
Total	1,70,000	20,20,297

NOTES

FORMING PART OF FINANCIAL STATEMENTS (Contd.)

30 OTHER EXPENSES

(Rs.)

Particulars	Year ended 31st March 2012	Year ended 31st March 2011
Stores and Tools Consumed	7,06,07,173	5,18,62,694
Carriage Inward	4,54,21,213	4,21,27,506
Power and Fuel	3,88,90,426	2,95,33,309
Job work Charges	4,30,37,635	4,33,62,885
Repairs and Maintenance to Machinery	20,86,916	17,45,247
Repairs to Building	2,98,214	5,20,632
Other Repairs	1,30,01,391	1,07,62,545
Factory Expenses	31,81,484	62,68,250
Rent	2,09,44,857	2,05,40,539
Rates and Taxes	1,63,746	-
Insurance	48,54,903	37,28,574
Conveyance	96,95,449	67,82,963
Travelling Expenses	2,53,02,355	2,51,51,841
Legal and Professional Charges	4,06,85,382	3,21,03,195
Statutory Auditors' Remuneration	14,00,000	10,00,000
Printing and Stationary	24,12,469	20,30,859
Communication Expenses	49,62,079	35,06,573
Books, Subscription and Membership	3,46,510	47,55,307
Directors' Sitting Fees	3,00,000	3,75,000
Commission to Non Executive Directors	46,68,000	46,76,000
Office Expenses	8,95,961	10,32,630
General Expenses	1,43,61,653	1,36,93,140
Advertisement Expenses	13,52,803	17,65,638
Marketing and Sales Promotion	3,23,11,173	2,91,18,127
Discount, Commission and other Expenses on Sales	8,16,77,459	5,14,30,221
Packing and Forwarding Expenses	9,18,93,258	7,64,90,474
Sundry Balance Written off	35,52,921	96,87,194
Loss/(Profit) on Sale of Fixed Asset	5,31,933	11,23,593
Excise Duty on Finished Goods Stock	16,49,695	3,54,893
Total	56,04,87,058	47,55,29,829

31 EXCEPTIONAL ITEM

The exceptional item of Rs. 2,84,40,454/- represents amount of charge towards sharing of cost saving benefits in respect of Uttarakhand unit, as recovered by a major customer.

32 MAT CREDIT

During the year, company has recognised MAT Credit of Rs.5,08,84,979/- in respect of previous periods and Rs.4,05,53,355/- for current financial year and same is shown as adjustment from the current tax amount in the statement of profit and loss.



NOTES

FORMING PART OF FINANCIAL STATEMENTS (Contd.)

33 EARNING PER SHARE

(Rs.)

Particulars	Current Year	Previous year
Profit available to Equity Shareholder after Tax (Before Exceptional Item)	45,26,43,908	32,87,63,065
Profit available to Equity Shareholder after Tax (After Exceptional Item)	42,42,03,454	32,87,63,065
No. of Equity Shares of Rs. 10/- each		
Basic	17,643,760	17,643,760
Diluted	17,664,860	17,665,190
Earnings Per Share in Rs.		
Before Considering Exceptional Items		
- Basic	25.65	18.63
- Diluted	25.62	18.61
After Considering Exceptional Items		
- Basic	24.04	18.63
- Diluted	24.01	18.61

34 SALES-IN-TRANSIT

The Products dispatched from the factory, which remained in transit in respect of which the risk and reward have not been transferred till the date of approval of financial statements amounts to Rs.3,14,36,815/- (Rs.1,57,89,695/-). With a view to reflect true and correct position of revenue, the said amount is reduced from total sales of the year and the stock value there of Rs.2,27,30,187/- (Rs.1,32,37,006/-) is shown under the head "Finished Goods" in Note 18 under the head "Inventories".

35 INCOME TAX SURVEY AND TAX OF PREVIOUS PERIODS

During the year, income tax department ('department') carried out survey operations in the company premises. Consequent to the review of records by the department representatives, declarations and submissions made on the basis of legal advice, Company re-worked certain tax benefits and also offered additional income of Rs 17,00,00,000/- to make up for deficiencies, if any, in respect of earlier years taxable income. The revised working resulted into additional tax liability of Rs. Nil, after adjusting MAT credit entitlement of Rs. 9,04,26,348/- there by changing the tax base from MAT to normal taxation for preceding financial year.

36 RELATED PARTY DISCLOSURES

A. Names of related parties and nature of relationship :

- Shri Harish Sheth, the Chairman & Managing Director of the Company is interested in Setco Engineering Private Limited, SE Transstadia Private Limited, Transstadia (Ahmedabad) Private Limited, Transstadia Technologies Private Limited as director, and Western Engineering Works as partner.
- Mr. Shvetal Vakil is Executive Director of the Company.
- Mr. Udit Sheth – the Executive Director is a relative of the Chairman & Managing Director and also interested as Director in SE Transstadia Private Limited and Transstadia (Ahmedabad) Private Limited, Transstadia Technologies Private Limited and as partner in Western Engineering Works.
- Mrs. Urja Harshal Shah (President – Corporate office) & Mr. Harshal J. Shah (Director) are relatives of Mr. Harish K. Sheth and Mr. Udit H. Sheth the Chairman & Managing and Executive Director respectively.
- List of Foreign Subsidiaries :
 - Setco Automotive UK Limited (UK)
 - Setco Automotive N.A. Inc. (USA)
 - WEW Holdings Limited, Mauritius
- List of Associate Concerns :
 - SE Transstadia Private Limited
 - Transstadia (Ahmedabad) Private Limited
 - Transstadia Technologies Private Limited
 - Setco Engineering Private Limited
 - Transstadia Capital Private Limited.

NOTES

FORMING PART OF FINANCIAL STATEMENTS (Contd.)

36 RELATED PARTY DISCLOSURES (Contd.)

(Rs.)

B. Transactions with Related parties :

Nature of Transaction	Current Year	Previous year
A) Transactions with Wholly Owned Subsidiaries:		
Export	11,23,90,751	9,65,63,223
Import	1,48,75,467	1,72,79,090
Expenditure including Capital items	4,46,14,340	3,33,84,225
Interest Income	27,95,650	21,54,393
Outstanding at Year End:		
Investment	18,76,51,433	18,76,51,433
Loans & Advances	6,17,78,248	5,26,58,122
Amount Receivable	12,34,37,565	9,89,82,839
Amount Payable	2,36,68,986	1,55,46,351
B) Transactions with Associate Concerns:		
Purchase, Job work & Out Sourcing Expense	-	1,44,31,858
Investment	12,90,00,000	7,85,00,000
Rent	-	15,00,000
Lease Rent	60,000	20,000
Marketing Commission	5,53,04,045	3,89,86,328
Outstanding at Year End:		
Amount Receivable	38,22,852	21,56,006
C) Transactions with Key Management Personnel & their relatives:		
Managerial Remuneration		
(Excluding Commission to Non-Executive Directors)	4,67,22,000	3,73,13,000
Others (Relative)	5,76,000	5,14,080
Outstanding at Year End:		
Amount payable	1,30,06,000	1,13,81,000

In terms of approval by the Central Government u/s 297 of the Companies Act, 1956 commission is payable to a firm (in which the directors are interested) on OE and SPD sales achieved @2% based on the sales figures reported in the audited accounts. Commission payable in respect of sales during the period 2010-2011 has been accounted during the year under review. Advance of Rs. 5,67,99,559/- (Rs. 4,93,50,282/-) due from the firm represents amount paid during the year to be adjusted against commission to be determined on approval of accounts for the year ended 31st March, 2012 as per consistent policy followed from year to year.

37 CLAUSE 32 OF LISTING AGREEMENT

Loans and Advances in the nature of loans given to Subsidiaries and Associates in terms of Clause 32 of listing agreement.

Sr. No.	Name of the Company	As at 31.03.2012 (Rs.)	As at 31.03.2011 (Rs.)	Maximum Balance during 2011-2012 (Rs.)	Maximum Balance during 2010-2011 (Rs.)
1.	Setco Automotive UK Limited UK (Subsidiary)	3,35,33,000	2,97,42,000	3,35,33,000	2,98,71,000
2.	WEW Holdings Limited, Mauritius (Subsidiary)	6,51,471	6,02,789	6,51,471	6,60,436



NOTES

FORMING PART OF FINANCIAL STATEMENTS (Contd.)

38 | SEGMENT INFORMATION

The Company is operating only in one business segment viz. Auto Components.

39 | REMUNERATION TO AUDITORS FOR OTHER SERVICES

Particulars	2011-12	2010-11
Tax Audit	2,38,000	2,38,000
Taxation matters	5,00,000	---
Total	7,38,000	2,38,000

40 | CONTINGENT LIABILITIES & COMMITMENTS

A. Contingent Liabilities

- Guarantees given by the bank on behalf of the Company Rs. 21,35,170 (Rs. 24,62,937).
- Guarantee given to ICICI Bank Limited, U.K. for ultimate subsidiary's credit facilities Rs.18,91,06,000 (Rs. 16,70,26,000) (£2.3 million).
- Guarantee given to ICICI Bank Limited, Singapore. for ultimate subsidiary's credit facilities Rs.3,34,23,000 (Rs. Nil) (\$ 0.65 million).
- Guarantee given to Bank of Baroda, New York, USA for ultimate subsidiary's credit facilities Rs.30,82,62,900 (Rs. 26,95,35,200) (\$ 5.995 million).
- Bills Receivable discounted with the Bank and not matured Rs. Nil (Rs 12,06,646).
- Warranty Claims raised by Customer but not acknowledged of Rs. 1,18,58,292 (Rs.51,14,338).

B. Commitments

- Estimated amount of contracts remaining to be executed on capital account and not provided for Rs.3,54,79,767 (Rs. 3,02,14,100)

41 | TRADE RECEIVABLES & PAYABLES

- Trade receivables and Trade payables balances are under reconciliation process. Necessary adjustments, if any, will be accounted when the same is reconciled. In respect of other debit/credit balances, balance confirmations have not been obtained and therefore, are subject to reconciliation and adjustment if any.
- In the opinion of the management, current and non-current assets are recoverable in the normal course of business.

42 | RAW MATERIALS & COMPONENTS CONSUMED

Sr. No.	Particulars	2011-12 Value	2010-11 Value
1	Steel Strips	46,82,47,665	39,46,76,776
2	Springs	24,41,12,445	18,38,21,493
3	Ceramic Buttons	44,42,02,074	43,92,90,458
4	Castings	55,21,38,974	39,85,84,778
5	Other Components	58,73,84,255	36,05,12,274
	Total	2,29,60,85,413	1,77,68,85,779
a)	Cost of Traded Goods	-	95,94,562
	Total (a + b)	2,29,60,85,413	1,78,64,80,341

43 | STOCK OF WORK-IN-PROGRESS

Particulars	2011-12 Value	2010-11 Value
Components for Clutch Driven Plate	7,06,92,779	5,10,58,493
Components for Clutch Cover Assly	4,04,89,439	1,80,25,572
Components for Release Bearing Assly	86,89,888	76,81,486
Other Components	13,34,623	99,72,936
Total	12,12,06,729	8,67,38,487

NOTES

FORMING PART OF FINANCIAL STATEMENTS (Contd.)

44 STOCK AND TURNOVER

(Rs.)

	Opening Stock	Closing Stock	Sales
Clutch Driven Plate	2,31,43,894 (1,75,08,038)	2,01,93,539 (2,31,43,894)	1,80,99,00,926 (1,48,96,97,478)
Clutch Cover Assy.	52,37,487 (77,69,048)	90,22,482 (52,37,487)	1,88,40,31,654 (1,48,80,18,432)
Others Components	70,02,853 (84,42,187)	1,56,63,277 (70,02,853)	34,34,77,848 (25,32,84,478)
Total (a)	3,53,84,234 (3,37,19,273)	4,48,79,298 (3,53,84,234)	4,03,74,10,428 (3,23,10,00,388)
b) Trading item			- (96,11,024)
c) Sales of Manufacturing scrap			5,92,92,426 (4,13,29,401)
Total (a + b + c)	3,53,84,234 (3,37,19,273)	4,48,79,298 (3,53,84,234)	4,09,67,02,854 (3,28,19,40,813)

45 CIF VALUE OF IMPORTS

(Rs.)

	2011-12	2010-11
Raw Materials, Components & Spares arts	47,98,24,752	42,51,24,653
Capital Goods	22,514,392	28,765
Total	50,23,39,144	42,51,53,418

46 EXPENDITURE IN FOREIGN CURRENCY

(Rs.)

	2011-12	2010-11
Technical Fees	4,06,10,520	2,61,68,560
Market Research / Marketing Expenses	1,97,45,634	1,86,00,590
Travelling Expenses	37,95,918	36,03,493
Other Expenses	18,07,296	28,13,628
Total	6,59,59,368	5,11,86,271

47 VALUE OF IMPORTED AND INDIGENEOUS RAW MATERIALS, COMPONENTS AND STORES AND SPARES CONSUMED AND PRECENTAGE OF EACH TO TOTAL CONSUMPTION

The Consumption of Raw Materials & Components includes consumption of Imported Components Rs. 52,91,84,782 (Rs.38,72,94,955) which is 23.05% (21.68%) in total consumption.

48 EARNINGS IN FOREIGN CURRENCY

(Rs.)

	2011-12	2010-11
Exports of Goods at FOB value	22,21,17,942	17,85,45,118
Interest from Foreign subsidiary	27,95,650	21,54,393
Total	22,49,13,592	18,06,99,511



NOTES

FORMING PART OF FINANCIAL STATEMENTS (Contd.)

49 EMPLOYEE BENEFITS

Disclosure pursuant to AS – 15 (Revised) 'Employee Benefits'

i) Defined Contribution Plans

An amount of Rs 1,55,34,984/- (Rs. 1,21,42,637/-) (Provident Fund & ESIC) is recognized as an expense and included in Note 27 under the head "Employee Benefits".

ii) Defined Benefit Plans

Contribution to Gratuity Fund

CHANGES IN BENEFIT OBLIGATION

		(Rs.)
	Current Year	Previous year
Opening defined benefits obligation	1,50,50,740	1,05,35,396
Interest Cost	12,04,059	8,42,832
Current Service Cost	19,94,556	9,53,658
Benefit Paid	(4,44,676)	(7,06,117)
Actuarial (Gain)/Loss on obligation	14,46,511	34,24,971
Closing defined benefit obligation	1,92,51,190	1,50,50,740

FAIR VALUE OF PLAN ASSETS

		(Rs.)
	Current Year	Previous year
Opening fair value of plan a	1,27,09,452	1,08,01,905
Expected Return on Plan assets	12,56,725	9,94,839
Contributions made by the employer during the year	21,98,213	16,18,825
Benefit Paid	(4,44,676)	(7,06,117)
Actuarial Gain/(Loss) on Plan assets	(68,009)	-
Closing fair value of plan assets	1,56,51,705	1,27,09,452

AMOUNT RECOGNISED IN THE BALANCE SHEET

		(Rs.)
	Current Year	Previous year
Defined Benefit Plan - Gratuity (Funded)		
Present value of funded obligation	(1,56,51,705)	(1,27,09,452)
Present value of non-funded obligation	(35,99,485)	(23,41,288)
Total Obligation	(1,92,51,191)	(1,50,50,740)
Fair Value of Plan Assets at the end of the year	1,56,51,705	1,27,09,452
Net Asset /(Liability) included under the head Provision 7	(35,99,485)	(23,41,288)
"Long /Short term Provisions".		

EXPENSES RECOGNISED IN THE PROFIT & LOSS STATEMENT

		(Rs.)
	Current Year	Previous year
Current Service Cost	19,94,556	9,53,658
Interest Cost on Benefit obligation	12,04,059	8,42,832
Expected Return on Plan Assets	(12,56,725)	(9,94,839)
Net actuarial (Gain) or Loss recognized during the year	15,14,520	34,24,971
Amount Included under in Note 27 – "Employee Benefits".	34,56,410	42,26,622

NOTES

FORMING PART OF FINANCIAL STATEMENTS (Contd.)

49 EMPLOYEE BENEFITS (Contd.)

BALANCE SHEET RECONCILIATION

		(Rs.)
	Current Year	Previous year
Opening Net Liability	23,41,288	(2,66,509)
Expense as above	34,56,410	42,26,622
Contributions made during the year	(21,98,213)	(16,18,825)
Liability recognized in Balance Sheet	35,99,485	23,41,288

THE PRINCIPAL ACTUARIAL ASSUMPTION AT THE BALANCE SHEET DATE

		(Rs.)
	Current Year	Previous year
Mortality Table - LIC	1994-96 (Ultimate)	1994-96 (Ultimate)
Discount rate	8.50%	8%
Estimated future salary growth	7%	7%
Expected rate of return on plan assets	9.25%	9.25%
Valuation Method	Projected Unit Credit Method	Projected Unit Credit Method

50 EMPLOYEE STOCK OPTION PLAN - ESOP 2010.

The company instituted "Setco Automotive Limited Employee Stock Option Scheme 2010" as approved in earlier year by the shareholders of the company and administered by the Compensation Committee of the Board.
Setco Automotive Limited Employee Stock Option Scheme 2010

			(Rs.)
Grant Date	No of Options	Exercise Price	Vesting / Exercise Period
01.12.2010	46279	93	01.12.2011 – 30.11.2012
	45971	93	01.12.2012 – 30.11.2013
	38591	124	01.12.2011 – 30.11.2012
	38591	124	01.12.2012 – 30.11.2013
	38568	124	01.12.2013 – 30.11.2014
Total	208000		

The Options are granted at an exercise price, which is in accordance with the relevant SEBI guidelines in force, at the time of such grants. Each option entitles the holder to exercise the right to apply for and seek allotment of one equity share of Rs 10 each. The options have vesting / exercise period in accordance with the vesting / exercise schedule as above.

The particulars of the options granted & lapsed under the schemes are as under:



NOTES

FORMING PART OF FINANCIAL STATEMENTS (Contd.)

50 EMPLOYEE STOCK OPTION PLAN - ESOP 2010 (Contd.)

(Rs.)

Particulars	Year Ended 31st March 2012 (Exercise Price Rs 93)	Year Ended 31st March 2012 (Exercise Price Rs 124)	Total Number of Stock Options for Year Ended 31st March 2012 Nos. (FV Rs 10)	Year ended 31st March 2011 Nos. (FV Rs 10)
At the Beginning of the year	92250	115750	208000	-
Add: Options granted during the year	-	-	-	208000
Less: Option Lapsed during the year	1424	10650	12074	-
Less: Option Exercised during the year	-	-	-	-
Options outstanding as at the year end	90826	105100	195926	208000

51 Research and development expenses aggregating to Rs.24,59,716/- in the previous financial year have been regrouped and debited to respective revenue expenses account.

52 Figures in brackets represent previous year's figures.

53 The revised schedule VI has become effective from 1st April 2011 for the preparation of financial statements. This has significantly impacted the disclosure and presentation made in the financial statements. Previous year's figures have been regrouped/ reclassified wherever necessary to correspond with the current year's classification/ disclosure.

As per our report of even date attached
For Manesh Mehta & Associates

Manesh P. Mehta
Partner

Membership No. : 036032

Place : Mumbai
Date: July 5, 2012

Harish Sheth
Chairman & Managing Director
Arun Arora
Director
Harshal Shah
Director

Place : Mumbai
Date: July 5, 2012

For and on behalf of the Board
Udit Sheth
Executive Director
Ashok Kumar Jha
Director
Pratap Merchant
Director
Vinay Shahane
Associate Vice President – Finance

Shvetal Vakil
Executive Director
Bhalchandra Naik
Director
Satish Deshpande
Director
Mihir Mehta
Company Secretary

AUDITORS REPORT ON CONSOLIDATED ACCOUNTS

To,
The Board of Directors,

SETCO AUTOMOTIVE LIMITED

1. We have audited the attached Consolidated Balance Sheet of SETCO AUTOMOTIVE LIMITED ("the Company") and its subsidiaries (the Company and its Subsidiaries constitute "the Group") as at 31st March 2012 and also the Consolidated Statement of Profit and Loss and Consolidated Cash Flow Statement for the year ended on that date annexed thereto.
2. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are prepared in all material aspects in accordance with an identified financial reporting framework and are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3.
 - a. We did not audit the financial statements of the foreign subsidiaries, whose financial statements reflect total assets of Rs. 8408.43 lacs, total revenues of Rs. 6510.50 lacs and cash outflows of Rs. 36.26 lacs. These financial statements have been audited by other auditors whose reports have been furnished to us by the Company on which reliance has been placed by us.
 - b. Without qualifying our report, we state that we have relied upon management's presentation & classification of amounts in respect of foreign subsidiaries in accordance with requirements of Revised Schedule VI of the Companies Act, 1956, in forming our opinion on the said consolidated financial statements.
4. Attention is invited to:
 - a. Note No. 34 – "Notes forming part of Financial Statements, on impact of survey proceedings conducted by Income tax Department during the year on MAT credit entitlement of Rs. 9,04,26,348/- forgone.
 - b. Note No. 42 – "Notes forming part of Financial Statements" stating that disclosures in respect of Materials & Components Consumed, Inventories, Deferred Tax Liability and Trade Receivables are reflected, each at aggregate amounts on the basis of information available from the subsidiaries.
5. We report that the consolidated financial statements have been prepared by the Company in accordance with the requirements of Accounting Standard 21, "Consolidated Financial Statements", notified under section 211 (3C) of the Companies act, 1956; except as regards :
 - i) Non-ascertainment & Non-elimination of unrealized profits, if any in respect of stocks lying with subsidiaries (Refer Note 36(ii)-" Notes forming part of Financial Statements")
6. Subject to Para 5, the effect of which could not be ascertained and based on our audit and on consideration of reports of other auditors on separate financial statements of subsidiaries, and to the best of our information and according to explanations given to us, we are of the opinion that, the consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:
 - a. in the case of the consolidated Balance Sheet, of the state of affairs of the Group as at 31st March, 2012;
 - b. in the case of the consolidated Statement of Profit and Loss, of the consolidated results of the operations of the Group for the year ended on that date;
 - c. in the case of consolidated Cash Flow Statement, of the consolidated cash flows of the Group for the year ended on that date.

For **Manesh Mehta & Associates**
Chartered Accountants
(Firm Registration No. : 115832W)
(M.P.MEHTA)
Partner
(M. No. 036032)

Place : Mumbai
Date : 05.07.2012



CONSOLIDATED BALANCE SHEET

AS AT 31st MARCH, 2012

(Rupees)

	Note No.	As at 31st March, 2012		As at 31st March, 2011	
EQUITY & LIABILITIES :					
Shareholders' Funds					
Share Capital	2	17,64,37,600	1,33,13,39,638 48,91,769	17,64,37,600	92,27,60,240
Reserves & Surplus	3	1,15,49,02,038		74,63,22,640	
Share Application Money Pending Allotment	4			-	
Non-current Liabilities					
Long-term Borrowings	5	27,90,68,790	34,07,91,905	26,48,74,970	31,70,74,151
Deferred Tax Liabilities (net)	6	5,67,22,053		4,85,89,618	
Long- Term Provisions	7	50,01,062		36,09,563	
Current Liabilities					
Short-term Borrowings	8	1,14,21,29,809	1,87,81,19,017	77,48,20,461	1,46,14,07,593
Trade Payables	9	41,12,75,142		28,81,69,234	
Other Current Liabilities	10	22,94,26,008		28,92,40,535	
Short Term Provisions	11	9,52,88,058		10,91,77,363	
TOTAL			3,55,51,42,329		2,70,12,41,984
ASSETS :					
Non Current Assets					
Fixed Assets	12		1,14,81,14,073		98,71,93,146
- Tangible Assets		86,33,17,085		80,35,61,674	
- Intangible Assets		16,54,12,126		14,42,79,721	
- Capital Work-in-Progress		4,40,42,032		46,19,441	
- Intangible Assets under Development		7,53,42,830		3,47,32,310	
		-		-	
Non-current Investments	13	21,75,00,250	33,80,39,557	8,85,00,250	13,79,79,708
Long-term Loans & Advances	14	11,98,44,037		4,78,04,188	
Trade Receivables	15	6,95,270		15,05,270	
Other Non-current Assets	16	-		1,70,000	
Current Assets					
Inventories	17	88,88,49,799	2,06,89,88,699	69,56,95,124	1,57,60,69,130
Trade Receivables	18	88,56,96,381		65,57,61,385	
Cash and Cash Equivalents	19	8,82,18,397		3,83,06,341	
Short-term Loans & Advances	20	20,60,54,122		18,61,36,280	
Other Current Assets		1,70,000		1,70,000	
TOTAL			3,55,51,42,329		2,70,12,41,984

Notes including Significant Accounting Policies are an integral part of the financial statements: 1 to 44

As per our report of even date attached
For Manesh Mehta & AssociatesManesh P. Mehta
Partner

Membership No. : 036032

Harish Sheth
Chairman & Managing Director
Arun Arora
Director
Harshal Shah
DirectorFor and on behalf of the Board
Udit Sheth
Executive Director
Ashok Kumar Jha
Director
Pratap Merchant
Director
Vinay Shahane
Associate Vice President – FinanceShveta Vakil
Executive Director
Bhalchandra Naik
Director
Satish Deshpande
Director
Mihir Mehta
Company SecretaryPlace : Mumbai
Date: July 5, 2012Place : Mumbai
Date: July 5, 2012

CONSOLIDATED STATEMENT OF PROFIT AND LOSS

FOR THE YEAR ENDED 31st MARCH, 2012

		(Rupees)	
	Note No.	Year Ended 31st March 2012	Year Ended 31st March 2011
REVENUE :			
Revenue from Operations		4,49,38,91,851	3,70,73,42,873
Less: Excise Duty		26,31,87,356	17,82,45,152
Revenue from Operations (Net)	21	4,23,07,04,495	3,52,90,97,721
Other Income	22	3,31,31,470	2,24,11,470
		4,26,38,35,965	3,55,15,09,191
EXPENSES :			
Cost of Materials & Components consumed	23	2,46,67,57,262	1,97,23,27,493
Purchase of Traded Goods	24	-	95,94,562
Changes in Inventories of Finished Goods and Work in Progress- (Increase)	25	(5,40,69,803)	(1,26,84,397)
Employee Benefits Expense	26	40,14,01,451	33,21,74,811
Finance Cost	27	18,73,16,109	12,52,35,294
Depreciation and Amortization Expenses	12	10,81,76,801	10,53,48,852
Miscellaneous Expenditure Amortised	28	1,70,000	20,20,297
Other Expenses	29	66,45,90,316	57,80,27,653
		3,77,43,42,136	3,11,20,44,565
Profit/(Loss) before Exceptional Items and Tax		48,94,93,829	43,94,64,626
Exceptional Items	30	2,84,40,454	-
Profit Before Tax		46,10,53,375	43,94,64,626
Less:- Provision for Taxation :			
- Provision of Corporate Tax		8,76,55,722	8,81,75,583
- Deferred Tax Adjustments		1,01,25,625	1,44,28,863
- MAT Credit Entitlement			
- Previous Periods	31	(5,08,84,979)	
- Current Year		(4,05,53,355)	
- Tax adjustment for Earlier year		-	18,38,772
		63,43,013	10,44,43,218
PROFIT AFTER TAX		45,47,10,362	33,50,21,408
Earnings Per Share (Face value of Rs. 10/- each)	32		
Before Considering Exceptional Items			
- Basic		27.38	18.99
- Diluted		27.35	18.97
After Considering Exceptional Items			
- Basic		25.77	18.99
- Diluted		25.74	18.97

Notes including Significant Accounting Policies are an integral part of the financial statements: 1 to 44

As per our report of even date attached
For Manesh Mehta & Associates

Manesh P. Mehta
Partner

Membership No. : 036032

Harish Sheth
Chairman & Managing Director
Arun Arora
Director
Harshal Shah
Director

For and on behalf of the Board
Udit Sheth
Executive Director
Ashok Kumar Jha
Director
Pratap Merchant
Director
Vinay Shahane
Associate Vice President – Finance

Shveta Vakil
Executive Director
Bhalchandra Naik
Director
Satish Deshpande
Director
Mihir Mehta
Company Secretary

Place : Mumbai
Date: July 5, 2012

Place : Mumbai
Date: July 5, 2012



CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 31st MARCH, 2012

	31-03-2012	(Rupees) 31-03-2011
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before tax	46,10,53,375	43,94,64,626
Adjustments for:-		
Depreciation (Net of exchange fluctuation difference)	10,81,76,801	10,53,48,852
Miscellaneous Expenses Written off	86,43,611	1,49,79,948
Interest Expenses	18,73,16,109	12,52,35,294
Interest Income	(4,46,336)	(5,21,695)
(Profit) / Loss on sale of Fixed Assets	5,31,933	11,20,784
Corporate Tax	(8,76,55,722)	(9,00,14,355)
MAT Credit Entitlement	9,14,38,334	-
Stock Options added during the year	21,10,462	7,05,144
Operating Profit/ (Loss) before Working Capital Changes	77,11,68,566	59,63,18,597
Trade Receivable	(22,91,24,996)	(29,38,60,730)
Inventories	(19,31,54,675)	(9,54,89,107)
Loans & Advances	(9,42,98,957)	(4,35,28,144)
Trade Payable	12,76,16,833	10,67,14,120
Other Liabilities	(1,57,18,712)	9,42,92,446
Working Capital Changes	(40,46,80,506)	(23,18,71,415)
Cash Flow Generated from Operations	36,64,88,060	36,44,47,182
Miscellaneous Expenses	(84,73,611)	(1,29,59,651)
Net Cash Flow from Operating Activities	35,80,14,448	35,14,87,531
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(20,22,44,876)	(11,14,26,436)
Sale of fixed Assets	2,63,41,718	1,06,68,746
Intangible Assets	(6,78,34,675)	(4,01,70,621)
Profit / (Loss) on Sale of Fixed Assets	(5,31,933)	(11,20,784)
Interest Received	4,46,336	5,21,695
Central Subsidy Received	30,00,000	-
Adjustment in Depreciation Reserve	41,29,323	(95,59,473)
Decrease/(Increase) in Investment	(12,90,00,000)	(7,85,00,000)
Net Cash Used in Investing Activities	(36,56,94,109)	(22,95,86,872)

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2012 (Contd.)

		(Rupees)
	31-03-2012	31-03-2011
C. CASH FLOW FROM FINANCING ACTIVITIES		
Change in Capital Reserve due to exchange fluctuation	4,65,738	(4,16,299)
Proceeds from Cash Credit	33,29,91,823	20,27,80,558
Proceeds from Short Term Loans	11,00,00,000	-
Proceeds from Term Loans	8,67,65,479	6,61,51,586
Repayment of Borrowings	(19,56,10,212)	(16,86,32,950)
Inter Corporate Loan	(1,14,07,203)	(3,24,154)
Interest Paid	(18,73,16,109)	(12,52,35,294)
Share Application Money Received	48,91,769	
Dividend and Dividend Distribution Tax	(8,20,24,076)	(8,20,24,076)
Deferred Tax Movement	(19,93,190)	27,58,028
Net Cash Flow from Financing Activities	5,67,64,021	(10,49,42,602)
D. IMPACT OF EXCHANGE FLUCTUATION ON THE CASH FLOW	8,27,696	(17,74,433)
Movement in Cash and Cash Equivalents (A+B+C+D)	4,99,12,056	1,51,83,626
Opening Cash and Cash Equivalents	3,83,06,341	2,31,22,715
Closing Cash and Cash Equivalents	8,82,18,397	3,83,06,341

Notes :

1. The above Cash Flow Statement has been prepared under the "Indirect method" as set out in the Accounting Standard -3 on Cash Flow Statements.
2. Previous years figures have been regrouped / restated / reclassified ,wherever necessary.
3. Cash and Cash Equivalents include cash on hand and deposit accounts held with scheduled banks. It include Rs. Nil (Previous Year Rs. 57,97,459/-) representing margin money deposit accounts held with bank.

Notes including Significant Accounting Policies are an integral part of the financial statements: 1 to 44

As per our report of even date attached
For Manesh Mehta & Associates

Manesh P. Mehta
Partner

Membership No. : 036032

Harish Sheth
Chairman & Managing Director
Arun Arora
Director
Harshal Shah
Director

For and on behalf of the Board
Udit Sheth
Executive Director
Ashok Kumar Jha
Director
Pratap Merchant
Director
Vinay Shahane
Associate Vice President – Finance

Shveta Vakil
Executive Director
Bhalchandra Naik
Director
Satish Deshpande
Director
Mihir Mehta
Company Secretary

Place : Mumbai
Date: July 5, 2012

Place : Mumbai
Date: July 5, 2012



NOTES FORMING PART OF FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2012

1 SIGNIFICANT ACCOUNTING POLICIES

1.1 General

The consolidated financial statements have been prepared on accrual basis in accordance with generally accepted accounting principles and applicable Accounting Standards notified u/s 211 (3C) of the Companies Act, 1956 and comply with the Accounting Standard (AS 21) – Consolidated Financial Statements, subject to Note No. 36 (ii).

1.2 Fixed Assets

The Fixed Assets are valued at cost including taxes, duties (net of tax credits) and direct/ indirect expenses incurred/ apportioned thereto. Press Tools and such other types of assets which are developed in house are capitalized at direct cost plus overheads and standing charges.

1.3 Depreciation

The depreciation on fixed assets is provided on Straight Line method at the rates permissible under applicable local laws or at such rates so as to write off the value of assets over their useful life.

Intangible assets are amortized over specified periods depending upon production agreement period, useful commercial lives and likely economic benefits, as the case may be.

1.4 Investments

Investments are stated at cost.

1.5 Inventories

Inventories are valued at the lower of cost (exclusive of taxes/ duties availed on its input) and net realizable value. It is on weighted average basis. Finished Goods and work-in-progress are valued at aggregate cost determined, comprising material cost and apportioned overheads/ duties as applicable. Scrap is valued at realizable value.

1.6 Impairment of Assets

Impairment of assets is recognized when there is an indication of impairment. On such indication, the recoverable amount of asset is estimated and if such estimation is less than its book value, the book value is reduced to its recoverable amount.

1.7 Revenue Recognition

- a) Sales and Services are accounted for on dispatch of products from the works and which are followed by transfer of risk and reward to the customer's up to the time the financial statements of the Company are approved.
- b) Insurance Claims are accounted as and when admitted.
- c) Other income is accounted on accrual basis except when the realization of such income is uncertain.

1.8 Foreign Currency Transactions

Transactions in foreign currency are recorded at monthly exchange rates as notified by the concerned authorities. Monetary assets and liabilities denominated in foreign currency are restated at year end exchange rates. Non monetary Items (Investments) denominated in foreign currency are stated using the exchange rate on the date of transaction. Exchange differences arising on settlement of transactions and on restatement of monetary items are recognized as income or expense in the year in which they arise, except in respect of the liabilities, if any for acquisition of fixed assets, where such exchange difference is adjusted in the carrying cost of fixed assets. For the purposes of Consolidation of Foreign Subsidiaries being non-integral operations, income and expenses are translated at the average exchange rates for the year and the assets and liabilities at average of exchange rates prevailing at the Balance Sheet date. The net impact of such change is accumulated under Foreign Currency Translation Reserve.

NOTES FORMING PART OF FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2012 (Contd.)

1 SIGNIFICANT ACCOUNTING POLICIES (Contd.)

1.9 Miscellaneous Expenditure

- i. Share issue expenses are amortized over a period of 5 years.
- ii. Fees for Increase in Authorized Share Capital are amortized over a period of 5 years.

1.10 Selling/ Marketing Expenses

- i. Warranty is extended on products sold. Warranty expenses are accrued / accounted as and when claim is accepted.
- ii. Commission, Discount and other expenses payable on sales are recognized on determination of amount payable in accordance with arrangements / contracts with the parties.

1.11 Employee Benefits

i. *Short Term Employee Benefits*

Short term employee benefits are recognized as an expense at the undiscounted amounts in the statement of profit and loss of year in which the related services are rendered.

ii. *Defined Contribution Plans*

Provident Fund & ESIC are defined contribution schemes established under a State Plan. The contributions to the schemes are charged to the statement of profit and loss in the year when the contributions become due.

iii. *Defined Benefit Plans*

The company has a defined benefit gratuity plan. Every employee who has completed five years or more of service gets a gratuity on post employment at 15 days salary (last drawn salary) for each completed year of services as per the rules of the company. The aforesaid liability is provided for on the basis of an actuarial valuation made using Project Unit Credit Method at the end of the financial year. The scheme is funded with an insurance company in the form of a qualifying insurance policy. Actuarial gains/losses are recognized in statement of profit and loss in the year in which they arise.

iv. *Compensated Absences*

Employees are entitled to accumulate leave subject to certain limits for future encashment. The liability in respect of leave encashment is provided for on the basis of actuarial valuation made at the end of the financial year using Project Unit Credit Method. The said liability is not funded.

1.12 R & D Expenses

Revenue expenses are charged to statement of profit and loss under the respective heads of expenses.

1.13 Borrowing Costs

Borrowing cost that are attributable to the acquisition, construction or production of qualifying assets are capitalized as a part of cost of such assets. All other borrowing costs are recognized as expense in the period in which they are incurred.

1.14 Taxes on Income

- i. Provision for current tax is made for the amount of tax payable in respect of taxable income for the year under Income Tax Acts of respective locations. Company has started recognizing unutilized MAT Credit from current financial year.
- ii. Deferred tax is recognized on timing differences; being the difference between taxable incomes and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax assets are recognized only to the extent there is virtual certainty of its realization.



NOTES FORMING PART OF FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2012 (Contd.)

1.15 Provisions and Contingent Liabilities

- i. Provisions in respect of present obligations arising out of past events are made in the accounts when reliable estimates can be made of the amount of the obligation.
- ii. Contingent liabilities are disclosed by way of a note to the Financial Statements, after careful evaluation by the management of the facts and legal aspects of the matter involved.

1.16 Earnings per Share

The earnings considered for ascertaining the Company's Earnings Per Share (EPS) comprises the net profit after tax. The number of shares used in computing Basic EPS is the weighted average number of shares outstanding during the period. The number of shares used in computing diluted EPS comprises the weighted average shares considered for deriving basic EPS, and also the weighted average number of equity shares that would be issued on the conversion of all dilutive potential equity shares. In case of dilutive options, the difference between the number of shares issuable and the number of shares that would be issued at fair value are treated as diluted potential equity shares. Dilutive potential equity shares are deemed converted as of the beginning of the period, unless issued at a later date.

1.17 Employee Stock Option Scheme

Stock options granted to the employees under the stock option scheme established are evaluated as per the accounting treatment prescribed by Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999. The Company follows the intrinsic value method of accounting for the options and accordingly, the excess of market value of the stock options as on date of grant over the exercise price of the options, if any, is recognized as deferred employee compensation and is charged to the statement of profit and loss on graded vesting basis over the vesting period of the options. The unamortized portion of the deferred employee compensation is netted out against "Stock options Outstanding".

1.18 Government Grant

- i. Government grant is recognized when there is reasonable assurance that the grant will be received and all relevant conditions are complied with.
- ii. Grant received by way of investment subsidy in relation to total investment is credited to capital reserve.

NOTES FORMING PART OF FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2012 (Contd.)

2 SHARE CAPITAL

(Rs.)

2.1 Authorised, issued, subscribed and fully paid - up:

Particulars	31 March 2012	31 March 2011
Authorised Capital:		
3,00,00,000 (3,00,00,000) Equity Shares of Rs. 10 each	30,00,00,000	30,00,00,000
Issued, Subscribed and Fully Paid up Share Capital:		
17643760 (17643760) Equity Shares of Rs.10 each	17,64,37,600	17,64,37,600

- The company has only one class of equity shares having a par value of Rs. 10 per share. Each shareholder of equity share is entitled to one vote per share. The company declares and pays dividends in Indian rupees; the dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.
- During the year ended 31st March 2012, Dividend of Rs. 4/- per share (Previous year Rs. 4/- per share) is recognized as amount distributable to equity share holders.
- In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. However, no such preferential amounts exist currently. The distribution will be in proportion to the number of equity shares held by the shareholders.

2.2 Reconciliation of number of shares outstanding at the beginning and at the end of the reporting period

	31 March 2012		31 March 2011	
	Number	Rs.	Number	Rs.
Equity Shares				
As at the beginning of the year	1,76,43,760	17,64,37,600	88,21,880	8,82,18,800
Add : Bonus shares Issued during the year	-	-	88,21,880	8,82,18,800
	1,76,43,760	17,64,37,600	1,76,43,760	17,64,37,600
Less : Changes, if any during the year	-	-	-	-
Outstanding at the end of the year	1,76,43,760	17,64,37,600	1,76,43,760	17,64,37,600

2.3 Aggregate number and class of shares allotted as fully paid up pursuant to contract(s) without payment being received in cash, bonus shares and shares bought back for the period of 5 years immediately preceding March 31, 2012.

(Number)

	31 March 2012	31 March 2011
Equity shares with voting rights		
Equity shares allotted as fully paid bonus shares by Capitalisation of Securities Premium	-	88,21,880

2.4 Details of Shareholders holding more than 5% shares in the company

	31 March 2012		31 March 2011	
Name of Shareholders	Number of Equity shares	% Holding	Number of Equity shares	% Holding
Equity Shares of Rs. 10 each fully paid				
Setco Engineering Private Limited (Promoter Group)	87,61,846	49.66	87,61,846	49.66
New Vernon Private Equity Limited	21,95,000	12.44	25,00,000	14.17

2.5 For details of shares reserved for issue under the Employee Stock Option Plan (ESOP) of the company, refer note 40



NOTES FORMING PART OF FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2012 (Contd.)

3 RESERVES & SURPLUS

(Rs.)

Particulars	31 March 2012	31 March 2011
(i) Capital Reserve		
- On forfeiture of Shares	21,000	21,000
- On Subsidiary acquisition	1,71,87,148	1,67,21,409
- Cash Subsidy		
As per Last Balance Sheet	-	-
Add: Central subsidy received during the year for Uttarakhand Unit.	30,00,000	-
Total	2,02,08,148	1,67,42,409
(ii) Securities Premium Reserve		
As per Last Balance Sheet	4,92,81,200	13,75,00,000
Less: Amount Utilised towards issue of fully paid Bonus Shares	-	(8,82,18,800)
Total	4,92,81,200	4,92,81,200
(iii) Employee Stock Options Outstanding		
As per Last Balance Sheet	7,05,144	-
Add: Amounts recorded on grants/modifications/cancellations during the year	21,10,462	7,05,144
Total	28,15,606	7,05,144
(iv) Other Reserves		
General Reserve	-	-
As per Last Balance Sheet	10,33,81,265	5,33,81,265
Add: Transferred from statement of profit and loss	5,00,00,000	5,00,00,000
Total	15,33,81,265	10,33,81,265
(v) Foreign Currency Translation Reserve	2,79,80,043	(23,36,868)
(vi) Surplus in Statement of Profit and Loss:		
As per Last Balance Sheet	57,85,49,490	37,55,52,158
Add: Profit for the year	45,47,10,362	33,50,21,408
Less:- Appropriations		
Proposed Dividend	(7,05,75,040)	(7,05,75,040)
Corporate Dividend Tax	(1,14,49,036)	(1,14,49,036)
Transfer to General Reserve	(5,00,00,000)	(5,00,00,000)
	90,12,35,776	57,85,49,490
Total (I to VI)	1,15,49,02,038	74,63,22,640

4 SHARE APPLICATION MONEY PENDING ALLOTMENT

(Rs.)

Share application money pending allotment represents application money received from employees on exercise of stock options granted and vested under the ESOP.

	31 March 2012		31 March 2011	
	Number	Rs.	Number	Rs.
Share Application money pending allotment	45,309	48,91,769	-	-

The equity shares have been allotted in the month of April 2012 against the share application money received.

NOTES FORMING PART OF FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2012 (Contd.)

5 LONG TERM BORROWINGS

(Rs.)

Particulars	31 March 2012	31 March 2011
Term Loans		
From Banks		
Secured	26,36,89,210	23,73,47,737
Unsecured	-	-
From other parties		
Secured	60,830	8,01,280
Unsecured	1,53,18,750	2,67,25,953
	27,90,68,790	26,48,74,970
The above amount includes		
Secured Borrowings	26,37,50,040	23,81,49,017
Unsecured Borrowings	1,53,18,750	2,67,25,953

Indian rupee term loan from Bank of Baroda is repayable in 16 quarterly installment each of Rs. 71,87,500/- to be repaid by March, 2015. The loan is secured by first pari passu charge on company's fixed assets (excluding cars/vehicles) and the second charge on pari passu basis on stocks and book debts as collateral security.

Indian rupee term loan from HDFC Bank is repayable in equated monthly installment of Rs. 86,410/-, by March 2015, and is secured against the vehicles purchased.

Indian rupee term loan from Kotak Mahindra Prime Ltd is repayable in equated monthly installment of Rs.71,251/-, by April, 2013 and are secured against the vehicles purchased.

US \$ term loans from Bank of Baroda is to be repaid by March, 2014. The loan is secured by first pari passu charge on company's fixed assets (excluding cars/vehicles) and the second charge on pari passu basis on stocks and book debts as collateral security.

US \$ term loans from ICICI Bank Singapore is to be repaid in 8 quarterly installment. The loan is secured by first pari passu charge on all company's assets.

6 DEFERRED TAX LIABILITIES (NET)

(Rs.)

Particulars	31 March 2012	31 March 2011
Net deferred tax liability	5,67,22,053	4,85,89,618

7 LONG TERM PROVISIONS

(Rs.)

Particulars	31 March 2012	31 March 2011
Provision for employee benefits		
Provision for Gratuity	12,46,824	1,43,075
Provision for Compensated Absences.	37,54,238	34,66,488
Total	50,01,062	36,09,563

8 SHORT TERM BORROWINGS

(Rs.)

Particulars	31 March 2012	31 March 2011
Loans repayable on demand:		
Working Capital Loan(Cash Credit) from Banks		
- Secured	1,03,21,29,809	72,48,20,461
- Unsecured	11,00,00,000	5,00,00,000
Total	1,14,21,29,809	77,48,20,461

Working Capital Loans are secured by first charge by way of hypothecation of current assets including stocks, book debts etc. and second charge on entire fixed assets of the company.



NOTES FORMING PART OF FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2012 (Contd.)

9 TRADE PAYABLES

(Rs.)

Particulars	31 March 2012	31 March 2011
Micro, Small and Medium Enterprises	-	-
Others	41,12,75,142	28,81,69,234
Total	41,12,75,142	28,81,69,234

10 OTHER CURRENT LIABILITIES

(Rs.)

Particulars	31 March 2012	31 March 2011
Payable towards Statutory Liabilities	2,54,03,830	1,10,10,597
Payable to Employees	3,19,93,452	4,74,37,932
Current Maturities of Term Loan	16,91,35,798	22,76,09,168
Interest Accrued and Due	28,92,928	31,82,838
Total	22,94,26,008	28,92,40,535

Indian rupee term loan from Bank of Baroda is repayable in 16 quarterly installments each of Rs. 2,29,00,000/- to be repaid by December, 2012. The loan is secured by first pari passu charge on company's fixed assets (excluding cars/vehicles) and the second charge on pari passu basis on stocks and book debts as collateral security.

Indian rupee term loan from HDFC Bank is repayable in 16 quarterly installments each of Rs. 56,25,000/- to be repaid by December, 2012. The loan is secured by first pari passu charge on company's fixed assets (excluding cars/vehicles) and the second charge on pari passu basis on stocks and book debts as collateral security.

US \$ term loans from Bank of Baroda is repayable in this year of \$.10,71,310/-to be repaid by March, 2014. The loan is secured by first pari passu charge on company's fixed assets (excluding cars/vehicles) and the second charge on pari passu basis on stocks and book debts as collateral security.

11 SHORT TERM PROVISIONS

(Rs.)

Particulars	31 March 2012	31 March 2011
Provision for Employee Benefits		
Provision for Gratuity	23,52,642	21,98,192
Provision for Compensated Absences	11,09,476	-
Others		
Proposed Dividend	7,05,75,040	7,05,75,040
Corporate Tax on Dividend	1,14,49,036	1,14,49,036
Provision for Taxation (Net of Taxes Paid)	98,01,864	2,49,55,095
Total	9,52,88,058	10,91,77,363

NOTES FORMING PART OF FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2012 (Contd.)

12 FIXED ASSETS

(Rs.)

Sl. No.	Particulars	COST			DEPRECIATION			NET BLOCK			
		Cost as on 01.04.2011	Additions for the year	Adjustment for the year	Cost as on 31.03.2012	Up to 01.04.2011	Additions for the year	Adjustment for the year	Up to 31.03.2012	As on 31.03.2012	As on 31.03.2011
A	Tangible Assets										
	01 Land	8,22,28,928	6,19,91,675	(2,67,27,379)	11,74,93,224	-	-	-	-	11,74,93,224	8,22,28,928
	02 Building	25,96,90,215	25,04,032	98,45,980	27,20,40,227	3,05,99,268	89,89,476	18,72,581	4,14,61,325	23,05,78,902	22,90,90,947
	03 Plant & Machinery	63,86,59,963	7,69,43,347	1,02,87,168	72,58,90,478	22,87,50,590	6,57,31,032	74,61,939	30,19,43,562	42,39,46,916	40,99,09,372
	04 Furniture & Fixtures	1,95,72,047	13,44,063	-	2,09,16,110	46,05,322	11,95,918	-	58,01,240	1,51,14,870	1,49,66,725
	05 Office Equipments	93,72,699	5,11,190	4,48,944	1,03,32,833	34,02,689	8,77,846	3,02,289	45,82,824	57,50,009	59,70,009
	06 Vehicle	1,74,91,418	1,25,29,630	(18,48,194)	2,81,72,854	54,31,748	21,84,999	(8,83,413)	67,33,334	2,14,39,520	1,20,59,670
	07 Pollution Equipments	2,77,500	-	-	2,77,500	68,485	13,181	-	81,666	1,95,834	2,09,015
	08 Computers	4,29,99,530	62,73,714	25,16,537	5,17,89,781	1,62,78,475	72,66,577	13,36,584	2,48,81,635	2,69,08,145	2,67,21,055
	09 Electric Fittings	2,60,73,223	7,24,635	-	2,67,97,858	36,67,271	12,40,923	-	49,08,194	2,18,89,664	2,24,05,952
	Sub Total (Tangible Assets)	1,09,63,65,523	16,28,22,285	(54,76,943)	1,25,37,10,865	29,28,03,849	8,74,99,952	1,00,89,979	39,03,93,780	86,33,17,085	80,35,61,674
B	Intangible Assets										
	i) Product Development	4,76,87,348	-	-	4,76,87,348	2,64,00,969	33,24,410	-	2,97,25,379	1,79,61,969	2,12,86,379
	ii) Technical Know how	3,78,50,770	1,22,55,000	43,85,640	5,44,91,410	27,75,310	-	-	27,75,310	5,17,16,100	3,50,75,460
	iii) Computer Software	3,59,18,623	1,49,69,155	15,89,000	5,24,76,778	1,82,03,609	88,55,789	6,46,950	2,77,06,348	2,47,70,430	1,77,15,014
	iv) Web Site Development	5,63,988	-	-	5,63,988	5,40,949	23,039	-	5,63,988	-	23,039
	v) Goodwill	5,93,85,312	-	79,87,470	6,73,72,782	19,61,719	-	-	19,61,719	6,54,11,063	5,74,23,593
	vi) Startup Costs	2,54,42,009	-	4,30,15,958	6,84,57,966	1,26,85,773	84,73,611	4,17,46,019	6,29,05,402	55,52,564	1,27,56,236
	Sub Total (Intangible Assets)	20,68,48,049	2,72,24,155	5,69,78,068	29,10,50,272	6,25,68,328	2,06,76,849	4,23,92,969	12,56,38,146	16,54,12,126	14,42,79,721
C	Grand Total (A + B)	1,30,32,13,572	19,00,46,440	5,15,01,125	1,54,47,61,137	35,53,72,177	10,81,76,801	5,24,82,949	51,60,31,926	1,02,87,29,211	94,78,41,395
	Intangible Assets under Development (Product Development)										
	Grand Total (A + B + C)	1,33,79,45,882	23,06,56,960	5,15,01,125	1,62,01,03,967	35,53,72,177	10,81,76,801	5,24,82,949	51,60,31,926	1,10,40,72,041	98,25,73,705
	Previous Year :	(1,19,33,67,482)	(14,69,77,616)	(23,99,216)	(1,33,79,45,882)	(25,56,83,486)	(10,53,48,852)	(56,60,161)	(35,53,72,177)	(98,25,73,705)	(93,76,83,996)
D	Capital Work in Progress										
	Capital Work in Progress	46,19,441	3,94,22,591	-	4,40,42,032	-	-	-	-	4,40,42,032	46,19,441
	Total C	46,19,441	3,94,22,591	-	4,40,42,032	-	-	-	-	4,40,42,032	46,19,441
	Grand Total (A + B + C + D)	1,34,25,65,323	27,00,79,551	5,15,01,125	1,66,41,45,999	35,53,72,177	10,81,76,801	5,24,82,949	51,60,31,926	1,14,81,14,073	98,71,93,146

Note: Adjustments during the year include impact of foreign exchange fluctuation of Rs. 2,94,89,216 (Previous Year Rs. 43,70,219)



NOTES FORMING PART OF FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2012 (Contd.)

13 NON CURRENT INVESTMENT

(Rs.)

Particulars	31 March 2012	31 March 2011
13.1 Trade Investment (unquoted)		
Investment in Associate Companies (At cost):-		
i) 9,70,000 (NIL) Equity Share @ Rs.50/- each fully paid up of SE Transstadia Pvt. Ltd.	48,500,000	-
ii) Share Application Money - SE Transstadia Pvt. Ltd.	-	28,500,000
iii) Share Application Money - Setco Engineering Pvt. Ltd.	-	60,000,000
iv) 16900000 (NIL) 10% 15 years Non Cumulative Redeemable Preference Shares @ Rs.10/- each fully paid of Setco Engineering Pvt. Ltd.	169,000,000	-
Non Trade Investment (unquoted) (At cost)		
i) 10 (10) Equity Shares of Rs. 25/- each of Kalol Urban Co. Op. Bank Ltd.	250	250
Total	217,500,250	88,500,250
13.2 Investment in SE TransStadia Pvt. Ltd. And Setco Engineering Pvt. Ltd., associate concerns have been made in terms of approval given by the members of the company in the Annual General Meeting of the company held on 24th September 2009.		
13.3 Investment in the equity shares of Rs. 10/- each of SE TransStadia Pvt. Ltd., have been made at a premium of Rs. 40/- based on the future projections and relative worth of the company.		

14 LONG TERM LOANS AND ADVANCES

(Rs.)

Particulars	31 March 2012	31 March 2011
Unsecured, considered good		
Capital Advances	1,83,47,192	3,81,66,307
Other Deposits	97,58,511	93,37,881
MAT Credit	9,14,38,334	-
Advances recoverable in cash or kind		
Advance to Creditors	3,00,000	3,00,000
Total	11,98,44,037	4,78,04,188

15 TRADE RECEIVABLES

(Rs.)

Particulars	31 March 2012	31 March 2011
Unsecured, considered good		
Outstanding for a period exceeding six months from the date they are due for payment	6,95,270	15,05,270
Total	6,95,270	15,05,270

16 OTHER NON CURRENT ASSETS

(Rs.)

Particulars	31 March 2012	31 March 2011
Fees for increase in Authorised Share Capital	-	1,70,000
Total	-	1,70,000

NOTES FORMING PART OF FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2012 (Contd.)

17 INVENTORIES (Rs.)

Particulars	31 March 2012	31 March 2011
Inventories (Refer Note No.36)	88,88,49,799	69,56,95,124

18 TRADE RECEIVABLES (Rs.)

Particulars	31 March 2012	31 March 2011
Unsecured, considered good		
Outstanding for a period exceeding six months from the date they are due for payment	5,29,08,696	3,15,87,121
Other Debts	83,27,87,685	62,41,74,264
Total	88,56,96,381	65,57,61,385

19 CASH AND CASH EQUIVALENTS (Rs.)

Particulars	31 March 2012	31 March 2011
Cash and Cash Equivalent		
Cash Balances	41,50,664	23,36,989
Bank Balances	8,40,67,733	3,01,71,893
Others		
Fixed Deposit Account (On Margin Account)	-	57,97,459
Total	8,82,18,397	3,83,06,341

Of the above, balances that meet the definition of Cash and Cash Equivalents as per AS-3 Cash Flow Statements is Rs. 8,82,18,396/- (Previous year Rs. 3,25,08,882/-)

20 SHORT TERM LOANS AND ADVANCES (Rs.)

Particulars	31 March 2012	31 March 2011
Other Deposits		
Unsecured, considered good	1,03,478	2,59,259
Loans And Advances to Related Parties		
Unsecured, considered good		
Western Engineering Works	5,67,99,559	4,93,50,282
Advances recoverable in cash or kind		
Prepaid Expenses	1,11,23,279	84,83,375
Advance for Goods & Services	10,57,52,621	9,62,40,616
Other Loans And Advances		
Balance with Central Excise	12,76,629	36,21,790
Employees Advances	15,01,376	8,46,116
Statutory dues receivable - VAT	1,77,14,233	1,83,96,033
- Excise	26,21,649	32,66,690
- Service Tax	88,90,726	55,14,389
- Others	2,70,572	1,57,730
Total	20,60,54,122	18,61,36,280



NOTES FORMING PART OF FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2012 (Contd.)

21 REVENUE FROM OPERATIONS (NET)

(Rs.)

Particulars	Year ended 31st March 2012	Year ended 31st March 2011
Sales of Finished Goods	4,55,92,28,371	3,74,20,13,018
Sales of Manufacturing Scrap	6,01,63,385	4,25,18,005
Total	4,61,93,91,756	3,78,45,31,023
Less:-Sales in Transit	3,14,36,815	1,57,89,695
Less:- Sales Taxes & VAT	9,40,63,090	6,13,98,455
Total	4,49,38,91,851	3,70,73,42,873
Less:- Excise Duty	26,31,87,356	17,82,45,152
Total	4,23,07,04,495	3,52,90,97,721

22 OTHER INCOME

(Rs.)

Particulars	Year ended 31st March 2012	Year ended 31st March 2011
Lease Rent	60,000	15,20,000
Interest Income	4,46,336	5,21,695
Miscellaneous Income	20,32,603	24,89,778
Foreign Exchange Gain/(Loss) (Net)	2,68,29,643	74,52,297
Litigation Income	-	1,03,54,678
Sundry Balances Written back	37,41,494	17,026
Insurance Claim Received	21,394	55,996
Total	3,31,31,470	2,24,11,470

23 COST OF MATERIALS AND COMPONENTS CONSUMED

(Rs.)

Particulars	Year ended 31st March 2012	Year ended 31st March 2011
Cost of Materials and Components Consumed	2,46,67,57,262	1,97,23,27,493
Total	2,46,67,57,262	1,97,23,27,493

24 PURCHASE OF TRADED GOODS

(Rs.)

Particulars	Year ended 31st March 2012	Year ended 31st March 2011
Cost of Goods Traded	-	95,94,562
Total	-	95,94,562

NOTES FORMING PART OF FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2012 (Contd.)

25 CHANGES IN INVENTORIES OF FINISHED GOODS AND WORK IN-PROGRESS (Rs.)

Particulars	Year ended 31st March 2012	Year ended 31st March 2011
Increase in Inventories	(5,40,69,803)	(1,26,84,397)
Total	(5,40,69,803)	(1,26,84,397)

26 EMPLOYEE BENEFITS (Rs.)

Particulars	Year ended 31st March 2012	Year ended 31st March 2011
Salaries, Wages and Bonus	33,55,41,847	27,55,08,174
Contribution to Employees welfare funds	5,64,06,781	4,64,56,665
Staff Welfare expenses	94,52,823	1,02,09,972
Total	40,14,01,451	33,21,74,811

Including managerial remuneration of Rs. 4,67,22,000/- (Previous year Rs. 3,73,13,000/-). In respect of Financial year 2010-11, Chairman & Managing Director has forgone Rs. 46,76,220/- towards his remuneration & the same has been reversed in current Financial year.

27 FINANCE COST (Rs.)

Particulars	Year ended 31st March 2012	Year ended 31st March 2011
Interest Expense	18,22,15,352	12,09,64,423
Other Financial Charges	51,00,757	42,70,871
Total	18,73,16,109	12,52,35,294

28 MISCELLANEOUS EXPENDITURE AMORTISED (Rs.)

Particulars	Year ended 31st March 2012	Year ended 31st March 2011
Share Issue expenses	-	18,50,297
Fees for increase in Authorised Share Capital	1,70,000	1,70,000
Total	1,70,000	20,20,297



NOTES FORMING PART OF FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2012 (Contd.)

29 OTHER EXPENSES

(Rs.)

Particulars	Year ended 31st March 2012	Year ended 31st March 2011
Stores and Tools Consumed	8,54,79,785	6,59,18,522
Carriage Inward	5,68,36,345	5,99,67,910
Power and Fuel	4,98,62,244	3,96,56,022
Job work Charges	4,30,37,635	4,33,62,885
Repairs and Maintenance to Machinery	55,48,106	31,91,784
Repairs to Building	12,85,040	9,39,232
Others Repairs	1,39,00,538	1,15,03,501
Factory Expenses	82,54,689	98,67,274
Rent	2,09,44,857	2,05,40,539
Rates and Taxes	43,44,194	31,97,455
Insurance	88,96,147	76,51,454
Conveyance	1,31,31,520	97,87,124
Travelling Expenses	3,19,44,243	3,40,06,911
Legal and Professional Charges	4,59,26,012	3,67,78,637
Statutory Auditors' Remuneration	21,86,522	17,29,760
Printing and Stationary	48,56,668	36,36,997
Communication Expenses	79,91,428	67,19,666
Books, Subscription and Membership	3,46,510	47,55,307
Directors' Sitting Fees	3,00,000	3,75,000
Commission to Non Executive Directors	46,68,000	46,76,000
Office Expenses	29,14,949	50,42,385
General Expenses	2,06,38,776	1,56,18,391
Advertisement Expenses	32,94,037	28,43,194
Marketing and Sales Promotion	3,47,84,668	3,31,52,618
Discount, Commission and other Expenses on Sales	8,28,33,079	5,32,32,765
Packing and Forwarding Expenses	10,46,49,775	8,87,13,449
Sundry Balance Written off	35,52,921	96,87,194
Loss / (Profit) on sale of assets	5,31,933	11,20,784
Excise Duty on Finished Goods Stock	16,49,695	3,54,893
Total	66,45,90,316	57,80,27,653

30 EXCEPTIONAL ITEM

The exceptional item of Rs. 2,84,40,454/- represents amount of charge towards sharing of cost saving benefits in respect of Uttarakhand unit, as recovered by a major customer.

31 MAT CREDIT

During the year, company has recognised MAT Credit of Rs.5,08,84,979/- in respect of previous periods and Rs.4,05,53,355/- for current financial year and same is shown as adjustment from the current tax amount in the statement of profit and loss.

NOTES FORMING PART OF FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2012 (Contd.)

32 EARNING PER SHARE

(Rs.)

Particulars	Current Year	Previous year
Profit available to Equity Shareholders after Tax (Before Exceptional Items)	48,31,50,816	33,50,21,408
Profit available to Equity Shareholder after Tax (After Exceptional Items)	45,47,10,362	33,50,21,408
No. of Equity Shares of Rs. 10/- each		
Basic	17,643,760	17,643,760
Diluted	17,664,860	17,665,190
Earnings Per Share in Rs. :-		
Before Considering Exceptional Items		
- Basic	27.38	18.99
- Diluted	27.35	18.97
After Considering Exceptional Items		
- Basic	25.77	18.99
- Diluted	25.74	18.97

- 33 The consolidated financial statements are based on the audited accounts of the parent company and the audited accounts of the wholly owned / step down subsidiaries of the same reporting date. While consolidating the accounts, to the extent possible line by line additions are carried out for like items of assets, liabilities, income and expenses. All significant intra-group balances and transactions have been eliminated in consolidation. The consolidated financial statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented to the extent possible in the same manner as the parent company's separate financial statement.

34 INCOME TAX SURVEY AND TAX OF PREVIOUS PERIODS

During the year, income tax department ('department') carried out survey operations in the company premises. Consequent to the review of records by the department representatives, declarations and submissions made on the basis of legal advice, Company re-worked certain tax benefits and also offered additional income of Rs 17,00,00,000/- to make up for deficiencies, if any, in respect of earlier years taxable income. The revised working resulted into additional tax liability of Rs. Nil, after adjusting MAT credit entitlement of Rs. 9,04,26,348/- there by changing the tax base from MAT to normal taxation for preceding financial year.

35 DETAILS OF SUBSIDIARIES

Names of Subsidiaries with country of incorporation	Percentage of Voting Power	Financial Year
i. Setco Automotive (UK) Limited – UK (SAUL)	20% by Setco Automotive Ltd. 80% by WEW Holding Limited	April to March
ii. Setco Automotive (N.A.) Inc. – U.S.A. (SANAI) (Wholly owned Subsidiary of Setco Automotive (UK) Ltd.)	100%	April to March
iii. WEW Holding Limited Mauritius (WEW) (Wholly owned subsidiary of Setco Automotive Ltd. India)	100%	April to March

- 36 i) The Products dispatched from the factory, which remained in transit in respect of which the risk and reward have not been transferred till the date of adoption of this financial statements amounts to Rs. 3,14,36,815/- (Rs. 1,57,89,695/-). With a view to reflect the true and correct position of revenue, the said amount is reduced from the total turn-over during the year and the stock value thereof of Rs. 2,27,30,187/- (Rs. 1,32,37,006/-) is included in Note 17 under the head "Inventories".
- ii) In the absence of information in accounts of subsidiaries about the stocks on hand out of inter-company transactions, the unrealized Profit on such stocks, if any, is unascertained.

- 37 Impact of variations in accounting policies followed by respective subsidiaries in compliance of local regulations relating to amortization of some intangible assets, treatment of foreign exchange fluctuations have not been considered in this consolidation being unascertained.



NOTES FORMING PART OF FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2012 (Contd.)

38 | SEGMENT INFORMATION

The Company is operating only in one business segment viz. Auto Components.

39 | CONTINGENT LIABILITIES & COMMITMENTS

A. Contingent Liabilities:-

- i) Guarantees given by the bank on behalf of the Company Rs. 21,35,170 (Rs. 24,62,937)
- ii) Guarantee given to ICICI Bank Limited, U.K. for ultimate subsidiary's credit facilities Rs.18,91,06,000 (Rs. 16,70,26,000) (£2.3 million)
- iii) Guarantee given to ICICI Bank Limited, Singapore. for ultimate subsidiary's credit facilities Rs.3,34,23,000 (Rs. Nil) (\$ 0.65 million)
- iv) Guarantee given to Bank of Baroda, New York, USA for ultimate subsidiary's credit facilities Rs.30,82,62,900 (Rs. 26,95,35,200) (\$ 5.995 million)
- v) Bills Receivable discounted with the Bank and not matured Rs. Nil (Rs 12,06,646)
- vi) Warranty Claims raised by Customer but not acknowledged of Rs. 1,18,58,292 (Rs.51,14,338).

B. Commitments:-

- i) Estimated amount of contracts remaining to be executed on capital account and not provided for Rs.3,54,79,767 (Rs. 3,02,14,100)

40 | EMPLOYEE STOCK OPTION PLAN - ESOP 2010

The company instituted "Setco Automotive Limited Employee Stock Option Scheme 2010" as approved in earlier year by the shareholders of the company and administered by the Compensation Committee of the Board.

Setco Automotive Limited Employee Stock Option Scheme 2010

Grant Date	No of Options	Exercise Price	Vesting / Exercise Period
01.12.2010	46279	93	01.12.2011 – 30.11.2012
	45971	93	01.12.2012 – 30.11.2013
	38591	124	01.12.2011 – 30.11.2012
	38591	124	01.12.2012 – 30.11.2013
	38568	124	01.12.2013 – 30.11.2014
Total	208000		

The Options are granted at an exercise price, which is in accordance with the relevant SEBI guidelines in force, at the time of such grants. Each option entitles the holder to exercise the right to apply for and seek allotment of one equity share of Rs 10 each. The options have vesting / exercise period in accordance with the vesting / exercise schedule as above.

NOTES FORMING PART OF FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2012 (Contd.)

40 EMPLOYEE STOCK OPTION PLAN - ESOP 2010 (Contd.)

The particulars of the options granted & lapsed under the schemes are as under:

Particulars	Year Ended 31st March 2012 (Exercise Price Rs 93)	Year Ended 31st March 2012 (Exercise Price Rs 124)	Total Number of Stock Options for Year Ended 31st March 2012 Nos. (FV Rs 10)	Year ended 31st March 2011 Nos. (FV Rs 10)
At the Beginning of the year	92250	115750	208000	-
Add: Options granted during the year	-	-	-	208000
Less: Option Lapsed during the year	1424	10650	12074	-
Less: Option Exercised during the year	-	-	-	-
Options outstanding as at the year end	90826	105100	195926	208000

41 Research and development expenses aggregating to Rs.24,59,716/- in the previous financial year have been regrouped and debited to respective revenue expenses account.

42 Disclosure in respect of Materials & Component Consumption, Inventories, Deferred Tax Liabilities and Trade Receivables are reflected, each at an aggregate amount only on the basis of information available from foreign subsidiaries.

43 Figures in brackets represent previous year's figures.

44 The revised schedule VI has become effective from 1st April 2011 for the preparation of financial statements. This has significantly impacted the disclosure and presentation made in the financial statements. Previous year's figures have been regrouped/ reclassified wherever necessary to correspond with the current year's classification/ disclosure.

As per our report of even date attached
For Manesh Mehta & Associates

Manesh P. Mehta
Partner

Membership No. : 036032

Place : Mumbai
Date: July 5, 2012

Harish Sheth
Chairman & Managing Director
Arun Arora
Director
Harshal Shah
Director

Place : Mumbai
Date: July 5, 2012

For and on behalf of the Board
Udit Sheth
Executive Director
Ashok Kumar Jha
Director
Pratap Merchant
Director
Vinay Shahane
Associate Vice President – Finance

Shveta Vakil
Executive Director
Bhalchandra Naik
Director
Satish Deshpande
Director
Mihir Mehta
Company Secretary



STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956 RELATING TO SUBSIDIARY COMPANIES

Particulars	Setco Automotive UK Ltd.		Setco Automotive N.A. Inc. (USA)		WEW Holdings, Mauritius	
	£ 000	Rs. Cr.	\$ 000	Rs. Cr.	£ 000	Rs. Cr.
1 Capital	1440	11.76	3045	15.55	638	5.21
2 Reserves	882	7.21	153	0.78	(7)	(0.06)
3 Total Assets	4570	37.34	9028	46.10	640	5.23
4 Total Liabilities	4570	37.34	9028	46.10	640	5.23
5 Investments	769	6.28	-	-	640	5.23
6 Turnover	2732	21.07	9209	44.38	-	0.00
7 Profit before Tax	64	0.49	628	3.03	-2	-0.02
8 Profit after Tax	34	0.26	524	2.53	-2	-0.02
9 Proposed Dividend	-	-	-	-	-	-

Note : Exchange Rates (a) (Average Rate) £ @ Rs. 77.11, \$ @ Rs.48.19
(b) (Closing Rate) £ @ Rs. 81.70, \$ @ Rs.51.06

Notes

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