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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 WAY OF EXCELLENCE

"The intuitive mind is a sacred gift and the rational mind is a faithful servant, We have created a society that honours the servant and has forgotten the gift."

- Albert Einstein

Our journey at Setco over the last 3 decades has been exciting. During this time, we have dedicated ourselves as a team to creating a culture of excellence built on the core values of Quality, Innovation and Delivery, These values are the 'standard fitment' in any product that goes out of our plants; they have also helped us reach the pinnacle of leadership in our industry segment. Today, this leadership is driving us towards becoming a strong, Global Company and a scenario, where we see our products touching as many trucks as possible.

The way of excellence is the way of Setco; the path we travel everyday — to do the best we can for our customer and for our Company.

This Report gives an idea of what goes into the Setco way; the way of excellence.

CORPORATE

INFORMATION

BOARD OF DIRECTORS

Harish Sheth,
Chairman & Managing Director
Arun Arora
Ashok Jha
Bhalchandra Naik
Harshal Shah
Satish Deshpande (Up to May 29, 2013)
Shvetal Vakil, Executive Director
Udit Sheth, Executive Director

AUDITORS

Manesh Mehta & Associates Chartered Accountants Vadodara, Gujarat, India

BANKERS

Bank of Baroda ICICI Bank HDFC Bank

SOLICITORS

Wadia Ghandy & Co. Mumbai, Maharashtra, India

COMPANY SECRETARY

Mihir Mehta

REGISTERED OFFICE

Vadodara-Godhra Highway Kalol, District: Panchmahal Pin Code – 389 330 Gujarat, India

Website: www.setcoauto.com

CORPORATE OFFICE

Ground Floor, Film Centre Building
 Tardeo Road, Mumbai – 400 034
 Maharashtra, India

SUBSIDIARIES & MANUFACTURING UNITS

Setco India - Vadodara Godhra Highway, Kalol, Dist, Panchmahal, Pin Code 389 330, Gujarat

> Sitarganj, District Udham Singh Nagar, Pin Code 262 405, Uttarakhand

Setco Automotive (UK) Ltd - York Avenue, Haslingden, Lancashire, United Kingdom BB4 4HU

Setco Automotive (NA) Inc - 565 Hwy. 77, Paris, Tennessee 38242

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

30TH ANNUAL GENERAL MEETING

Date: 28th September, 2013

Day : Saturday

Place: Vadodara-Godhra Highway, Kalol

District: Panchmahal

Pin Code - 389 330, Gujarat, India



Largest clutch manufacturer in India for M&HCVs and amongst top five in the world. A critical supplier/partner to India's leading commercial vehiclemanufacturers such as Tata Motors, Ashok Leyland, Volvo-Eicher Commercial Vehicles, AMW and BharatBenz Commercial Vehicles.

Mission and Vision

"To continuously enhance stakeholder value by building and maintaining a strong and stable customer base in our chosen field of business, supported by innovation and a relentless focus on high quality products at globally competitive prices,"





FOUR MANUFACTURING UNITS ACROSS

COUNTRIES

Kalol (Panchmahal), Gujarat, India Sitarganj, Uttarakhand, India Haslingden, Lancashire, UK Paris, Tennessee, USA

Listing Information Listed on

Bombay Stock Exchange

505075

www.setcoauto.com

OUR STRENGTH

950 People India - 850 International Operations - 100

Our Brands

Corporate Brand





Product Brand



ISO/TS 16949 | ISO 14001 | OHSAS 18001

KEY

MILESTONES

1982

Year of incorporation

1995-96

Commenced exports

1999-2000

Crossed Rs. 100 million 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

> > 2002-03

Commenced commercial supplies to Eicher Motors

2003-04

Developed the All India Service Network

2004-05

Crossed Rs. 500 million turnover mark

Started commercial supplies of new age clutches to Ashok Leyland

2005-06

American Private Equity New Vernon Private Equity Limited
invests in Setco Automotive

Acquires LIPE Clutch Division (UK) from Dana Corporation (USA) and establishes Setco Automotive (UK) Ltd.

> Name changed to Setco Automotive Ltd. from Gujarat Setco Clutch Limited



2006-07

Crossed Rs. 1 billion 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 an Assembly operations in Uttarakhand (India)

2009-10

Crossed Rs. 2 billion turnover mark

Commenced state-of-the-art
Press Shop in Kalol, Gujarat
for developing clutches suitable
to international vehicle
manufacturers such as
Volvo and Mercedes

Invested in robust MIS "SAP"

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

> > > 2011-12

Crossed Rs. 4 billion turnover mark

> Invested heavily in upgrading R&D capabilities

> > 2012-13

Inauguration of state-of-the-art R&D centre

Department of Scientific and Industrial Research (DSIR) in India recognized R&D centre



13"/330mm Single Direct Pressure Coil Spring



14"/352mm Single & Twin Direct Pressure Coil Spring



15"/380mm Single & Twin Direct Pressure Coil Spring



380mm Single Push Coil Spring





395mm Single Push Diaphragm Spring







17"/430mm Single Diaphragm Spring

Off-Highway, Construction Hydraulics (Pressure Converters)



5-YEAR FINANCIAL

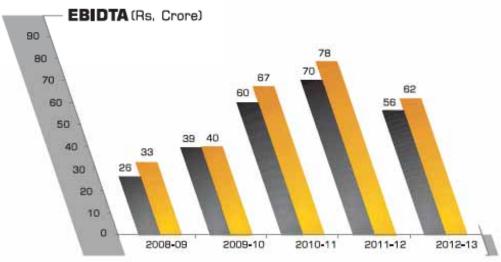


2009-10

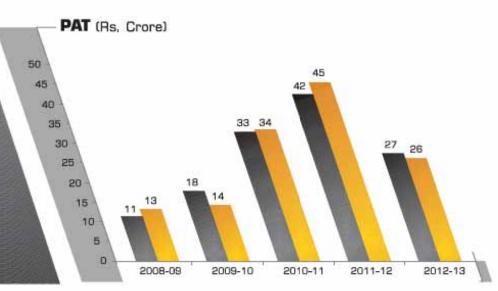
2010-11

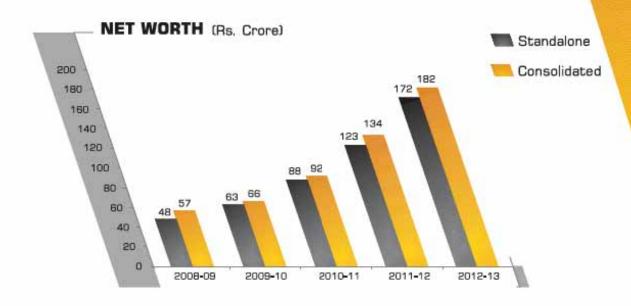
2011-12

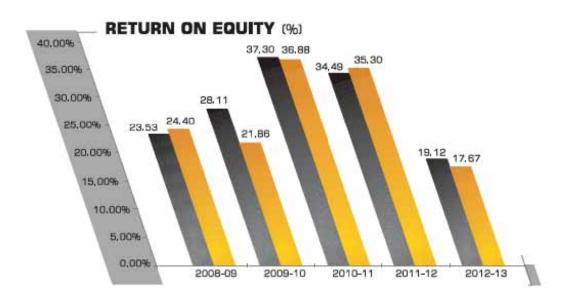
2012-13

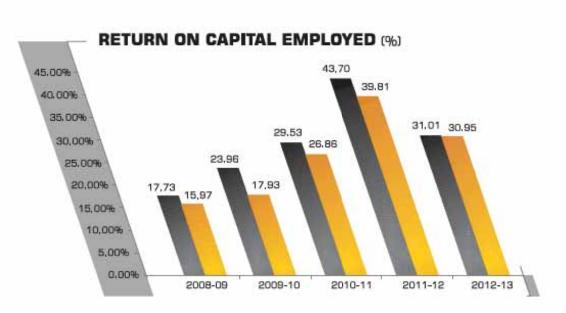


2008-09









TOTAL QUALITY

MANAGEMENT



BUSINESS EXCELLENCE

CUSTOMER SATISFACTION

CUSTOMER-DRIVEN SYSTEM AND PROCESSES

EMPLOYEE COMMITMENT AND INVOLVEMENT SUPPLIER SATISFACTION



TOP MANAGEMENT
COMMITMENT AND INVOLVEMENT

















TYE COMMERCIAL VEHICLES =

Disclaimer: All the Company names, Brand names, Trademarks and Logos are the property of their respective owners.

DRIVEN BY PASSION

CMD's MESSAGE



Harish Sheth
Chairman & Managing Director
Setco Automotive Limited

Passion and Proficiency are two very different things. One can be proficient at one's job without being passionate about it. It is not Proficiency but Passion that takes whatever we do to the next level, makes us go the extra mile – for all our stakeholders.

Our idea of Passion revolves around Innovation, Strategy and Commitment. We are proud of being an industry-leader, but we are even more proud of our Passion for Change and Transformation; one that is taking shape and is being implemented gradually so that it becomes systemic and part of the very DNA of the Company.

Dear Stakeholder,

The question I am asked often nowadays is, 'Has the current recession affected your Company?' 'Yes', I reply, 'It has had an impact on the figures, but not on our drive and passion.' The erosion of topline this year has not been unique to us alone; the overall industry has been affected by various factors that are beyond everyone's control. The world economy grew at 2.5% in 2012, slower than the 3.2% of the previous year. Not remaining unaffected, emerging markets like India and China too expanded at about 4.5%, lower than the 5,9% of 2011.

We see all this, not as a blocked path, but as a detour. Things may take a little bit longer than usual, but we will certainly get there. We just have to re-evaluate our strategy, create innovative products and reach our customers better and faster. Having said that, I am sure a turnaround is not far off, There are signs, or if you will, silver linings.

Despite the tough economic conditions, the world-wide demand for automobiles saw a spurt of almost 7% in 2012, reaching a new record level of 84.1 million vehicles. The global auto industry continues to be one of the largest engines of growth for any modern economy; it has registered an increase of nearly 27% in the 7 years from 2005 to 2012. Such is its profound influence in our lives that it is said that if the global auto industry were a country, it would be the world's sixth largest economy. It also creates a lot of direct jobs, over 5% of the world's total manufacturing employment. It is also estimated that each direct auto job supports at least 5 other indirect jobs in logistics, auto ancillaries, marketing, service, etc. My contention is that such a large and time-tested global sector is not going to lose steam anytime soon,

Also, the long-term trend is positive and unequivocal; future epicenters of growth will continue to shift decisively from erstwhile western behemoths to Asia and South America.

According to the latest OlCA (Organisation Internationale des Constructeurs d'Automobiles) figures for 2012, Asia has maintained its dominant position by producing 52% of vehicles in the world with 43.7 million units.

Due to heightened competition, lower demand levels and the consequent downward pressure on margins, the truck segment is witnessing a consolidation of truck brands in order to reach greater economies of scale and share costs of new model development. Many truck producers are also adopting a 'loss-leading' strategy by selling flagship truck brands at minimal margins and aggressively pursuing profitability in aftermarket sales, vehicle-linked financial services and a diversified product portfolio.

European and North American global truck giants are slowly giving way to truck producers in China and India. Although currently catering largely to their huge domestic markets, they are rapidly arming themselves with the technology to dominate the world arena through ventures with western technology leaders. The Indian and Chinese markets make up nearly half of the world's truck demand. Global demand for medium and heavy-duty trucks came down significantly in 2012, mainly due to the Chinese and Indian markets cooling off by 25% and 15% respectively.

In India, high inflation has dampened private consumption and the central bank's countermeasure of hardening interest rates has curbed investment activity. India has also been hit by several rounds of Oil price rise, their cascading effect on inflation, a considerably weaker Rupee and the consequent increase in the cost of imported inputs.

With major infrastructure projects in the throes of delay or stoppage and the policy ban on mining, the movement and demand for heavy commercial vehicles and special purpose vehicles like excavators and dumpers have gone down. All this has had an impact on our sales. But, we are nothing but optimistic. India is a global automotive hub and ranks 6th and 7th in global passenger car and commercial vehicle production respectively. Expanding domestic demand and exports are expected to drive India's vehicle production up from the current 4.1 million units to an estimated 10 million units annually in the medium to long term. The automotive plants of global automakers in India rank among the world's best in terms of their productivity and quality. It is a matter of pride to us that the country is home to the world's fifth largest commercial vehicle manufacturer. India is the world's second largest market in our segment, M&HCV (Medium & Heavy Commercial Vehicle), In a demand forecast for financial year 2013-14 released in April 2013, SIAM (Society of Indian Automobile Manufacturers) has estimated that the demand for commercial vehicles overall will rise by 7-9%. Since we are taking determined steps into the segment, we are glad that the Light Commercial Vehicle (LCV) market in India has a greater velocity going forward with forecast sales growth of 10-12%. Leveraging the world's interest and auto investments in India, the auto components industry is expected to expand at a CAGR of 14% from US\$ 40.6 billion in 2012-13 to reach a turnover of US\$ 115 billion by 2020-21, according to Automotive Component Manufacturers Association (ACMA). ACMA expects exports to grow faster at a CAGR of 16% during the same period. In fact, Espirito Santo Securities posits in a research study, that by 2021 the Indian automobile and auto components industry will surpass the growth of the world's biggest automotive market, China.

So, while current economic conditions seem tight, the long-term outlook on our sector is positive. As a Company, our only true responsibility is to anticipate change and act on it. In short, we have to ignite the 'Passion for Change'.

To set the pace, we have called upon perhaps the greatest manifestation of Passion in the world – Innovation. We have established a state-of-the-art R&D setup at our Kalol manufacturing facility. This is in addition to our R&D facility in UK. The reasons for setting up another R&D hub in India are that we wanted to indigenize the innovation effort, tap into the domestic R&D talent and make it cost-competitive for global auto majors with big India plans. Through introduction of concurrent engineering processes, we foresee our R&D centre shortening development cycles and time-to-markets of new models. We also expect our R&D effort to spur our exports to different countries. Our innovation thrust is absolutely critical to fast track product launches in the new segments we are foraying into, LCV (Light Commercial Vehicle) and Tractor Clutches.

Our Strategy gives direction to our Vision of touching Rs. 10 billion turnover in 4 years. In the domestic market, we are the M&HCV clutches industry-leader with an 85% market share and are present in both OEM (Original Equipment Manufacturer) and Aftermarket (or Replacement Market) spaces,

To diversify our product portfolio, we have zeroed in on a segment that is the fastest growing and has a huge aftermarket potential — LCV. Once it gains traction, we expect it to provide buoyancy in turnover as well as entry points to newer markets abroad. Our entry into the tractor clutches range is expected to achieve similar goals.

Our export strategy is designed to serve needs of both cost-competitive as well as quality-conscious markets. Our subsidiaries, strategically located in UK and USA, are meant to service high-end markets in Europe and USA, while our Indian facilities are intended to usher greater cost-competitiveness through indigenized effort and procurement. We are the preferred sourcing partner for global automakers importing into their home countries, wishing to set up a manufacturing base for their Indian foray or for their exports to other countries. Through our focus on exports, we also expect to establish beachheads in new territories like Eastern Europe, South America, etc.

Commitment to social transformation is what gives meaning and purpose to our Passion. Setco Foundation strives to combat child hunger and malnutrition primarily in a tribal district, Panchmahal of Gujarat, through the anganwadi program of the Government of India. We have also been active in promoting education of children, vocational skills training among youth, training and seminars for women in income-earning skills, soft skills, relevant women issues, etc.

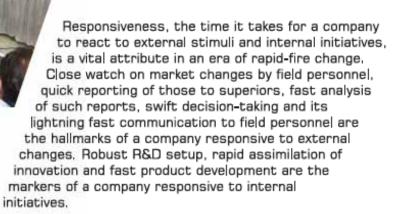
To conclude, I see a future where our Passion for Change and Transformation ensures that our Company not only remains numero uno in existing business segments, but also in everyone's hearts,

HARISH SHETH

Chairman & Managing Director Setco Automotive Ltd.

DRIVEN BY RESPONSIVENESS

SERVICE



Such Responsiveness allows Setco to match global standards of product quality and service delivery. We are ushering high Responsiveness through devices like the Service Meets.

Our Service Meets were conceived to achieve the following objectives:

- Essentially serve as a half-way point between our markets and our Company
- 2. Allow our field force to convey current market trends
- 3. Communicate critical customer feedback on our products
- 4. Brainstorm ideas and suggestions for better service delivery
- 5. Gain insights from veteran market-watchers in the Company
- Absorb the newest product innovations and quality improvements to resolve customer issues
- 7. Assimilate the latest and best service practices

RESPONDING

AND BETTER

8. Learn how best to communicate them (product innovation & quality improvement) and apply them (latest service practices) to customers and end-users

Our Service Meets take place twice a year and have Service Teams pouring in from across the country. These meets are considered so important that they are well-represented by teams from nearly every department — Plant Production, Marketing, Quality Assurance and R&D.

Down the line, we see our Service Meets, coupled with smaller R&D cycles, ultimately shaving off time-to-market for our clients, anticipating needs of end-users and building an image of a very market-responsive Company.

DRIVEN BY INITIATIVE

HUMAN RESOURCES

Initiative is all about being proactive in set goals, rather than being reactive about it. It is about pursuing the spirit of goals and targets rather than following them to the letter. It is truly about converting company directives into personal missions.

For any company, people with Initiative are the surest 'insurance policy' against it becoming dated in its chosen field. We are proud that we have a proactive culture at Setco with people so steeped in it that we are sure they will continue to build upon our legacy of over three decades and keep it ever relevant in the changing times.



GENERATION OF LEADERS

Setco's culture of Initiative has at its cornerstone a system of training programs, procedures and practices to source, sharpen and retain talent, it is a culture that turns newbies into new leaders, sparks into livewires and project supports into project spearheads by developing the confidence and skills necessary. The objective of our HR initiatives is to create a robust down-line of people in the hierarchy with strong aptitudes and right attitudes. Any down-line below should be worthy enough to adequately fill the shoes of its immediate up-line above. Our intensive training programs and mentoring practices help us create a world-class talent pool, Our people attend Management Development Programs (MDPs) of reputed institutes like ISB, IIM and NITIE.



We are passionate about rewarding commitment and dedication. We are truly indebted to our people for making Setco what it is — an industry-leader. Besides incentive schemes for performers and innovators, we have instituted Long Service Awards for people who have remained with the Company for 15 years and 25 years. To help our people achieve both company and personal goals, we need to understand them better. Towards this end, we are carrying out an Employee Engagement Survey.

The future sees us continuing in the same vein with a series of initiatives like Competency Mapping, Compensation & Benefits Survey and Outbound Training for Leaders. We are sure that proactive HR practices, although intangible, will create concrete value and competitive advantage for the Company by infusing it with dynamism and generating breakthroughs even in seemingly intractable problems.



DRIVEN BY INNOVATION \\ R&D CENTRE

Innovation has two sides to it. On the one hand, it is a natural instinct, an urge that drives some people; on the other hand, it is a choice we make, a decision that has to be implemented, a commitment that is seen through. Although, we welcome the former, it is the latter we believe in.

For Innovation to become a part of everyday process, rather than be a slave to random flashes of inspiration, it has to be part of systems that support it. At Setco, Innovation is a managerial commitment that has seen the internalization of an innovative culture down the line and the development of an infrastructure that accelerates it. Our R&D effort is at the heart of it all

STRATEGY HEHIND

Our R&D investment is the most significant part of a strategic framework with one simple motive – delivery of global standards. It helps us develop better products faster. By better products, we mean those that fit the bill in every way – superior performance, longer life and greater value-for-money.

Faster development cycles allow us to broaden our existing client base as well as corner new markets. Our smaller time-to-market cycles help our existing automotive clients in turn to shorten their time-to-market and launch new vehicle models sooner. Faster development cycles also mean that we can create a range of new products to tap new market segments, either of existing or new clients.

Our R&D facilities in India and UK are poised to play a key role in our national and global plans. They will help cement our position as the top domestic player with a wider product range and faster turnarounds of product briefs. They will also deepen and widen our global presence by allowing quicker development of products to global benchmarks.

R&D CENTRE THE OBJECTIVE

Our new R&D Centre at Kalol, Gujarat has been conceived as a state-of-the-art, design-to-development hub with the following broad mandate:

- Develop new automobile applications to meet global standards
- · Build prototypes
- · Validate new products through rigorous testing and trials
- · Faster development cycles
- · Accuracy and precision along with speed of development
- . Design and create for the most demanding OEM & Aftermarket tech specs
- · Develop new concepts promising superior performance at lower cost
- · Lower cost through value engineering and research into new materials
- · Product quality improvement

Our in-house R&D facility is recognized by the Department of Scientific & Industrial Research (DSIR), Government of India.



R&D CAPABILITIES

Till recently, the fountainhead of our R&D thrust was our Global Design & Development facility in the UK, which has been spearheading the development of commercial vehicle clutches for over 3 decades. Now, that has been bolstered hugely by our R&D India facilities. Both the UK and India arms boast of cutting-edge software and sophisticated equipment for clutch testing and analysis. An additional boost to our R&D firepower comes from our own lab for metallurgical and chemical analysis of materials. Our R&D facilities are continually spruced up with new tools and equipment to keep step with advancing technology.

Doing well under 'test conditions' is all right, but we believe the true touchstone of innovation mettle is on-road tests. Towards that end, we have initiated highway field trials on commercial vehicles in partnership with haulage companies. To test our clutches under different operating environments, we have conducted field trials across India, Europe, USA and Africa. This ensures that the customer gets a product well attuned to the operating conditions of his region.



INNOVATION BEGINS WITH PEOPLE

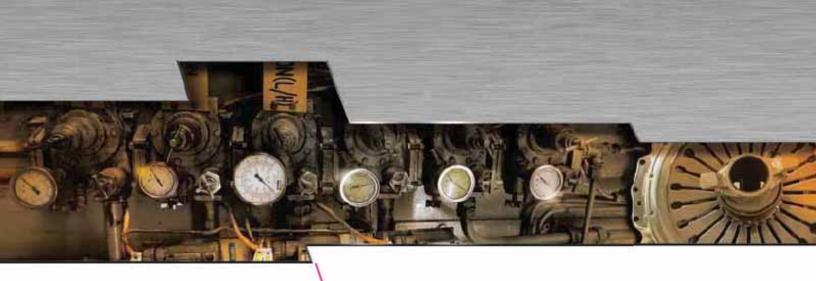
Our people are the flag-bearers of our innovation and product development push. They are the ones engaging in a dialogue and a perennial feedback loop with R&D to create better products and processes.

Product developments by our R&D 'think-tank' in conjunction with shop floor feedback include both pull-type and push-type Disc and Cover Assemblies developed for domestic clients like Tata Motors, Ashok Leyland, Volvo-Eicher Commercial Vehicles, AMW, BharatBenz and Foton Motors. These come in both Organic and Ceramic avatars, Our R&D achievements also include Release Bearing Assemblies. For the overseas market, we have developed Disc and Cover Assemblies tailor-made to fit specific makes of Volvo, Mercedes, Scania, MAN and DAF. We are making continual improvements to products that are currently among the fastest moving, especially abroad – Organic Disc and Diaphragm Push Type Clutch Assemblies.

Our product innovation endeavour has seen, in general, lower material weight, greater durability and smoother clutch engagement with the introduction of sheet metal cover assembly over casting cover assembly, cushioned ceramic disc assembly over its plain ceramic version and processed steel bearing housing over its casting bearing variant, among others.

Shop floor innovations by our people have improved productivity up to eight times and allowed big cost-savings for processes like pressure plate assembly grinding, disc plate grinding, disc plate riveting, retainer plate printing, bearing housing nipple fitting, bearing grease filling, press switch operation, lock nut combining operation, CR productivity, lever production, release lever operation, disc ring operation, cover slot piercing, etc.

On the anvil are a series of initiatives to not only penetrate new markets but also dominate them by creating new product lines for Light Commercial Vehicles, special purpose vehicles like Farm Tractors, and make processes more efficient. We expect our R&D hubs to be the prime movers of all innovation and product development.



DRIVEN BY OPPORTUNITY

DOMESTIC MARKET STRATEGY

Market Opportunities can be grabbed by only those ready for them, or willing to work for them. Of course, in the real and uncertain world, seldom can anyone anticipate a rising wave and get themselves ready to ride it. Most often, opportunities are thrust upon us and it is up to us to take advantage of them. And we can take advantage only if we have the Desire, Strength and Guts for it.

Desire starts with realization and identification of the opportunity. Strength is the ability (current capabilities, facilities, market position, etc.) to take advantage of the opportunity. Guts underlie the managerial commitment to funds and resources necessary to face the inevitable risks of any new opportunity.

VALUE OPPORTUNITY

Our domestic market strategy consists of both volume and value plays. While our OEM (Original Equipment Manufacturer) clients present us with a volume opportunity, our Aftermarket customers present us with a value opportunity. Our OEM sales are to the automotive giants in the Medium & Heavy Commercial Vehicle (M&HCV) industry, and recently in the Light Commercial Vehicle (LCV) category. They gain the benefit of our wide-ranging experience, global exposure, superior products, diverse product range, R&D edge, swifter product development and delivery.

AFTERMARKET BUSINESS LIFE

Our Aftermarket sales are to the end-users looking to buy branded clutches as replacements after wear and tear of original parts. While some vehicle owners are lured by the lower priced offers of the unorganized sector, most of them realize that the low price comes with a high cost tag in terms of lower reliability and higher replacement rates over time. Such a conscientious set of buyers is the target group of our brand in the Aftermarket – LIPE, LIPE Clutches offer vehicle owners the assurance of the quality found in OEM originals. LIPE Clutches enjoy great brand recall among end-users because of its superior quality, performance and durability. This ensures that our Aftermarket turnover has both buoyancy and velocity.

MARKET STRATEGY

Overall, our versatile market strategy has helped us carve a dominant 85% share of the M&HCV Clutches pie in India. Because of the peculiar nature of the individual segments, our OEM and Aftermarket presence has helped us in other ways. Customers who have bought vehicles with our OEM clutches generally come back for spares after 3-4 years have elapsed. So, OEM sales are generally accompanied by a pick-up in demand for our Aftermarket spares after a time lag of 3-4 years. This means that our foothold in both segments keeps production lines running, first for OEM and then for Aftermarket sales.

During recessionary times, customers postpone buying new vehicles and keep using old vehicles for a longer period. Of course, OEM sales slow down, but Aftermarket sales rise because of greater wear and tear of old vehicles. So, the two segments combined tend to keep overall turnover buoyant, even in the face of an economic downtrend,

We see a future where our strategizing launches us from a largely high-volume base to a high volume and value pedestal, where we become the preferred partners in every clutch segment for all global automobile majors wishing to enter India or consolidate their presence in it.

DRIVEN BY VISION

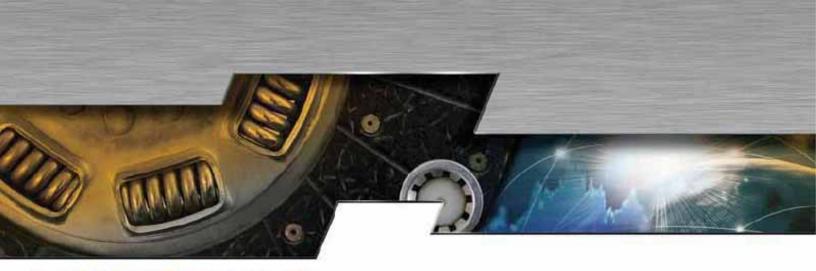
GLOBAL MARKET THRUST

Global Vision is about sighting a market opportunity or opportunities and seeing them through to their logical conclusion – the global level. While Opportunity is all about leveraging the particular time and place it presents itself, Vision has a broader canvas – a time frame and a map, it is about points of time and place linked by a series of opportunities; it is about a Vision that sees the Company playing an ever-increasing role in the business plans of different clients and in the community lives of different cultures, over a period of time and across countries.

Working out a Global Vision means that we meet the needs of a diverse set of clients working across different business environments. Broadly, a client needs the following advantages – Cost, Innovation and Delivery, with a different amount of significance attached to each,









GETTING THE MIX RIGHT

Depending on the markets in which they are present, commercial vehicle manufacturers emphasize Cost, or Innovation, or Delivery more than the other. In low-end markets, cost becomes more significant; in high-end markets innovation and delivery are. Our global success rests on the fact that we are able to offer a different mix of Cost, Innovation and Delivery to different clients in Asia, Africa, UK, Eastern Europe, Latin and North America. We are able to do this because of our presence in various centres with Cost, Innovation and Delivery advantages. Our India facilities offer a largely cost advantage to clients in Asia and Africa; our UK facilities offer a largely innovation and delivery advantage to clients in UK and Eastern Europe; our USA facilities cater to North and Latin America.

Our facilities in India at Gujarat and Uttarakhand are helping global automotive manufacturers keep down their manufacturing costs, fast-track their new model launches in India and conform to newer and stricter emission norms. With a dominant market share in India along with the attendant volumes and product diversity, we can offer clients the cost benefit of economies of scale at our manufacturing facilities and depth of expertise across varied product platforms. Our state-of-the-art R&D facility at Gujarat makes faster product development possible, giving clients the benefit of low-cost innovation, aiding them in achieving newer emission norms and lower time-to-market of their new models. Our India facilities also help us establish beachheads and push exports into cost-driven markets overseas.

Our UK and USA facilities offer overseas clients the benefit of products that meet the strictest global benchmarks and provide us an entry into tough international markets. They also allow us to bring in cutting-edge technologies, develop latest products and keep abreast with frontline trends in the industry.

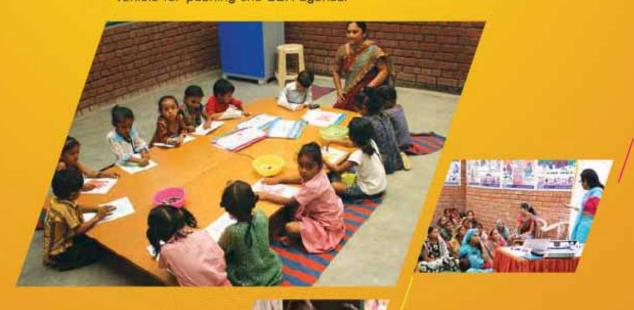
In the future, we hope to expand our global footprint by ramping up exports to old markets, kick-starting exports to new territories and forging strategic tie-ups with suitable partners.

DRIVEN BY COMMITMENT

CSR INITIATIVES

We strongly believe that, as a model corporate citizen, our Corporate Social Responsibility (CSR) activities should be CSR - Care, Support & Revive. It is our way of giving back to the community and environment, which have helped us grow and thrive.

'Care' initiatives are those that serve essential needs like health and nutrition, 'Support' activities aim to provide a head-start in life by meeting the needs of education. 'Revive' efforts help rejuvenate society and environment through women empowerment schemes and plantation drives. The Setco Foundation, created in 2007, is our vehicle for pushing the CSR agenda.





T BEGINS WITH

Setco Foundation has one very important mandate: **Care** for Infants and young mothers at the grassroot level. We have established six anganwadi centres in the Panchmahal district of Gujarat, under the aegis of one of Government of India's largest programmes - The Integrated Child Development Services (ICDS). Each anganwadi works for the all-round growth and development of children from 0-6 years of age, and as a support for pregnant/nursing mothers by delivering a suite of services including supplementary nutrition, immunization, health check-ups, referral services, non-formal pre-school education, and nutrition and health education. We presently cater to more than 600 children in the 0-6 years age group and 250 pregnant/nursing mothers.

The results of our supplementary nutrition and government rations at the anganwadis are quite dramatic. From pre-intervention statistics of 76% of children subject to Severe and Moderate Acute Malnutrition (SAM/ MAM), we have reduced the incidence of malnutrition to less than 10% in just three short years. Approximately 90% of the children are showing normal growth according to WHO guidelines. The overall anganwadi effort has had other significant societal impacts. A recent sample survey of pregnant/nursing mothers using the services of our centres, showed 100% live births and 52% girl child births, indicating an absence of gender bias.

Other initiatives to improve overall health-care in the community include funding of medical equipment at the referral hospital at Kalol, a health camp where community members may avail free medical consultation and referrals for their health issues, as well as an annual blood donation camp with enthusiastic participation of nearly 200 people, including our own employees.

BEING

SUPPORTIVE We run a pre-school programme at our anganwadis for children 3-6 years of age to stimulate and monitor child development with 3-6 years of age to stimulate and monitor child development using established Early Childhood Development (ECD) norms. The Setco Foundation provides qualified pre-school teachers to assist anganwadi workers in running the playschool program to ensure school-readiness at age 6. Oral assessments have shown that the performance of our NandGhar children is on par with their urban counterparts. Out of the 100-150 turnouts every year, almost all go onto primary school with more than 30% gaining admission into private English-medium schools.

> We also conduct supplementary classes for students from standard 1-7 to encourage retention in primary school, especially for students facing academic difficulties. The success of our anganwadi programme inspired our Austrian vendor, MIBA, Austria to collaborate with us on our model anganwadi, NandGhar.

Additionally, we have supported the Primary Teacher Training Institute at Udwada, Gujarat which has 100 tribal girls enrolled as students. We also support the education of the Girl Child through our School & College Fee Subsidy programme wherein each worker receives a cash incentive every year to ensure that his/her daughter(s) continue and perform well in school and college, 500 meritorious daughters of our Company's workers have benefitted from this program.

To enhance employment opportunities for the youth in an economically backward region, we have become an industry-partner to the Industrial Training Institute (ITI), Zalod. More than 100 trainees pass the flagship 2-year course every year and more than 400 gain the benefit of the institute's short-term courses.

We have also supported several other non-profit and charitable organizations as part of our CSR initiatives through grants, seed funds and donations.









'REVIVING'IN MANY WAYS

Our bid to improve the social system starts with an empowered woman. We conduct training camps to teach women income-earning skills like tailoring, embroidery, painting, mehendi-drawing, rakhi-making and pottery. We offer counseling for careers, loans, grants and government schemes benefiting women. We also provide assistance in securing job-work orders and in documentation for start-ups and Self Help Groups (SHGs). Our training camps have helped even illiterate women attain economic independence for themselves and their families, Our outreach activities have included counseling for pregnancy, nutrition and other women-specific issues. To raise a voice against gender violence, we organized the One Billion Rising movement in Kalol, where over 1200 women and girls participated through rallies, garba dancing, plays and presentations. As part of our anti-violence program, we have also conducted self-defense camps. Our environment conservation efforts have resulted in 22,000 plantations and a 70% green cover in our factory premises at Kalol.

Our future plans essentially aim to continue the good work done so far. We are in the process of adopting six more anganwadis and running them along the lines of NandGhar. We plan to intensify the scale and scope of our health, nutrition, education and women empowerment initiatives at all anganwadis.









BOARD OF DIRECTORS'

PROFILE



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 Bachelor's 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 was also the former CEO of The Economic
Times and President, Bennett & Coleman. Mr. Arora
also holds an Advanced Management Programme
Degree from the Harvard Business School. In
recognition of his immense contribution in the field of
education, Mr. Arora was conferred with a degree of
Doctor of Philosophy by EIILM University, Sikkim for
the academic session 2013-14.



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 brands 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 The Massachusetts Institute of Technology (MIT). Mr. Shah was appointed to the Executive Board of the MIT Sloan School of Management by its Dean, and also on the Asia Council of Philips Academy, Andover in the month of July, 2013.



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.



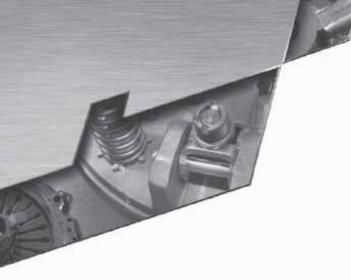
Shvetal Vakil Executive Director

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 Bachelor's 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 AND ANALYSIS

ECONOMIC OVERVIEW FY 2012 - 13

The financial year 2012-13, in India, was a year of dampened investor sentiments with the overall investment appetite undergoing a contraction and a stark slowing down in the pace of execution of various new projects. This has majorly come into effect due to dwindling demand conditions rising from global cues, unavailability of key raw materials such as iron ore, coal etc. and projects being affected from regulatory issues such as key project clearances being stalled and land acquisition being made difficult. Deceleration in industrial output and exports weakened India's Economic growth further. The weak macro environment and the slow growth of cost of capital investment in industrial sector remained sluggish. In the year 2012-13, the previous year's 3.6% growth in agricultural sector was also not mirrored in the current year which saw a yearon-year growth of a mere 1.8%. This was the effect of a delayed monsoon as compared to the previous year. Thereby, during the financial year 2012-13 the Indian economy witnessed an unhurried sluggish growth rate of 5% to 5.5%. Year-on-year GDP growth rate in the third quarter was the second lowest in recent year at 4.5%. Simultaneously, the global economy also continued its weak performance and was down from 4% in 2011 to 3.2% in 2012.

AUTO INDUSTRY:

After a temporary slowdown in 2009, the auto industry bounced back with strong growth for the next 3 years. However, the growth momentum suffered a major setback in FY 2012 – 13 on account of the above economic factors. The auto industry suffered the impact of delayed monsoon, rising interest costs, higher fuel prices, volatile labour relations and rupee depreciation.

Contrary to estimates made last year, the commercial vehicle industry which has a direct correlation with the economic environment of the country registered a degrowth of 2%. The Light Commercial Vehicle (LCV) segment grew by 14%, while the Medium & Heavy Commercial (M&HCV) Industry fell by a massive 28%. Protracted ban on the mining industry and decline in industrial & construction sectors resulted in such a sharp decline.

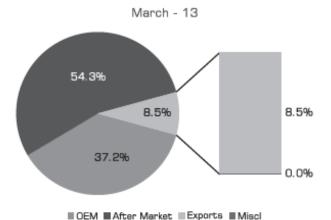
The auto component industry, which has been the focus of attention from many global players and investor community, has witnessed demand softening mainly from the OEM and Exports throughout FY 2012 – 13.

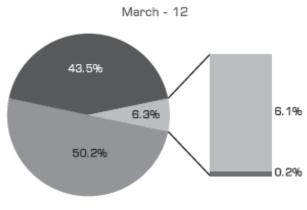
However, having the advantage of being a low cost country with superior engineering capabilities the Indian auto component industry remains fundamentally robust and well positioned to become the Global Auto Hub. From the current turnover of USD \$43 billion, the Indian auto industry is expected to cross turnover of USD \$ 113 billion by FY 2020 – 21 (source: ACMA).

Your Company's Operational Highlights in FY 2012 -13:

- Impervious by the slowing down in the commercial vehicle sector, your Company maintained its leadership position of being the largest supplier of commercial vehicle clutches to major OEM's in India.
- On a standalone basis, your Company recorded sales of Rs. 340.78 Cr compared to Rs. 365.37 Cr in the previous year. This decline of 8.10% was much lower than the industry drop of 27%. This was possible mainly because of the cushion your Company enjoys from its presence in the aftermarket segment which grew by 16% and the Exports segment which grew by 30% Y-o-Y
 - On a consolidated basis your Company recorded Sales of Rs. 399 Cr compared to Rs. 423 Cr Sales in the previous year
- 3. On a Standalone basis, EBIDTA reduced by 19% at Rs. 56 Cr compared to Rs. 70 Cr in the previous year and on a consolidated basis EBIDTA reduced 22% at Rs. 61 Cr compared to Rs. 78 Cr in the previous year. This was mainly on account of higher input cost resulting out of foreign exchange increases on imported raw materials and certain payroll increase in anticipation of economy growth which unfortunately did not maintain.
- Net Profit was Rs. 27 Cr compared to Rs. 42 Cr in the previous year on a standalone basis and was Rs. 26 Cr compared to Rs. 45 Cr on a consolidated basis
- Standalone Net Worth of your Company increased to Rs. 143 Cr from Rs. 123 Cr in the previous year. Consolidated Net Worth increased to Rs. 153 Cr from Rs. 130 Cr in the previous year
- The Board of Directors recommended a dividend of Rs. 2.65 per equity share

Your Company mainly operates in 3 market segments; OEM, Aftermarket (OES) and Exports. The graph below gives the contribution of revenue from each of these segments:





■ OEM ■After Market ■ Exports ■ Miscl

OEM:

The OEM segment which is largely driven by the economic environment of the country suffered a massive decline in demand in FY 2012 – 13. All the OEM's in India like Tata Motors, Ashok Leyland, Volvo – Eicher and Asia Motor Works had periodic shut down of production facilities on account of weak demand. The M&HCV segment dropped by 28% for FY 2012 – 13. The 4th Quarter of the year was the worst hit and witnessed a drop of 40%. Given that your Company is a preferred single source supplier of clutches to all OEM's its OEM Sales sharply dropped by 27% in the year.

However, on the positive side, your Company known for its superior quality and preferred supplier to all OEM's has started supplies to Bharat Benz, the Indian subsidiary of Daimler Commercial Vehicles Company in Germany. Besides your Company has attracted attention of many global players who are venturing into India and is in discussions with many global players for supply of clutches in India.

This combined with the revival in economy expected to come around soon, your Company is in a strong position to capitalize on the opportunities and register a strong growth in the OEM segment.

AFTERMARKET:

The Aftermarket Segment has acted as a cushion during the vagaries of cyclic nature of the economy and OEM segment. Your Company has consistently registered a double digit growth in this segment since the last few years

There are approx 4 million commercial vehicles on the Indian roads. Approx 50% of these belong to the M&HCV segment. In recent years, with the influx of superior technology commercial vehicles and increased consciousness on quality the demand for genuine replacement parts has grown significantly. With the introduction of BS III norms in October 2010, your Company started supply of these technologically advanced clutches in the OEM segment. Given that the average life of the commercial vehicle clutch is approx 3

years, these clutches will now come for replacement from October 2013 onwards. This will result increased revenues and improved margins. Besides your Company plans to enter into the LCV segment in the OEM and Aftermarket segments which will ensure steady growth in this segment.

EXPORTS:

Your Company considers the Export segment to be the next level growth engine. Supportive government policies, availability of reasonably priced talented workforce, availability of raw materials and stable outlook for the industry has made many global automotive companies to look at India for their sourcing needs. Realizing this huge opportunity your Company has been diligently working on development of new products and increase penetration to new markets around the world with a prime focus to offer superior quality clutches at competitive prices. During the year, your Company started supplies to new countries like Singapore, Nigeria, Israel and Saudi Arabia. In addition, through our English and American subsidiaries your Company has started penetration into Eastern European and South American countries. These markets have immense potential and will be a major contributor to our exports growth story. Riding on the back of our efforts, exports grew by 30% compared to the previous year. In addition your Company is in discussions with some global commercial vehicle manufacturers in Europe for potential supply of clutches for their OEM requirement. Your Company is confident of this segment's potential and has its plan of reaching Rs. 100 Cr exports turnover by FY 2015 - 16.

OVERSEAS SUBSIDIARIES:

Setco Automotive (UK) Ltd (SAUL)

Prolonged subdued economic conditions in Europe have resulted in the entire continent facing testing times. In addition, the Euro zone crises have made conditions deteriorate. Under these testing times, your English subsidiary has managed to maintain its revenue at £2.81 million against £2.73 million in the previous year.

MANAGEMENT DISCUSSION AND ANALYSIS

With an aggressive focus on new product launches and strengthening of marketing team, your subsidiary has started penetration into the Eastern European regions of BALKANS, Poland and Russia. This has resulted in increased consumption cost and selling & marketing costs. This effort has resulted in a onetime loss of £0.27 million in the current year. The benefits of this effort will be seen in the future years when our "LIPE" brand of clutches will get a good recognition.

Setco Automotive (NA) Inc (SANAI)

The subprime financial crises in the American Continent continue to have an adverse impact on the Country's growth. Despite the weak sentiments, your American subsidiary has managed to maintain its top line revenues at \$9.18 million and recorded a profit of \$0.21 million. The American economy has shown some signs of stability and is expected to grow in the immediate future. In addition, your Company is strengthening its marketing setup and venturing into new territories of Mexico and Brazil which has huge potential and acceptability of our "LIPE" clutches.

Together both your subsidiaries play a very pivotal role in your Company's vision of becoming a Rs. 1,000 Cr Company by 2017 - 18

OPPORTUNITIES:

- Global and Indian recovery is anticipated. With our Government taking adequate steps to revive the economy, resulting in improvement of macro environment and consumer sentiment, the economy and the sector is expected to bounce back. Possibility of reduction in interest rates will increase demand for finance schemes in the construction industry and purchase of commercial vehicles
- The National Highway Authority of India (NHAI)
 has implemented a project to construct approx
 50,000 kms of highway lengths out of which
 approx 50% is complete. The balance is under
 implementation and is expected to bring about a
 major boost to the commercial vehicle industry
 to facilitate increased road movement. In addition
 improved connectivity between ports, railway
 infrastructure will increase economic output
- Technology continues to be the prime focus for your Company. With the strong in-house R & D activities your Company is in a position to introduce technologically superior products at competitive prices.
- Light Commercial Vehicle (LCV) sector accounts for more than 50% of the Commercial Vehicle industry. Your Company ventured into this segment last year with a small variety of clutches and has now developed a multiple range of LCV clutches. In addition, we have also developed new range of Medium & Heavy Commercial Vehicle clutches for our existing domestic customers and new export customers.

- These clutches will have demand in all the segment your Company operates i.e. OEM, Aftermarket and Exports
- India is expected to maintain its leadership
 position as a low cost nation for quality
 engineering capabilities. Increasing number of
 global automobile and automotive component
 manufacturers are setting up their base in India
 with a thrust on localization to remain
 competitive. This will not only give your Company
 the opportunity to service the global players
 domestic requirement, but will open avenues to
 service their overseas requirements, thus driving
 our thrust on the exports segment.

THREATS:

- The cyclical nature of the commercial vehicle industry may impact demand. Considering the current weakness in demand and expectations of slower than anticipated recovery will result in prolonged subdued environment. However your Company has a huge presence in the Aftermarket segment which acts as a risk mitigation in the event of a slowdown in the OEM segment.
- On the back of India's growth story and its reputation of being a low cost, high quality production capability nation, many global players have ventured into India. This would lead to competition, which though good for consumers, may infact lead to unappeasable pricing which may result in pressure on margins
- Commodity Prices fluctuations may lead to increase in operating costs. Though commodity prices have generally reduced, but the depreciating rupee has resulted in increased import cost. This increase has dampened market sentiments which cannot be recovered in any form. However, your Company continues to pursue cost reduction initiatives and work towards improving operating margins.
- Changes in the tax laws, Government policies especially the de-regularization of diesel prices may impact your Company's business

R & D CENTRE (CENTRE OF EXCELLENCE)

Further to our commitment of continuously developing world class products at competitive prices, your Company has set up a world class R & D Centre - Centre of Excellence at their Kalol plant. With an investment of Rs. 15 Cr, this centre will work with a single motive "Delivery of World Class Products". This centre has been recognized by The Department of Scientific and Industrial Research (DSIR), Govt of India is eligible for special grants and concessions in the field of innovation. Your Company already has a R & D centre at your English subsidiary in Haslingden; United Kingdom. However having a technology centre on our

MANAGEMENT DISCUSSION AND ANALYSIS

home turf will enable us to reduce development cycles, time to market cycles and broaden our customer base. Your Company is convinced that the innovation led products & solution development strategy will further strengthen our position as the leading domestic player with a wide product range of superior quality clutches.

OUTLOOK

Going ahead industry participants expect GDP in FY 13-14 to be c. 6%. The RBI remains focused on arresting inflation and is expected to continue following a conservative policy on interest rates. We hope to experience some pick up in manufacturing and mining as the slowdown is appearing to bottom out. Outlook for the global economy is currently a mixed basket which displays areas of concerns as well as some bright spots. With the IMF expecting developing economies to grow relatively strongly at 5.7% for 2014, US is expected to recover faster while the Euro Zone may be relatively slower. With this, the overall global economic growth will remain subdued.

India is expected to regain its economic momentum and growth is expected to recover gradually to its high long term potential. The key challenges for the Indian economy this year would be to revive demand, fast track infrastructure projects, improvise electricity generation and increase industrial production. We can relatively be sure of this growth due to the fact that the government will push harder for reforms to keep the India growth story alive.

HUMAN RESOURCE:

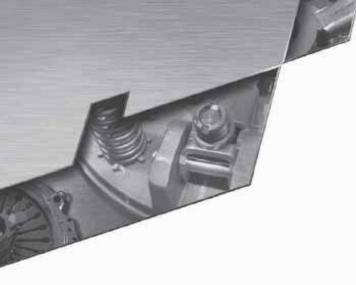
Our 21st century is witnessing a profound shift in global dynamics, driven by the fast-rising new powers of the developing world. India is re-shaping its future with new entrepreneurial creativity and social policy innovation. The role of Human Resource (HR) has changed from performing conventional HR related services to being a proactive department which can offer competitive value to the business.

Your Company values the importance of people and the importance of arming them with the right kind of skill sets. Thus we are creating a world class pool of talent and providing them with appropriate talent through additional training to enable them to become leaders of tomorrow.

Lastly, in these testing economic conditions, our people, who are the flag bearers of our Setco family, have stood by us through sincere dedication and hard work. The Management takes this opportunity to thank them for the valuable contribution they have made to make Setco Automotive Ltd a leader in its chosen field.

INTERNAL CONTROL SYSTEM

The Internal Control system of the Company is mainly responsible for safeguarding the Company's assets' ensuring compliances to the management policies and shareholders value. Your Company has appointed an Independent Internal Audit team for conducting regular internal audits of the systems and procedures of financial reporting and operations of the Company. In addition, the Audit Committee periodically reviews the Internal Audit plans, significant findings and relevant corrective actions are taken.



DIRECTORS' REPORT

Dear Members.

Your Directors have the pleasure in presenting this Thirtieth Directors' Report together with the audited Annual Accounts of the Company for the financial year ended March 31, 2013.

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:

(Rs. in Cr.)

11.00				41 1-01 111
Particulars	Standalone		Consolidated	
	2012-13	2011-12	2012-13	2011-12
Net Sales	340.78	365.37	399.36	417.65
Operating EBIDTA	56.29	69.78	61.48	78.48
Profit before Taxation	29.75	42.32	29.45	46.10
Profit after Texation	27.34	42.42	26.14	45.47
Earnings Per Share (in Rs.) (basic & considering exceptional items)	10.28	16.03	9.83	17.18

DIVIDEND

Your Directors are pleased to recommend Dividend at 26.5% (Rs. 2.65/- per Equity Share of Rs. 10/- each) on equity shares for the year ended March 31, 2013, maintaining the dividend outflow 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. 8.27 Cr (including Dividend Distribution Tax).

SHARE CAPITAL

The Authorised Share Capital of the Company was increased from Rs. 30 Crores divided into 3 Crore equity shares of Rs. 10/- each to Rs. 50 Crores divided into 5 Crores equity shares of face value of Rs. 10/-

Post March 31, 2013, the Company issued 5,368 Equity Shares of face value Rs. 10/- each between the period April 2013 to August 2013 under Setco Automotive Limited Employees Stock Option Scheme 2010, thereby increasing the paid up Share Capital to Rs. 266,774,810/-.

OPERATIONS AND FINANCE

Your Directors have analyzed Company's operations and financials in detail in 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

Faced with global uncertainty, cyclical and structural factors, India's growth slowed down to 5 per cent for the Financial Year 2012-13. The slowdown in growth coupled with lack of investments in the mining and manufacturing sectors, high interest rates has led to worsening situations in auto component industry in FY 2012-13. For the year, M&HCV segment recorded a 11% decrease in sales as compared to previous year.

Amidst the overall slowdown in the economy, the focus area of the Company, continued the stable growth. Consequently, clutch demand in Aftermarket segment grew, an area which is core to the Company's operations. With broad-basing of economic activities in the Aftermarket, it is expected that the Company will continue to grow in the next few years.

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

Mr. Pratap Merchant, Independent Director of the Company resigned from the Board effective from July 6, 2012 and Mr. Satish Deshpande, Independent Director of the Company resigned from the Board effective from May 29, 2013.

During their tenure on the Board, their vast and rich experience was very useful in directing the Company's strategies. The Board places on record its deep appreciation and gratitude for their 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. B.L. Naik and Mr. Ashok Kumar Jha, Directors of the Company retire by rotation as Director at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment.

Your Directors recommend re-appointment of Mr. B.L. Naik and Mr. Ashok Kumar Jha as Directors of the Company. A resolution to the effect is placed for your consideration and approval.

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.

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 2013-2014.

Your Directors recommend re-appointment of M/s. Manesh Mehta & Associates, Chartered Accountants as Statutory Auditors of the Company for the financial year 2013-14. A resolution to the effect is placed for your consideration and approval.

Director's comments on Auditors Qualification in Consolidated Auditors Report:

The Auditors have given a qualified opinion in the consolidated accounts on the Auditors Report for the year under review. As per the opinion, the unrealized profits in the stocks lying with the subsidiaries out of inter-company transactions, is unascertained and not eliminated, which was required to be eliminated as per Accounting Standard-21, "Consolidated Financial Statements.

In view of the method of accounting followed and the stock valuation adopted, it was not possible to bifurcate the different sources of stock. However, the steps are being taken to modify the method and the accounting software being modified to enable the extraction of the relevant information. This will enable the subsidiaries to provide information on unrealized profits in the stocks received from the Company.

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.
- (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, 2013 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

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.

In terms of circular dated February 8, 2011 issued by the Ministry of Corporate Affairs, the Board of Directors have granted requisite approval for not attaching the balance sheet, profit & loss account, report of the board of Directors and report of the auditors of each of the subsidiary companies to the accounts of the Company.

The Company will make available these documents to the members on a request.

DIRECTORS' REPORT

CORPORATE GOVERNANCE

A report on Corporate Governance along with a certificate from the Auditors of the Company regarding the compliance with conditions of Corporate Governance as also the Management Discussion and Analysis Report as stipulated under Clause 49 of the Listing Agreement are annexed to this Report.

HUMAN RESOURCES

With rapid changing economy and ever increasing competition, HR plays significant role by renovating itself from a traditional role to a strategic value-added role. This requires transition from the conventional delivery of HR services, to the adoption of those practices and roles through which HR adds competitive value to the business.

The Company follows affirmative action for attracting, developing and retaining the right talent to help deliver our commitment. The HR function aims to create a stimulating environment that demands performance and nurtures creativity, recognizes achievements individually and collectively.

At Setco, our team sources the right talent and provides them with immense opportunities for exciting and rewarding careers ahead. Great emphasis is placed on skill building both technical and soft skills. Employees at all levels undergo a minimum number of days training during the year.

Employee's relations have remained cordial and there have been no instances of strikes, lockouts or any other disruptive labour disputes. We provide various benefits to our employees, addressing their social and security needs such as Personal Accident and Healthcare Coverage for employees and their dependents. The wages and benefits of our blue collared employees are generally established by collective bargaining agreement with Workers Committee democratically elected.

The Company also continued its practice of felicitating and rewarding employees for participating in Kaizen competitions, Suggestions Schemes etc. contributing towards improving efficiencies and reducing costs. The Company has instituted Good Service Awards to recognise employees rendering long service.

Company has ambitious growth plans going forward and for realising these, it substantially depends on quality and support of our human capital.

Employee Stock Option Plan (ESOPs)

During the year, the Remuneration (Compensation)
Committee allotted 168,082 equity shares of Rs. 10/each of your Company upon exercise of stock options by
the employees. Post financial year, the Committee
allotted 5,368 equity shares of face value of Rs. 10/-

each under Setco Automotive Limited Employee Stock Option Scheme – 2010. The details of shares issued to Directors are provided in the Corporate Governance Report attached herewith.

The disclosure, under Clause 12 of Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 is set out in Annexure I to this Report.

The Company confirms that 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.

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 is attached to this report and will also 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)

Setco which contributes 5% of its annual net profits to its CSR activities believes in voluntarily giving back to the stakeholders at large and the community we work with by improving the quality of life as a whole. Through our CSR initiatives we have been able to bring about significant progress in the community by reducing child malnutrition, improving school readiness and empowering women to become more independent, confident and involved in their family and community decision making

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

A. Conversation of Energy: The operations of the Company are not energy – intensive. However, the Company takes necessary steps wherever

DIRECTORS' REPORT

- 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 2012-2013 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 is accredited with Environmental Management System (EMS) (ISO 14001) as well as Occupational Health and Safety Standards (OHSAS 18001) Certification.

APPRECIATIONS

Your Directors take this opportunity to thank the customers, shareholders, suppliers, bankers, business partners/associates, financial institutions and Central and State Governments for their consistent support and encouragement to the Company. The Board places on record its appreciation for the dedication and commitment of the employees at all levels, which has continued to be our major strength.

For and on behalf of the Board

Sd/-Harish Sheth Chairman and Managing Director

Place: Mumbai

Date: August 12, 2013

DIRECTORS' REPORT

ANNEXURE I

Disclosure pursuant to Clause 12 of the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999

		Grant I	Grant II	Total
(a)	Options Granted (Both Grants were in 2010-11 & Nil in Current year)	92,250	115,750	208,000
	Additional Options given due to Bonus Issue on 17-Aug-2012	23.349	36.439	59,788
(b)	Pricing formula	Fair Market Valu to the date of m	e of the Shares as eeting of the Comp ich Options would	on the date prior pensation
(c)	Options Vested during the year	111,579	82,123	193,702
(d)	Options exercised during the year	103,733	64,349	168,082
(e)	Total number of Shares arising as a result of exercise of options	103,733	64,349	168,082
(f)	Options lapsed (upto 31st March 2013)	2,136	14,625	16,761
(g)	Variation of terms of options during the year	the Company in the Additional option	the members of the ratio 1:2. s were granted to ong with suitable	N.A.
(h)	Money realized by exercise of options	7,811,256	6,653,575	14,464,831
(i)	Total number of options in force as at 31st March, 2013	9,730	73,215	82,945
(j)	Employee wise details of options granted to			
	Senior management Personnel	Nil	Nil	Nil
-	Employees to whom more than 5% options granted during the year	Nil	Nil	Nil
	Employees to whom options more than 1% of issued capital granted during the year	Nil	Nil	Nil
(k)	Diluted EPS, pursuant to issue of shares on exercise of options	Rs. 10.27/-		
(I)		Calculation is ba	sed on intrinsic val	ue method
-	2 Difference between the above and employee compensation cost that shall have been recognized if it had used the fair value of the options	by Rs. 11,39,65	ethod for accounti	, had the Company
	Impact of this difference on Profits and on EPS of the Company	and E.P.S. would the year, had the	ve been lower by Re have been lower by Company used fai options issued unde	Rs. 0.04 during r value method of
(m)	1 Weighted average exercise price			
	i) Pre Bonus	Rs.93	Rs. 124	
	ii) Post Bonus	Rs.62	Rs.82.67	
-	Weighted average fair value of options based on Black Scholes methodology	Rs. 46.31	Rs.38.28	
(n)	Significant assumptions used to estimate fair value of options including weighted average			
	Risk free interest rate	8.36%	8.28%	
- 1	Expected life	2.00	2.51	
- ;	B Expected volatility	43.61%	46.88%	
-	Expected dividends	1.73%	1.73%	
-	Closing market price of share on a date prior to date of grant	Rs. 119.90	Rs.119.90	



1. Philosophy

Corporate Governance refers to the set of systems, principles and processes by which a Company is governed. They provide the guidelines as to how the Company can be directed or controlled such that it can fulfill its goals and objectives in a manner that adds to the value of the Company and is also beneficial for all stakeholders in the long term.

Our actions are governed by our values and principles, which are reinforced at all levels within the Company. It is our constant endeavour to ensure excellent performance, good returns for our investors, create job opportunities and high quality products for the consumers. In order to achieve these objectives we have ensured timely and accurate disclosures of information regarding financial status, performance ownership and other recognized practices on Corporate Governance.

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

2. Board of Directors

The Board of Directors is entrusted with the ultimate responsibility of the management, general affairs, direction and performance of the Company and has been vested with the requisite powers, authorities and duties. 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 Board comprises of 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. Satish Deshpande resigned w.e.f. May 29, 2013.

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, seven board meetings were held on April 16, 2012, May 14, 2012, July 5, 2012, August 6, 2012, August 20, 2012, November 9, 2012 and February 12, 2013.

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 various management aspects such as 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 2012-13 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	6	Present	2	1	Nil
Mr. Arun Arora	6	Absent	2	2	Nil
Mr. Ashok Kumar Jha	5	Absent	4	3	Nil
Mr. Bhalchandra Naik	7	Present	1	1	Nil
Mr. Harshal Shah	4	Absent	1	2	Nil
Mr. Pratap Merchant*	3	Absent	6	6	3
Mr. Satish Deshpande**	6	Present	3	3	1
Mr. Shvetal Vakil	6	Present	2	2	1
Mr. Udit Sheth	7	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. Pratap Merchant resigned as a Director w.e.f. July 6, 2012 and accordingly membership of committees is as on date of resignation.
- ** Mr. Satish Deshpande resigned as a Director w.e.f. May 29, 2013 and accordingly membership of committees is as on date of resignation.

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

Mr. B. L. Naik and Mr. Ashok Kumar Jha retire by rotation and being eligible offers themselves for reappointment.

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

3. Committees of Board of Directors

As on March 31, 2013, 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 2012-13 viz. May 14, 2012, July 5, 2012, August 6, 2012, November 9, 2012 and February 12, 2013. 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	attended
Mr. Pratap Merchant*	Independent Director	Chairman	5	2
Mr. Satish Deshpande**	Independent Director	Chairman	5	5
Mr. Bhalchandra L. Naik#	Independent Director	Chairman	5	5
Mr. Arun Arora**	Independent Director	Member	5	3
Mr. Ashok Kumar Jha	Independent Director	Member	5	4
Mr. Harshal Shah	Non Executive Director	Member	5	3

- * Mr. Pratap Merchant resigned as a Director w.e.f. July 6, 2012
- ** Mr. Satish Deshpande was appointed as the Chairman of the Audit Committee and Mr. Arun Arora was inducted as the member of the Audit Committee w.e.f. July 5, 2012. Mr. Satish Deshpande resigned as a Director w.e.f. May 29, 2013.
- # Mr. Bhalchandra L. Naik was appointed as the Chairman w.e.f. July 29, 2013.

The then 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.

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 3 Directors, of which one is independent director, 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 2012-13 viz. May 14, 2012, August 6, 2012, November 9, 2012 and February 12, 2013. The detailed constitution and attendance at the committee meetings is as under:

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

Mr. Satish Deshpande resigned as a Director w.e.f. May 29, 2013.

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

The status of investor grievances received during the financial year 2012-13 is as follows:

No. of Complaints pending at the beginning	Nil
No. of Complaints / queries received	113
No. of complaints resolved	111
No. of complaints pending as on March 31, 2013	02

Remuneration Committee

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

The remuneration is a non-mandatory requirement under the listing agreement. It comprises of three 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 five times during the financial year 2012-13 viz. April 10, 2012, May 14, 2012, July 5, 2012, November 9, 2012 and January 24, 2013. The detailed constitution and attendance at meetings of the committee is as under:

Name of the Director	Category	Position	No. of meetings	
			held	attended
Mr. Pratap Merchant*	Independent Director	Chairman	5	3
Mr. Satish Deshpande**	Independent Director	Chairman	5	5
Mr. Arun Arora#	Independent Director	Chairman	5	4
Mr. B. L. Naik**	Independent Director	Member	5	2
Mr. Ashok Kumar Jha	Independent Director	Member	5	2

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

^{**} Mr. Arun Arora was appointed as Chairman of the Committee w.e.f. July 29, 2013.

^{**} Mr. Bhalchandra L. Naik was inducted as a Member and Mr. Satish Deshpande was designated as the Chairman of the Remuneration Committee w.e.f. July 5, 2012. Mr. Satish Deshpande resigned as a Director w.e.f May 29, 2013

[#] Mr. Arun Arora was appointed as the Chairman of the Committee w.e.f. July 29, 2013.

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 Directors 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 the 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 2012-13 are as follows:

(Amount in Rs. Lacs)

Name of the Director	Category	Salary, allowances and perquisites	Contribution to Provident and Other Fund	Commission / Performance Incentive	Sitting Fees	Total
Mr. Harish Sheth	Chairman and Managing Director	150.00	18.00	11.99		179.99
Mr. Arun Arora	Independent Director			6.17	1.15	7.32
Mr. Ashok Kumar Jha	Independent Director			6.17	0.80	6.97
Mr. Bhalchandra Naik	Independent Director			6.17	1.05	7.22
Mr. Harshal Shah	Non Executive Director			6.17		6.17
Mr. Pratap Merchant*	Independent Director			1.54	0.55	2.09
Mr. Satish Deshpande**	Independent Director			6.17	1.30	7.47
Mr. Shvetal Vakil	Executive Director	80.10	6.62	16.20		102.92
Mr. Udit Sheth	Executive Director	42.00	5.04	16.20		63.24

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.

Stock Options to Directors

As per the Employee Stock Options Scheme for its employees and Directors of the Company and its subsidiaries, during the year following shares were issued to Directors of the Company:

Name	Category	No. of Shares issued
Mr. Shvetal Vakil	Executive Director	5,833
Mr. Arun Arora	Independent Director	2,500
Mr. Ashok Kumar Jha	Independent Director	2,500
Mr. B.L. Naik	Independent Director	2,500
Mr. Harshal Shah	Non Executive Director	1,000

The details of Equity Shares held by Non Executive / Independent Directors as at March 31, 2013:

Name of the Director	No. of Equity Shares held
Mr. Arun Arora	33,000
Mr. Ashok Kumar Jha	3,000
Mr. Bhalchandra L. Naik	6,300
Mr. Harshal Shah	144,795

^{**} Mr. Satish Deshpande resigned as a Director w.e.f. May 29, 2013.

Finance / Operations Committee

The Finance / Operations Committee have been constituted to look after routine administrative and management functions.

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

The Committee met 13 times during the financial year 2012-13.

9. 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.

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

10. 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.

11. 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.
- 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. 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.
- e. 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.
- f. 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 behaviour 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 33 of notes forming part of financial statements. Necessary approvals have been obtained wherever required.

13. Management Discussion and Analysis Report

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

Risk Management

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

15. 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 2012-13.

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, 2013 is annexed to this Report.

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

16. Insider Trading:

The Company has also laid down a 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.

17. General Body Meetings

i. Details of last three Annual General Meetings held:

Financial Year	Venue	Day & Date	Time
2009-2010	Vadodara – Godhra Highway,	Saturday, September 18, 2010	3.00 p.m.
	Kalol, 389330,		
2010-2011	District – Panchmahal, Gujarat.	Wednesday, September 28, 2011	3.00 p.m.
2011-2012		Monday, September 17, 2012	3.00 p.m.

ii. Special Resolutions passed during the last three years

Date of AGM	Section	Particulars of Special Resolution
September 18, 2010	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
	 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
	 Section 314 of the Companies Act, 1956 	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
September 17, 2012	Section 198, 309, 310, 311 and Schedule XIII of the Companies Act, 1956	Revision of remuneration payable to Mr. Harish Sheth, Chairman and Managing Director
	 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
	3. Section 198, 309, 310, 311 and Schedule XIII of the Companies Act, 1956	Payment of performance incentive to Mr. Udit Sheth, Executive Director

There were no resolutions passed through the Postal Ballot during the Financial Year 2012-13. None of the businesses proposed to be transacted at the ensuing Annual General Meeting require passing of resolution through postal ballot.

1. General Shareholder Information:

(i) 30" Annual General Meeting

Day & date : Saturday, September 28, 2013

Time : 3.00 P.M.

Venue : Vadodara - Godhra Highway, Kalol, District - Panchmahal, Pin Code - 389 330, Gujarat.

(ii) Financial Year : April 1, 2012 - March 31, 2013

(iii) Dates of Book Closure : September 19, 2013 to September 28, 2013 (both days inclusive)

(iv) Dividend Payment Date : On or after September 29, 2013
(v) Listing on Stock Exchange : The Bombay Stock Exchange Limited

Stock Code : 505075

Demat ISIN in NSDL & CDSL : INEB78E01013

(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 2012-13

Month	Adjusted Sha	re Price (Rs.)#	BSE Sensex
	High Price®	Low Price*	Closing**
April-12	144.96	129.50	17318.80
May-12	169.93	138.33	16218.50
June-12	148.33	134.66	17430.00
July-12	153.00	136.66	17236.20
August-12	143.65	130.00	17541.60
September-12	135.00	120.10	18762.70
October-12	130.00	125.00	18505.40
November-12	127.75	116.00	19339.90
December-12	124.90	116.00	19426.70
January-13	127.00	110.10	19895.00
ebruary-13	120.90	105.00	18861.50
March-13	120.00	105.00	18835.80

[#] The share prices from April to July reflected above are adjusted to issue of Bonus Shares in the ratio of 2:3 in the month of August 2012.

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



^{*} considered highest price and lowest price during the respective month

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

(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 maximum 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, 2013

	Distribution of Shareholding					
No. of Shares	Shareh	Shareholders		Shares Held		
	No.	%	Shares	%		
1 - 5000	5698	88.36%	1021628	3.83%		
5001 - 10000	389	6.03%	269046	1.01%		
10001 - 20000	149	2.31%	211681	0.79%		
20001 - 30000	67	1.04%	173464	0.65%		
30001 - 40000	18	0.28%	65468	0.25%		
40001 - 50000	19	0.29%	85943	0.32%		
50001 - 100000	36	0.56%	238939	0.90%		
100001 - *******	73	1.13%	24605944	92.25%		
	6449		26672113			

(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, 2013, 96.67 % of Equity Shares (i.e. 25,782,901 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, 2013.

(xiv) Plant Locations in India:

Gujarat: Vadodara - 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 divided 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
Final Dividend 2011-12	17.09.2012	17.10.2019

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.

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, 2013.

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.

- We have examined the compliance of conditions of Corporate Governance by Setco Automotive Limited for the year ended on March 31, 2013 as stipulated in Clause 49 of the Listing Agreement of the said Company with stock exchanges.
- 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 clause 49 of the above mentioned Listing Agreement except that -
 - Risk management practices are required to be further strengthened.
- 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: Mumbai

Date: August 12, 2013.

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, 2013 and that to the best of our knowledge and belief:-
 - 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 12, 2013 Harish K. Sheth Vinay Shahane

Place: Mumbai Chairman & Managing Director Associate Vice President - Finance

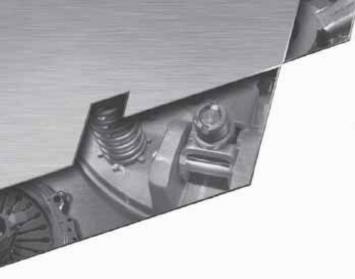
ANNEXURE

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

Name of the Director	Mr. B. L. Naik
Date of Birth	October 19, 1941
Qualifications	B.Com., CAIIB and AIBI
Specialised Expertise	Finance Operations
No. of Shares held in the Company	6,300
Directorships in other Companies	NIL
Committee positions held*	Audit committee & Remuneration Committee of Setco Automotive Limited

Name of the Director	Mr. Ashok Kumar Jha		
Date of Birth	April 18, 1947		
Qualifications	Graduation from St. Stephen's College in Economics and Masters from the Delhi School of Economics. Masters Degree in Development Economics from the Australian National University, Canberra		
Specialised Expertise	IAS officer from the AP cadre. He 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		
No. of Shares held in the Company	3,000		
Directorships in other Companies	MCX Stock Exchange Ltd.		
	2. Nuziveedu Seeds Limited		
	Great Eastern Energy Corporation Limited		
Committee positions held*	Member of		
	 Audit Committee and Remuneration Committee of Setco Automotive Limited, 		
	2. Remuneration Committee of MCX Stock Exchange Limited,		
	Micro Economics & Corporate Advocacy Sub Committee, Audit Committee and Nomination Committee of Nuziveedu Seeds Limited		

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



INDEPENDENT AUDITORS' REPORT

TO
THE MEMBERS OF
SETCO AUTOMOTIVE LIMITED

· Report on the Financial Statements

We have audited the accompanying financial statements of SETCO AUTOMOTIVE LIMITED ("the Company"), which comprise the Balance Sheet as at 31 March, 2013, the Statement of Profit and Loss and the Cash Flow Statement for the year ended, and a summary of significant accounting policies and other explanatory information.

· Management's Responsibility for the Financial Statements

The Company's Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal controls relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

· Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with the ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31 March, 2013;
- (b) in the case of the Statement of Profit and Loss, of the profit of the Company for the year ended on that date; and
- (c) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

Emphasis of Matter

Trade Receivables and other debit and credit balances are subject to reconciliation and/or confirmation (Refer Note No. 38(i)).

Our opinion is not qualified in respect of this matter.

· Report on Other Legal and Regulatory Requirements

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 Act, we enclose in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the said Order.

As required by Section 227(3) of the Act, we report that:

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.

In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with this Report are in agreement with the books of account.

In our opinion, the Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement comply with the Accounting Standards referred to in Section 211(3C) of the Act.

On the basis of the written representations received from the Directors as on 31 March 2013 taken on record by the Board of Directors, none of the Directors is disqualified as on 31 March 2013 from being appointed as a Director in terms of Section 274(1) (g) of the Act.

For MANESH MEHTA & ASSOCIATES

Chartered Accountants
(Firm Registration No. 115832W)
(M. P. Mehta)
Partner

Membership No. 036032

Place: Mumbai Date: 29th May, 2013



ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT

(Referred to in paragraph under the heading "Report on Other Legal and Regulatory Requirements" of our report of even date)

- In respect of its fixed assets:
 - The Company has maintained proper records showing full particulars including quantitative details 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:
 - 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.
- 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 fixed assets and sale of goods. The inventory control system with regard to inventory management including purchase of inventory needs to be further strengthened. However, in our opinion, there is no 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 prima facie appear reasonable as per information available with the Company.
- 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.
- 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.

- 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, Custom Duty, Excise Duty and Cess with appropriate authorities though there have been few instances of delay in deposition in respect of Provident Fund, Employee State Insurance, Wealth Tax, Service Tax, Tax Deducted at Source and Professional 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, 2013.
 - 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.
- The Company does not have accumulated losses as at 31.03.2013. 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, the 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 are of the opinion that, prima facie, short-term funds amounting to Rs. 8,44,48,470/- have been used for long-term investment in non-current assets.
- 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.
- 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
Membership No. 036032

Place: Mumbai Date: 29th May, 2013

BALANCE SHEET

AS AT 31ST MARCH, 2013

(Rs.)

	Note No.	As at 31" March, 2013		As at 31 [™] N	March, 2012
EQUITY & LIABILITIES :					
Shareholders' Funds					
Share Capital	2	266,721,130		176,437,600	
Reserves & Surplus	3	1,451,961,901		1,051,636,554	
			1,718,683,031		1,228,074,154
Share Application Money					
Pending Allotment	4		225,270		4,891,769
Non-current Liabilities					
Long-Term Borrowings	5	89,081,305		56,525,465	
Deferred Tax Liability (net)	6	59,709,000		55,566,000	
Long- Term Provisions	7	7,799,776		5,001,062	
			156,590,081		117,092,527
Current Liabilities					
Short-Term Borrowings	8	1,291,940,006		1,041,195,171	
Trade Payables	9	344,493,238		457,771,742	
Other Current Liabilities	10	122,763,663		170,045,640	
Short Term Provisions	11	91,856,169		93,524,995	
			1,851,053,076		1,762,537,548
TOTAL			3,726,551,458		3,112,595,998
ASSETS: Non Current Assets					
Fixed Assets	12				
- Tangible Assets	15	1,044,728,940		727,926,987	
- Intangible Assets		57,203,597		35,099,985	
- Capital Work-in-Progress		64,489,670		44,042,032	
Intangible Assets under		04,405,070		44,042,032	
Development		74,712,020		75,342,830	
			1,241,134,227	-	882,411,834
Non-Current Investments	13	483,099,783	.,,,,	333,099,783	,
Long-Term Loans & Advances	14	235,712,843		120,495,508	
Trade Receivables	15			695,270	
			718,812,626		454,290,561
Current Assets					
Current Investments	16			72,051,900	
Inventories	17	608,557,847		476,191,835	
Trade Receivables	18	845,847,713		900,908,405	
Cash and Cash Equivalents	19	17,112,787		71,909,254	
Short-Term Loans & Advances	20	295,086,258		254,662,209	
Other Current Assets				170,000	
			1,766,604,605		1,775,893,603
TOTAL			3,726,551,458		3,112,595,998

Notes including Significant Accounting Policies are an integral part of the financial statements: 1 to 50

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

Harish Sheth Chairman & Managing Director Chartered Accountants

Arun Arora Director

For and on behalf of the Board Udit Sheth Executive Director

Shvetal Vakil Executive Director

(Firm Registration No.: 115832W)

Ashok Kumar Jha Director

Bhalchandra Naik Director

Manesh P. Mehta Partner

Membership No.: 036032

Satish Deshpande Director

Vinay Shahane Associate Vice President - Finance

Mihir Mehta Company Secretary

Place : Mumbai Date: May 29, 2013 Place : Mumbai Date: May 29, 2013

STATEMENT OF PROFIT AND LOSS

FOR THE YEAR ENDED 318T MARCH, 2013

(Rs.)

	Note No.	Year Ended 31" March 2013	Year Ended 31" March 2012
REVENUE:			
Revenue from Operations		3,659,707,880	3,916,971,944
Less: Excise Duty		251,873,183	263,187,356
Revenue from Operations (Net)	21	3,407,834,697	3,653,784,588
Other Income	22	85,197,440	35,313,226
		3,493,032,137	3,689,097,814
EXPENSES:			
Cost of Materials and Components Consumed	23	2,148,898,028	2,241,854,408
Purchase of Traded Goods		-	-
Changes in Inventories of Finished Goods and Work in Progress (Increase)	24	(98,996,230)	(54,069,803)
Employee Benefit Expenses	25	269,388,299	242,874,489
Finance Cost	26	173,578,806	165,536,745
Depreciation and Amortization Expenses	12	91,811,631	80,644,568
Miscellaneous Expenditure Amortised	27	170.000	170,000
Other Expenses	28	610.690.753	560.487.058
Orner, Exheuses	20	3,195,541,287	3.237,497,465
Profit/(Loss) before Exceptional Items and Tax		297,490,850	451,600,349
Exceptional Items	29	257,450,650	28,440,454
Profit Before Tax		297,490,850	423,159,895
Less: Provision for Taxation :		207,400,000	420,100,000
- Provision of Corporate Tax		59,521,225	84,664,775
- Deferred Tax Adjustments		4,143,000	5,730,000
MAT Credit Entitlement		1,110,000	0,700,000
- Previous Periods			(50,884,979)
- Current Year	30	(39,691,788)	(40,553,355)
- Tax adjustment for Earlier year		147,337	_
,		24,119,774	(1,043,559)
PROFIT AFTER TAX		273,371,076	424,203,454
Earnings Per Share (Face value of Rs. 10/- each)	31		
Before Considering Exceptional Items			
- Basic		10.28	17.10
- Diluted		10.27	17.08
After Considering Exceptional Items			
- Basic		10.28	16.03
- Diluted		10.27	16.01

Notes including Significant Accounting Policies are an integral part of the financial statements: 1 to 50

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

Harish Sheth Chairman & Managing Director Chartered Accountants

(Firm Registration No.: 115832W) Arun Arora Director

> Satish Deshpande Director

For and on behalf of the Board Udit Sheth Executive Director

Shvetal Vakil Executive Director

Ashok Kumar Jha Director

Bhalchandra Naik Director

Vinay Shahane Associate Vice President - Finance

Mihir Mehta Company Secretary

Membership No.: 036032

Manesh P. Mehta

Partner

Place : Mumbai Date: May 29, 2013 Place : Mumbai Date: May 29, 2013

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2013

(Rs.)

_		2012-2013	2011-2012
A	CASH FLOW FROM OPERATING ACTIVITIES		
	Net Profit Before Tax	297,490,850	423,159,895
	Adjustment for		
	Depreciation	91,811,631	80,644,568
	Miscellaneous Expenses Written off	170,000	170,000
	Loss/(Profit) on Sale of Assets	466,000	531,933
	Interest Expense	173,578,806	165,536,745
	Interest Income	(25,824,867)	(3,226,416)
	Dividend Income	(2,41,06,882)	-
	Miscellaneous Income	(23,64,511)	-
	Corporate & Wealth tax	(59,668,562)	(84,664,775)
	MAT Credit Entitlement	39,691,788	91,438,334
	Employee Stock Options Cost	(10,570)	2,110,462
	Operating Profit (Loss) before		
	Working Capital Changes	491,233,683	675,700,746
	Trade Receivables	55,755,963	(240,975,240)
	Inventories	(132,366,012)	(131,063,088)
	Loans and Advances	(154,903,947)	(107,089,678)
	Trade Payables	(113.278.505)	156.000.818
	Other Liabilities	23,773,234	9,957,378
	Cash Flow Generated from Operations	170,214,416	362,530,936
	Direct Taxes (Tax deducted at Source)	(737,436)	385,681
	Net Cash Flow from Operating Activities	169,476,980	362,916,617
В.	CASH FLOW FROM INVESTING ACTIVITIES		
	Purchase of fixed Assets	(130,204,872)	(187,388,965)
	Sale of fixed Assets	484,694	30,252,917
	Intangible Asset	(35,430,521)	(55,579,675)
	Interest Income	25,824,867	3,226,416
	Dividend Income	2,41,06,882	-
	Central Cash Subsidy	-	3,000,000
	Decrease/(Increase) in Investment	(77,948,100)	(129,000,000)
	Net Cash used in Investing Activities	(193,167,050)	(335,489,307)

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31st MARCH, 2013

(Rs.)

	2012-2013	2011-2012
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Cash Credit	100,744,835	294,202,489
Proceeds from Short Term Loans	200,000,000	110,000,000
Proceeds from Term Loans	79,916,500	53,457,126
Repayment of Borrowings	(167,285,983)	(188,880,096)
Interest paid	(173,578,806)	(165,536,745)
Miscellaneous Income	23,64,511	-
Share Application Money Received	9,798,335	4,891,769
Dividend & Dividend Distribution Tax	(82,708,833)	(82,024,076)
Dividend of Previous year including Tax thereon	(356,956)	
Net cash flow from Financing Activities	(31,106,397)	26,110,467
Net increase in Cash and Cash equivalents (A+B+C)	(54,796,467)	53,537,777
Opening Cash and Cash equivalents	71,909,254	18,371,477
Closing Cash and Cash equivalents	17,112,787	71,909,254

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, issued by the Institute of Chartered Accountants of India.
- 2. Previous year's figures have been regrouped / restated / reclassified wherever necessary.
- 3. Cash and Cash Equivalents include cash on hand and deposit accounts held with Scheduled Banks.

Notes including Significant Accounting Policies are an integral part of the financial statements: 1 to 50

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

Chartered Accountants (Firm Registration No.: 115832W)

Manesh P. Mehta Partner

Membership No.: 036032

Place: Mumbai Date: May 29, 2013

Harish Sheth Chairman & Managing Director

> Arun Arora Director

Satish Deshpande Director

Place : Mumbai

Date: May 29, 2013

For and on behalf of the Board Udit Sheth Executive Director

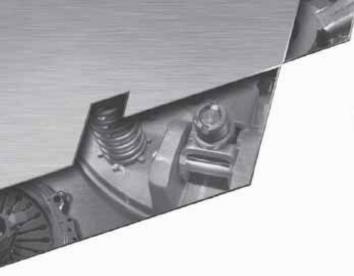
> Ashok Kumar Jha Director

Vinay Shahane Associate Vice President - Finance

Shvetal Vakil Executive Director

Bhalchandra Naik 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 (Except for certain fixed assets which are revalued) 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 except for Land & Buildings which are stated at revalued amounts as at that date based on external valuers' report, less accumulated depreciation and impairment loss, if any. 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.
- Pre-operative expenses, comprising revenue expenses incurred up to the date of commencement of production are apportioned to fixed assets.
- Expenditure (including technical know-how), identifiable and reliably measurable, incurred on product development yielding future economic benefits is recognized as internally

generated Intangible Asset as per Accounting Standard 26 on "Intangible Assets". Other Intangible Assets are stated at cost of acquisition net of cenvat credit less accumulated amortization.

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 except in case of revalued assets which are depreciated over revised residual useful life of the assets as determined by the external valuers. The additional charge of depreciation on account of revaluation is withdrawn from revaluation reserve and is credited to the statement of profit and loss. Depreciation on additions during the year to fixed assets is charged on pro-rata basis.
- Payments for Long Term leasehold land and expenses incurred for the development of such land are amortised over a period of lease.
- iii. 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 License fees): over a period of three years.
 - Website Development: over a period of three years.

1.5 Investments

Long Term Investments are stated at cost. Provision for diminution is made when such diminution is considered other than temporary in nature.

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. Raw material, Spares and Packing material are valued 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.

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 customers up to the time the financial statements of the Company are approved.
- 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. Dividend income is accounted when right to receive is established.

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

 Fees for Increase in Authorized Share Capital are charged to the statement of Profit and Loss.

1.12 Selling/ Marketing Expenses

Warranty is extended on products sold.
 Warranty expenses are accrued / accounted

as and when claim is accepted.

 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 the 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.

1.14 R & D Expenses

- Revenue expenses pertaining to research activities are charged to statement of Profit and Loss under the respective heads of expenses.
- Expenditure incurred on fixed assets used for R & D is capitalized under the head "Fixed Assets.
- Expenditure incurred on development activities which do not qualify as Intangible Asset is charged to statement of Profit and Loss.

NOTES FORMING PART OF

FINANCIAL STATEMENTS

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

- 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. Unutilized MAT credit is recognized.
- 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

- 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.
- 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 year. 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 potential equity shares, the difference between the number of shares issuable and the number of shares that would have been 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

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

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st MARCH 2013

2 SHARE CAPITAL

2.1	Authorized, issued, subscribed and fully paid - up:	(Rs.)	
	Particulars	31" March 2013	31" March 2012
	Authorized Capital:		
	5,00,00,000 (3,00,00,000) Equity Shares of Rs. 10 each	500,000,000	300,000,000
	Issued, Subscribed and Fully Paid up Share Capital:		
	26672113 (17643760) Equity Shares of Rs.10 each	266,721,130	176,437,600

- a. 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.
- b. During the year ended 31st March 2013, Dividend of Rs. 2.65 per share (Previous year Rs. 4/- per share) is recognized as amount distributable to equity share holders.
- c. 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, in proportion to their shareholding.

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

	31" March 2013		31" Marc	ch 2012
	Number	Rs.	Number	Rs.
Equity Shares				
As at the beginning of the year	17,643,760	176,437,600	17,643,760	176,437,600
Add : Share issued on exercise of Employee Stock Options	168,082	1,680,820	-	_
Add : Bonus shares issued during the year	8,860,271	88,602,710	-	-
	26,672,113	266,721,130	17,643,760	176,437,600
Less : Changes, if any during the year	-	-	-	-
Outstanding at the end of the year	26,672,113	266,721,130	17,643,760	176,437,600

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, 2013.

	31" March '13 Number	31" March '12 Number	31" March '11 Number
Equity shares with voting rights			
Equity shares allotted as fully paid bonus shares			
by Capitalisation of Securities Premium & General Reserve	8,860,271	-	8,821,880

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

	31" March 2013		31" March 2012	
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)	13,142,769	49.28	8,761,846	49.66
New Vernon Private Equity Limited	3,292,500	12.34	2,195,000	12.44

2.5 For details of shares reserved for issue under the Employee Stock Option Plan (ESOP) of the Company, refer note 47

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(Rs.)

FOR THE YEAR ENDED 318T MARCH 2013

3 RESERVE & SURPLUS

Part	ticulars	31" March 2013	31" March 2012
(i)	Capital Reserve		
	a) On forfeiture of Shares b) Cash Subsidy	21,000	21,000
	As per Last Balance Sheet	3,000,000	
	Add: Central subsidy for Uttarakhand Unit.	-	3,000,000
	Total	3,021,000	3,021,000
	Revaluation Reserve		
	As per Last Balance Sheet	-	
	Add: On Revaluation of Land and Building	285,849,329	-
	Less: Transferred to Statement of Profit and Loss	-	-
	Total	285,849,329	-
	Securities Premium Reserve		
	As per Last Balance Sheet	49,281,200	49,281,200
	Add:- Received during the year on exercise of employee	45.007.000	
	stock options	15,387,960	
	Less: Amount Utilised towards issue of fully paid Bonus Shares Total	(49,281,200) 15,387,960	49,281,200
	Total	15,367,360	45,201,200
(iv)	Employee Stock Options outstanding		
	As per Last Balance Sheet	2,815,606	705,144
	Add: Amounts recorded on grants/modifications/cancellations during the year	-	2,110,462
	Less:- Transferred to Securities Premium on exercise of Employee Stock Options	(2,614,519)	
	Total	201,087	2,815,606
(v)	General Reserve		
	As per Last Balance Sheet	153,459,271	103,459,271
	Add: Transferred from Statement of Profit and Loss	50,000,000	50,000,000
	Less: Amount Utilized towards issue of fully paid Bonus Shares	(39,321,510)	-
	Total	164,137,761	153,459,271
	Surplus in Statement of Profit and Loss		
	As per Last Balance Sheet	843,059,477	550,880,099
	Add: Profit for the year	273,371,076	424,203,454
	Less:- Appropriations		
	Proposed Dividend	(70,694,331)	(70,575,040)
	Corporate Dividend Tax	(12,014,502)	(11,449,036)
	Dividend of Previous year including Tax thereon	(356,956)	
	Transfer to General Reserve	(50,000,000)	(50,000,000)
	Total	983,364,764	843,059,477
	Total (i to vi)	1,451,961,901	1,051,636,554

FOR THE YEAR ENDED 318T MARCH 2013

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" Mar	ch 2013	31" Ma	rch 2012
	Number	(Rs.)	Number	(Rs.)
Share Application money pending allotment	3,300	225,270	45,309	4,891,769

 Term and Conditions Equity Shares of face value of Equity Shares of face value of Rs. 10 each at Premium under Rs. 10 each at Premium under Employee Stock Option Employee Stock Option Scheme-2010 Scheme-2010 3300 45309 - Number of Shares proposed to be issued - The amount of Premium per share Rs.52 / Rs. 72.67 Rs.83 / Rs. 114 - The period before which such shares are to be allotted 30th May 2013 Allotted in April 2012 Whether Company has sufficient authorized share capital to cover the share capital amount on allotment of Shares out of such share application money Yes Yes Interest accrued on amount due for refund NIL NIL The period for which share application money has been pending beyond the period for allotment as mentioned in the share application form along with reasons for such share application money being pending N.A. N.A.

5 LONG TERM BORROWINGS

(Rs.)

Particulars	31" March 2013	31" March 2012
Term Loans		
From Banks		
Secured	89,081,305	56,464,635
Un secured	-	-
From other parties		
Secured -	60,830	
Unsecured	-	-
	89,081,305	56,525,465
The above amount includes Secured Borrowings	89,081,305	56,525,465
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 by March 2015 in varying monthly installments ranging from Rs. 78214/-to Rs. 85695/-and is secured against the vehicles purchased.

Indian Rupee term loan from Bank of Baroda is repayable in 16 quarterly installments each of Rs. 46,87,500/to be repaid by June, 2017. 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.

FOR THE YEAR ENDED 31st MARCH 2013

6 DEFERRED TAX LIABILITIES (NET)

(Rs.)

	Particulars	31" March 2013	31" March 2012
	Timing differences related to Fixed Assets	175,669,000	171,261,000
	Net deferred tax liability	59,709,000	55,566,000
	Total provision made in Statement of Profit and Loss	4,143,000	5,730,000
7	LONG TERM PROVISONS		(Rs.)
	Particulars	31" March 2013	31" March 2012
	Provision for employee benefits		
	Provision for Gratuity	2,203,430	1,246,824
	Provision for compensated absences	5,596,346	3,754,238
	Total	7,799,776	5,001,062
8	SHORT TERM BORROWINGS		(Rs.)
	Particulars	31" March 2013	31" March 2012
	Loans repayable on demand: Working Capital Loan from Banks		
	- Secured	1,031,940,006	931,195,171
	- Unsecured	260,000,000	110,000,000
	Total	1,291,940,006	1,041,195,171

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 on paripassu basis.

Unsecured Loan from ICICI Bank of Rs. 20,00,00,000/- is Guaranteed by Personnel guarantee of Chairman & Managing Director of the Company.

9 TRADE PAYABLES

(Rs.)

Particulars	31" March 2013	31" March 2012
Micro, Small and Medium Enterprises	-	-
Others	344,493,238	457,771,742
Total	344,493,238	457,771,742

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 2013	31" March 2012
Other Liabilities		
Payable towards Statutory liabilities	36,853,581	27,779,191
Payable to Employees	26,313,894	23,839,385
Current Maturities of Term Loan (Refer Note no.5)	43,702,111	114,432,032
Interest accrued and due	3,697,526	2,892,928
Creditors for Capital Expenditure	12,196,551	1,102,104
Total	122,763,663	170,045,640

11 SHORT TERM PROVISIONS

Particulars	31" March 2013	31" March 2012
Provision for Employee Benefits		
Provision for Gratuity	3,129,863	2,352,642
Provision for compensated absences	1,496,248	1,109,476
Others		
Proposed Dividend	70,694,331	70,575,040
Corporate Tax on Dividend	12,014,502	11,449,036
Provision for Taxation (Net of Taxes Paid)	4,521,225	8,038,801
Total	91,856,169	93,524,995

FOR THE YEAR ENDED 31st MARCH 2013

12 FIXED ASSETS										(Rs.)
Sr. PARTICULARS		00	COST			DEPRE	DEPRECIATION		NET BLOCK	OCK
No.	Cost as on	Additions	Adjustment	Cost as on	Up to	Additions	Adjustment	Up to	As on	Ason
	01.04.2012	for the year	for the year	31.03.2013	01.04.2012	for the year	for the year	31.03.2013	31.03.2013	31.03.2012
1 2	e	4	22	9	7	8	10	11	12	13
A Tangible Assets										
01 Free Hold Land	61,257,751	208,960,150	•	270,217,901	'	•	'	•	270,217,901	61,257,751
02 Lease Hold Land	29,580,848	4,234,402		33,815,250		1,493,000		1,493,000	32,322,250	29,580,848
03 Buildings	186,060,591	104,859,102		290,919,693	23,797,795	6,100,647		29,898,442	261,021,251	182,262,796
04 Plant & Machinary	644,134,198	61,496,110		705,630,308	248,270,539	60,768,084		309,038,623	396,591,685	395,863,663
05 Furniture & Fixtures	20,916,110	1,125,213		22,041,323	5,801,240	1,334,179	•	7,135,419	14,905,904	15,114,870
06 Office Equipments	6,656,333	3,476,039	'	10,132,372	1,825,450	450,139	'	2,275,589	7,856,783	4,830,883
07 Pollution Equipments	277,500	1	'	277,500	81,666	13,181	'	94,847	182,653	195,834
OB Computers	27,282,814	3,368,484		30,651,298	11,476,840	4,049,942	'	15,526,782	15,124,516	15,805,974
09 Electric Fittings	26,797,858	6,665,449		33,463,307	4,908,194	1,321,769		6,229,963	27,233,344	21,889,664
10 Vehicles	25,880,934	1,421,614	2,090,302	25,212,246	4,756,230	2,322,971	1,139,608	5,939,593	19,272,653	21,124,704
Sub Total (Tangible Assets)	1,028,844,937	395,606,563	2,090,302	1,422,361,198	300,917,954	77,853,912	1,139,608	377,632,258	1,044,728,940	727,928,987
B Intangible Assets										
01 Goodwill	1,961,719	1		1,961,719	1,961,719	'		1,961,719	•	
02 Product Developement	47,687,348	34,732,310	•	82,419,658	29,725,379	6,797,650	'	36,523,029	45,896,629	17,961,969
03 Technical Know how	2,775,310	1	'	2,775,310	2,775,310	'		2,775,310	1	,
04 Computer Software	38,179,278	1,329,021	'	39,508,299	21,041,262	7,160,069	'	28,201,331	11,306,968	17,138,016
05 Web Site Development	563,988	•		563,988	563,988		•	563,988		
Sub Total (Intangible Assets)	91,167,643	36,061,331	•	127,228,974	56,067,658	13,957,719	•	70,025,377	57,203,597	35,099,985
C Intangible Asset Under										
(Product Development)	75,342,830	34,101,500	34,732,310	74,712,020				1	74,712,020	75,342,830
Grand Total (A + B + C)	1,195,355,410	465,769,394	36,822,612	1,624,302,192	356,985,612	91,811,631	1,139,608	447,657,635	1,176,644,557	838,369,802
Previous Year:	1,023,736,309	203,546,049	31,926,948	1,195,355,410	277,483,138	80,644,568	1,142,098	356,985,608	838,369,802	
D Capital Work in Progress:										
Capital Work in Progress	44,042,032	53,090,350	32,642,712	64,489,670					64,489,670	44,042,032
Total D	44,042,032	53,090,350 32,642,712	32,642,712	64,489,670	•	•	•	•	64,489,670	44,042,032

Note:

- Depreciation on Tangible assets, other than revalued 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 on revalued assets is charged on revised residual useful life of the assets. intangible assets are amortised as per accounting policy adopted by the Company. Ξ
 - Depreciation on additions during the year is charged on pro-rata basis. බු ලි
- Additions include Rs. 28,58,49,329/- on revaluation of Land & Buildings as at 31.03.2013 based on report issued by the Externel Valuers. Consequent to the said revaluation, threre is no additional charge of depreciation for the year and hence no amount has been withdrawn from revaluation reserve and credited to the statement of profit and loss.
 - Product development being of technical nature, auditors have relied on the management representation.
- Adjustment in Intangible Asset under development Trepresents transfer of items, of which commercial production has commerced in 'Product Development' under the head intangible Assets. Capital work in progress includes interest on borrowing of Rs. 37,31,124/- in accordance with accounting standard -16- "Borrowing Costs". 3 6 6 C
 - Adjustment in Capital Work in Progress represents transfer of assets which are ready to be put to use, in appropriate categories under the head Tangible Assets.

FOR THE YEAR ENDED 31st MARCH 2013

13 NON CURRENT INVESTMENT (Long Term)

(Rs.)

Particulars	31" March 2013	31" March 2012
13.1 Trade Investment (unquoted) Investment in Subsidiary Companies (At cost):-		
 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)	19,080,525	19,080,525
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)	31,679,008	31,679,008
Investment in Associate Concerns (At cost):-		
 9,70,000 (9,70,000) Equity Share @ Rs.50/- each fully paid up of SE Transstadia Pvt. Ltd. 	48,500,000	48,500,000
 ii) 31,900,000 (16,900,000) 9% 15 years Non Cumulative Redeemable Preference Share @ Rs.10/- each fully paid of Setco Engineering Pvt. Ltd. 	319,000,000	169,000,000
Non Trade Investment (unquoted) (At cost):-		
 10 (10) Equity Shares of Rs. 25/- each of Kalol Urban Co.op. Bank Ltd. 	250	250
Total	483,099,783	333,099,783

- 13.2 Investment in Setco Engineering Pvt. Ltd. have been made in terms of revised investment limits approved by Board of Directors of the Company in Meeting held on 6th August 2012.
- 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/- per share based on the future projections and relative worth of the investee company.

14 LONG TERM LOANS AND ADVANCES

(Rs.)

Particulars	31" March 2013	31" March 2012
Unsecured, considered good		
Capital Advances	38,493,189	18,347,192
Other Deposits	13,031,535	9,758,511
MAT Credit Entitlement	131,130,122	91,438,334
Loans And Advances to related parties		
Unsecured, considered good	43,206,227	651,471
Advances recoverable in cash or kind		
Advance to Creditors	9,851,770	300,000
Total	235,712,843	120,495,508

15 TRADE RECEIVABLES

(Rs.)

Particulars	31" March 2013	31" March 2012
Unsecured, considered good		
Outstanding for a period exceeding six months from the date they are due for payment	_	695.270
Total	-	695,270

16 CURRENT INVESTMENT

Particulars	31" March 2013	31" March 2012
1030 (1030) 11% Cumulative Redeemable Preference Shares of \$ 1500 each fully paid up of wholly owned foreign subsidiary		
- Setco Automotive N.A.Inc. (USA)	-	72,051,900
Total	-	72,051,900

FOR THE YEAR ENDED 31st MARCH 2013

17 INVENTORIES (Rs.)

Particulars	31" March 2013	31" March 2012
Raw Materials	276,143,739	256,868,152
Work -In- Progress	129,016,948	121,206,729
Finished Goods (incl Sales in transit Rs.2,37,60,321 (Previous year Rs. 2,27,30,187) (Refer Note No.32)	159,085,401	67,609,485
Stores & Packing Materials	43,708,244	29,614,049
Scrap	603,515	893,420
Total	608,557,847	476,191,835

18 TRADE RECEIVABLES

(Rs.)

Particulars	31" March 2013	31" March 2012
Unsecured, considered good		
Outstanding for a period exceeding six months from the date they are due for payment	110,893,816	51,805,746
Other Debts	734,953,897	849,102,660
Total	845,847,713	900,908,405

19 CASH AND CASH EQUIVALENTS

(Rs.)

Particulars	31" March 2013	31" March 2012
Cash and Cash Equivalents:-		
Cash Balances	1,642,276	3,959,899
Bank Balances	15,470,511	67,949,355
Total	17,112,787	71,909,254

Of the above, balances that meet the definition of Cash and Cash Equivalents as per AS-3 Cash Flow Statements is Rs. 1,71,12,787/- (Previous year Rs. 7,19,09,254/-)

20 SHORT TERM LOANS AND ADVANCES

Particulars	31" March 2013	31" March 2012
Other Deposits		
Unsecured, considered good	840,914	103,478
Loans And Advances to related parties		
Unsecured, considered good		
Setco Automotive (NA) Inc.	25,438,153	13,654,693
Setco Automotive (UK) Ltd.	87,685,000	47,472,083
Western Engineering Works	57,810,381	56,799,559
Transstadia Technologies Private Ltd.	1,042,000	2,333,802
SE Transstadia Private Ltd.	4,864,514	1,489,050
Advances recoverable in cash or kind		
Prepaid Expenses	7,523,073	5,716,872
Advance for Goods & Services	63,645,768	94,817,486
Other Loans And Advances		
Balance with Central Excise	1,457,806	1,276,629
Employees Advances	1,265,109	1,501,376
Statutory dues receivable - VAT	30,072,103	17,714,233
- Excise	3,640,281	2,621,649
- Service Tax	7,316,747	8,890,726
- Others	2,484,409	270,572
Total	295,086,258	254,662,209

FOR THE YEAR ENDED 31st MARCH 2013

21 REVENUE FROM OPERATIONS (NET)

(Rs.)

Particulars	Year ended 31" March 2013	Year ended 31" March 2012
Sales of Finished Goods	3,876,808,325	4,042,471,849
Total	3,876,808,325	4,042,471,849
Less:-Sales in Transit	31,787,995	31,436,815
Less:- Sales Taxes & VAT	185,312,450	94,063,090
Total	3,659,707,880	3,916,971,944
Less:- Excise Duty	251,873,183	263,187,356
Total	3,407,834,697	3,653,784,588

22 OTHER INCOME

(Rs.)

Particulars	Year ended Year ended 31" March 2013 31" March 2012
Management fees Services-Subsidiary	5,328,500 -
Lease Rent	- 60,000
Dividend - Subsidiary	8,896,882
- Associate	15,210,000 -
Interest Income - Subsidiary	22,763,015 2,795,650
- Others	3,061,852 430,766
Miscellaneous Income	6,866,600 1,246,546
Foreign Exchange Gain/(Loss) (Net)	19,741,380 27,017,376
Sundry Balances Written back	3.166.296 3.741.494
Insurance Claim Received	162,915 21,394
Total	85,197,440 35,313,226

23 COST OF MATERIALS AND COMPONENTS CONSUMED

Particulars	Year ended 31" March 2013	Year ended 31" March 2012
Opening Stock	256,868,152	189,708,091
Add : Purchases (Net)	2,227,173,407	2,363,245,474
Less : Closing Stock	276,143,739	256,868,152
Less : Sales of Manufacturing Scrap	58,999,792	54,231,005
Total	2,148,898,028	2,241,854,408

FOR THE YEAR ENDED 31st MARCH 2013

24 CHANGES IN INVENTORIES OF FINISHED GOODS AND WORK IN-PROGRESS

(Rs.)

Particulars		Year ended 31" March 2013	Year ended 31" March 2012
Opening Stock:			
Finished Goods		44,879,298	35,384,234
Work- in -Progress		121,206,729	86,738,487
Goods- in -Transit		22,730,187	13,237,006
Scrap		893,420	280,104
		189,709,634	135,639,831
Closing Stock:			
Finished Goods		135,325,080	44,879,298
Work -in -Progress		129,016,948	121,206,729
Goods- in- Transit		23,760,321	22,730,187
Scrap		603,515	893,420
		288,705,864	189,709,634
Decrease/(Increase) in Inventories	Total	(98,996,230)	(54,069,803)

25 EMPLOYEE BENEFITS

(Rs.)

Particulars	Year ended 31" March 2013	Year ended 31" March 2012
Salaries, Wages and Bonus	236,085,620	215,828,760
Contribution to Employees welfare funds	17,961,804	15,534,984
Staff Welfare expenses	15,340,875	11,510,745
Total	269,388,299	242,874,489

Including managerial remuneration of Rs. 2,85,10,400/- (Previous year Rs. 4,67,22,000/-), net of Rs. 61,05,000/- (Previous year Rs. NIL) charged to associate concern.

26 FINANCE COST

(Rs.)

Particulars	Year ended 31" March 2013	Year ended 31" March 2012
Interest Expense	163,114,833	160,917,347
Other Financial Charges	10,463,973	4,619,398
Total	173,578,806	165,536,745

27 MISCELLANEOUS EXPENDITURE AMORTISED

Particulars	Year ended 31" March 2013	Year ended 31" March 2012
Fees for increase in Authorized Share Capital	170,000	170,000
Total	170,000	170,000

FOR THE YEAR ENDED 31st MARCH 2013

28 OTHER EXPENSES (Rs.)

OTHER EXPENSES		(HS.)
Particulars	Year ended 31" March 2013	Year ended 31" March 2012
Stores and Tools Consumed	73,590,731	70,607,173
Carriage Inward	45,645,056	45,421,213
Power and Fuel	42,122,268	38,890,426
Job work Charges	44,346,055	43,037,635
Repairs and Maintenance to Machinery	7,195,571	2,086,916
Repairs to Building	1,334,295	298,214
Other Repairs	15,291,567	13,001,391
Factory Expenses	6,029,806	3,181,484
Rent	11,540,388	20,944,857
Rates and Taxes	250,012	163,746
Insurance	5,922,347	4,854,903
Conveyance	11,911,733	9,695,449
Travelling Expenses	27,449,113	25,302,355
Legal and Professional Charges	41,118,936	40,685,382
Statutory Auditors' Remuneration	2,000,000	1,400,000
Printing and Stationary	2,569,229	2,412,469
Communication Expenses	3,578,182	4,962,079
Books, Subscription and Membership	802,554	346,510
Directors' Sitting Fees	485,000	300,000
Commission to Non Executive Directors	3,240,000	4,668,000
Office Expenses	1,463,039	895,961
General Expenses	16,758,214	14,361,653
Advertisement Expenses	921,176	1,352,803
Marketing and Sales Promotion	35,502,016	32,311,173
Discount, Commission and other Expenses on Sales	107,276,071	81,677,459
Packing and Forwarding Expenses	88,870,923	91,893,258
Sundry Balance Written off	7,090,586	3,552,921
Loss/(Profit) on Sale of Fixed Asset	466,000	531,933
Excise Duty on Finished Goods Stock	5,919,885	1,649,695
Total	610,690,753	560,487,058

29 EXCEPTIONAL ITEM

The exceptional item of Rs. NIL (Previous year 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.

30 MAT CREDIT

During the year, Company has recognized MAT Credit of Rs. 3,96,91,788/- (Previous year Rs. 9,14,38,334/-) and same is shown as adjustment from the current tax amount in the statement of profit and loss.

FOR THE YEAR ENDED 318T MARCH 2013

31 EARNING PER SHARE

(Rs.)

Particulars	Current Year	Previous year
Profit available to Equity Shareholders after Tax (Before Exceptional Item)	27,33,71,076	45,26,43,908
Profit available to Equity Shareholders after Tax (After Exceptional Item)	27,33,71,076	42,42,03,454
Weighted Average Number of Equity Shares of Rs.10/- each		
- Basic	26,591,786	26,465,640
- Diluted	26,606,171	26,497,290
Earnings Per Share in Rs. :-		
Before Considering Exceptional Items		
- Basic	10.28	17.10
- Diluted	10.27	17.08
After Considering Exceptional Items		
- Basic	10.28	16.03
- Diluted	10.27	16.01

32 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. 3,17,87,995/-(Rs. 3,14,36,815/-). 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. 2,37,60,321/- (Rs. 2,27,30,187/-) is shown under the head "Finished Goods" in Note 17 under the head "Inventories"

33 RELATED PARTY DISCLOSURES

A. Names of related parties and nature of relationship :

Sr. No.	Name of the Related Party	Relationship
1	Setco Automotive UK Limited UK	Subsidiary Companies
2	Setco Automotive N.A. Inc. (USA)	
3	WEW Holdings Limited, Mauritius	
4	Shri Harish Sheth	Key Managerial Personnel
5	Shri Shvetal Vakil	
6	Shri Udit Sheth	
7	Western Engineering Works	Associate Concerns/Enterprises over which
8	Setco Engineering Private Limited	Key Managerial Personnel are
9	SE Transstadia Private Limited	able to exercise significant influence
10	Transstadia (Ahmedabad) Private Limited	
11	Transstadia Technologies Private Limited	
12	Transstadia Playsport Private Limited	
13	Transstadia Sport Sciences Private Limited	
14	Transstadia Capital Private Limited	
15	Transstadia Technologies Private Limited	
16	Transstadia Boxing India Private Limited	
17	Transstadia Holdings Private Limited	
18	Setco Holdings Private Limited	
19	Transstadia hospitality Private Limited	
20	Urdit Investments Private Limited	
21	Setco Foundation	
22	Smt. Urja Harshal Shah	Relative of key managerial personnel
23	Shri Harshal J. Shah	

FOR THE YEAR ENDED 31st MARCH 2013

33 B. Transactions with Related Parties

(Rs.)

	I all additions with the mode F at the		(110.7
Nat	ture of Transaction	Current Year	Previous Year
A)	Transactions with Wholly Owned Subsidiaries:		
	Export	15,09,33,614	11,23,90,751
	Import	11,80,136	1,48,75,467
	Expenditure including Capital items	4,08,01,538	4,46,14,340
	Interest Income	2,27,63,015	27,95,650
	Others Income	76,93,011	-
	Dividend Income	88,96,882	-
	Outstanding at Year End:		
	Investment	11,55,99,533	18,76,51,433
	Loans & Advances	15,63,29,380	6,17,78,248
	Amount Receivable	18,39,43,884	12,34,37,565
	Amount Payable	2,26,74,628	2,36,68,986
B)	Transactions with Associate concerns/Enterprises over which Key Managerial Personnel are able to exercise significant influence.		
	Purchase, Job work & Out sourcing Expense	-	-
	Investment	15,00,00,000	12,90,00,000
	Lease Rent	-	60,000
	Expenditure Recovered	2,14,83.899	-
	Dividend Income	1,52,10,000	-
	Marketing Commission	6,82,21,773	5,53,04,045
	Dividend paid	3,59,27,384	3,59,27,384
	Setco Foundation (CSR Activity)	9,50,000	6,00,000
	Outstanding at Year End:		
	Amount Receivable	6,37,16,895 *	6.06,22,411 *
C)	Transactions with Key Managerial Personnel and their relatives:		
	Managerial Remuneration		
	(Excluding Commission to Non-Executive Directors)	2,85,10,400	4,67,22,000
	Dividend Paid	90,20,868	90,11,536
	Others:		
	Relative	5,40,000	5,76,000
	Outstanding at Year End:		
	Amount payable	57,69,504	1,30,06,000

^{*} 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 2011-2012 has been accounted during the year under review. Advance of Rs. 5,78,10,381/- (Rs. 5,67,99,559/-) due from the firm has been paid during the year to be adjusted against commission to be determined on approval of accounts for the year ended 31st March, 2013 as per consistent policy followed from year to year

34 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 31.03.2013 (Rs.)	As at 31.03.2012 (Rs.)	Maximum Balance during 2012-2013 (Rs)	Maximum Balance during 2011-2012 (Rs.)
1.	Setco Automotive UK Limited UK (Subsidiery)	9,58,52,000	3,35,33,000	9,58,52,000	3,35,33,000
2.	WEW Holdings Limited, Mauritius (Subsidiary)	-	6,51,471	6,51,471	6,51,471

35 SEGMENT INFORMATION

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

FOR THE YEAR ENDED 31st MARCH 2013

36 REMUNERATION TO AUDITORS FOR OTHER SERVICES

(Rs.)

Particulars	2012-13	2011-12
Tax Audit	2,00,000	2,38,000
others	4,00,000	5,00,000
Total	6,00,000	7,38,000

37 CONTINGENT LIABILITIES & COMMITMENTS

A. Contingent Liabilities:-

- Guarantee given by the bank on behalf of the Company Rs. Nil (Rs. 21,35,170/-)
- Guarantee given for £1.40 million (£2.3 million) to ICICI Bank Limited, U.K. for ultimate subsidiary's credit facilities Rs.11,59,06,000/- (Rs. 18,91,06,000/-)
- iii) Guarantee given for \$ 0.65 million (\$ 0.65 million) to ICICI Bank Limited, Singapore. for ultimate subsidiary's credit facilities Rs. 3,55,16,000/- (Rs. 3,34,23,000/-)
- iv) Guarantee given for \$ 5.995 million (\$ 5.995 million) to Bank of Baroda, New York, USA for ultimate subsidiary's credit facilities Rs. 32,75,66,800/- (Rs. 30,82,62,900/-)
- v) Warranty Claims raised by Customer but not acknowledged Rs. 1,53,11,238/- (Rs. 1,18,58,292/-).

B. Commitments:-

 Estimated amount of contracts remaining to be executed on capital account and not provided for Rs. 3,93,82,394/- (Rs. 3,54,79,767/-)

38 TRADE RECEIVABLES & PAYABLES

- i) Trade payables' balances are under reconciliation process. Necessary adjustments, if any, will be accounted when the same is reconciled. In respect of Trade receivables and 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.

39 RAW MATERIALS & COMPONENTS CONSUMED

(Rs.)

Sr. No.	Particulars	2012-13 Value	2011-12 Value
1	Steel Strips	41,66,42,703	46,82,47,665
2	Springs	25,84,85,151	24,41,12,445
3	Ceramic Buttons	56,60,17,925	44,42,02,074
4	Castings	57,58,65,447	55,21,38,974
5	Other Components	39,08,86,594	58,73,84,255
	Total	2,20,78,97,820	2,29,60,85,413
	Less- Sales of Manufacturing Scrap	5,89,99,792	5,42,31,005
	Total	2,14,88,98,028	2,24,18,54,408

40 STOCK OF WORK-IN-PROGRESS

Particulars	2012-13 Value	2011-12 Value
Components for Clutch Driven Plate	7,61,93,927	7,06,92,779
Components for Clutch Cover Assly	3,83,69,806	4,04,89,439
Components for Release Bearing Assly	1,00,24,818	86,89,888
Other Components	44,28,397	13,34,623
Total	12,90,16,948	12,12,06,729

FOR THE YEAR ENDED 318T MARCH 2013

41 STOCK AND TURNOVER

(Rs.)

Particulars	Opening Stock	Closing Stock	Sales
Clutch Driven Plate	2,01,93,539	5,18,03,923	1,78,94,81,419
	(2,31,43,894)	(2,01,93,539)	(1,80,99,00,926)
Clutch Cover Assy.	90,22,482	4,32,92,587	1,67,86,42,528
	(52,37,487)	(90,22,482)	(1,88,40,31,654)
Others Components	1,56,63,277	4,02,28,569	40,86,84,378
	(70,02,853)	(1,56,63,277)	(34,85,39,269)
Total *	4,48,79,298	13,53,25,079	3,87,68,08,325
	(3,53,84,234)	(4,48,79,298)	(4,04,24,71,849)

^{*} Excluding Sales in Transit Effect.

42 CIF VALUE OF IMPORTS

(Rs.)

Particulars	2012-13	2011-12
Raw Materials, Components & Spares arts	55,65,82,684	47,98,24,752
Capital Goods	10,79,400	22,514,392
Total	55,76,62,084	50,23,39,144

43 (i) EXPENDITURE IN FOREIGN CURRENCY:

(Rs.)

Particulars	2012-13	2011-12
Technical Fees	3,41,01,500	4,06,10,520
Market Research / Marketing Expenses	2,57,33,430	1,97,45,634
Travelling Expenses	13,22,012	37,95,918
Other Expenses	6,36,720	18,07,296
Total	6,17,93,662	6,59,59,368

43 (ii) REMITTANCE OF DIVIDEND IN FOREIGN CURRENCY:

(Rs.)

Particulars	2012-13	2011-12
Number of Persons	2	-
Number of Shares	1999	-
Amount in Rupees	7,996	-

44 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. 66,79,30,377/- (Rs. 52,91,84,782/-) which is 31.08% (23.05%) in total consumption.

45 EARNINGS IN FOREIGN CURRENCY

Particulars	2012-13	2011-12
Exports of Goods at FOB value	29,00,09,542	22,21,17,942
Interest from Foreign subsidiary	2,27,63,015	27,95,650
Dividend from Foreign subsidiary	88,96,882	-
Other income from Foreign subsidiary	76,93,011	-
Total	32,93,62,450	22,49,13,592

FOR THE YEAR ENDED 318T MARCH 2013

46. EMPLOYEE BENEFITS

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

i) Defined Contribution Plans

An amount of Rs 1,79,61,804/- (Rs. 1,55,34,984/-) (Provident Fund & ESIC) is recognized as an expense and included in Note 25 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	1,92,51,190	1,50,50,740
Interest Cost	16,25,019	12,04,059
Current Service Cost	27,06,363	19,94,556
Benefit Paid	(2,66,640)	(4,44,676)
Actuarial (Gain)/Loss on obligation	24,73,944	14,46,511
Prior Year Charge	(6,55,509)	-
Closing defined benefit obligation	2,51,34,368	1,92,51,190

FAIR VALUE OF PLAN ASSETS

(Rs.)

	Current Year	Previous Year
Opening fair value of plan assets	1,56,51,705	1,27,09,452
Expected Return on Plan assets	15,71,128	12,56,725
Contributions made by the employer during the year	29,33,564	21,98,213
Benefit Paid	(2,66,640)	(4,44,676)
Actuarial Gain/(Loss) on Plan assets	(88,682)	(68,009)
Closing fair value of plan assets	1,98,01,075	1,56,51,705

AMOUNT RECOGNISED IN THE BALANCE SHEET

(Rs.)

	Current Year	Previous Year
Defined Benefit Plan - Gratuity (Funded)		
Present value of funded obligation	(1,98,01,075)	(1,56,51,705)
Present value of non-funded obligation	(53,33,293)	(35,99,485)
Total Obligation	(2,51,34,368)	(1,92,51,191)
Fair Value of Plan Assets at the end of the year	1,98,01,075	1,56,51,705
Net Asset / (Liability) included under the head Provision in Note 7 & 11 "Long / Short Term Provisions".	(53,33,293)	(35,99,485)

EXPENSES RECOGNISED IN THE PROFIT & LOSS STATEMENT

	Current Year	Previous Year
Current Service Cost	27,06,363	19,94,556
Interest Cost on Benefit obligation	16,25,019	12,04,059
Expected Return on Plan Assets	(15,71,128)	(12,56,725)
Net actuarial (Gain) or Loss recognized during the year	25,62,626	15,14,520
Prior Year Charge	(6,55,509)	-
Amount Included under in Note 25 - "Employee Benefits".	46,67,371	34,56,410

FOR THE YEAR ENDED 31st MARCH 2013

46 EMPLOYEE BENEFITS (Contd.) BALANCE SHEET RECONCILIATION

(Rs.)

	Current Year	Previous Year
Opening Net Liability	35,99,485	23,41,288
Expense as above	46,67,371	34,56,410
Contributions made during the year	(29,33,564)	(21,98,213)
Liability recognized in Balance Sheet	53,33,293	35,99,485

THE PRINCIPAL ACTUARIAL ASSUMPTION AT THE BALANCE SHEET DATE

	Current Year	Previous Year
Mortality Table - LIC	1994-96 (Ultimate)	1994-96 (Ultimate)
Discount rate	8.10%	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

47 Employee Stock Option Plan - ESOP 2010.

The members of the Company in September 2010 approved grant of equity shares under "Setco Automotive Limited Employee Stock Option Scheme 2010", which was framed in accordance with Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 as amended from time to time.

Details of options granted are as under:

Grant Date	Category	No of Options	Exercise Price	Vesting / Exercise Period
01.12.2010	Grant 1	46279	93	01.12.2011 - 30.11.2012
01.12.2010	Grant 1	45971	93	01.12.2012 - 30.11.2013
01.12.2010	Grant 2	38591	124	01.12.2011 - 30.11.2012
01.12.2010	Grant 2	38591	124	01.12.2012 - 30.11.2013
01.12.2010	Grant 2	38568	124	01.12.2013 - 30.11.2014
TOTAL		208000		

Information in respect of options outstanding as at March 31, 2013

Particulars	March 31, 2013			March 31, 2012
	Grant 1	Grant 2	Total	
Issue Price	Rs. 93/-	Rs. 124/-		
At the beginning of the year	90826	105100	195926	208000
Add:- Option granted during the year	Nil	Nil	Nil	Nil
Forfeited/Expired before Bonus issued date	Nil	Nil	Nil	12074
Exercised before Bonus issue date	44510	32273	76783	Nil
Option Outstanding on Bonus issue date	46316	72827	119143	Nil
Revised Exercise Price pursuant to Bonus issue	Rs. 62	Rs. 82.67		
Revised no. of option post Bonus Issue	69665	109266	178931	Nil
Forfeited/Expired till end of year	712	3975	4687	Nil
Exercised till end of year	59223	32076	91299	Nil
Option Outstanding at end of Year	9730	73215	82945	195926

Stock Options exercised after the Balance Sheet date rank pari passu with the equity shares as on the Balance Sheet date and hence are entitled to dividend, if exercised before the record date for the dividend declaration. Accordingly proposed dividend of current year includes dividend on such equity shares issued and allotted up to the date these financial statements are approved by the board. Dividend on subsequently allotted equity shares is accounted under "Appropriations" as 'Dividend of Previous year including tax thereon'.

FOR THE YEAR ENDED 318T MARCH 2013

48 Research & Development

During the year, the Company has set up a separate Research & Development Centre (R&D Centre) which is approved/recognized by the Department of Scientific and Industrial Research, Ministry of Science and Technology, Government of India. The new R&D Centre envisages reduction in costs through value engineering and research with new material and processes, development of new range of products, research & development, innovation, upgradation & improvement in the existing range of products on regular basis.

The details for the financial year 2012-2013 are as under:

Particulars	Amount (in Rs.)
Capital Work in Progress	6,39,89,138
Revenue Expenditure	2,17,78,716
Total R&D Expenditure	8 ,57,67,854

49 Figures in brackets represent previous year's figures.

50 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

Harish Sheth Chairman & Managing Director

th Udit Sheth
g Director Executive Director

Shvetal Vakil Executive Director

Chartered Accountants

(Firm Registration No. : 115832W)

Arun Arora Director Ashok Kumar Jha Director

For and on behalf of the Board

Bhalchandra Naik Director

Manesh P. Mehta

Satish Deshpande

Director

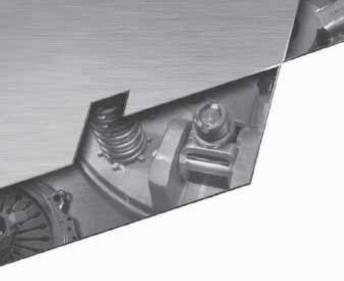
Vinay Shahane Associate Vice President - Finance Mihir Mehta Company Secretary

Partner Membership No.: 036032

Diagon - Marabal

 Place : Mumbai
 Place : Mumbai

 Date: May 29, 2013
 Date: May 29, 2013



INDEPENDENT AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

TO
THE BOARD OF DIRECTORS OF
SETCO AUTOMOTIVE LIMITED

· Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of SETCO AUTOMOTIVE LIMITED (the "Company") and its subsidiaries (collectively referred to as "the Group"), which comprise the Consolidated Balance Sheet as at March 31, 2013, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement for the year ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with accounting principles generally accepted in India including Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Group's preparation and presentation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Basis for Qualified Opinion

In the absence of relevant information in the accounts of subsidiaries about the stocks lying with the subsidiaries out of inter-company transactions, the unrealized profits, if any, is unascertained and not eliminated, which was required to be eliminated as per Accounting Standard-21, "Consolidated Financial Statements" referred to in Section 211(3C) of the Act. (Refer Note No. 33(ii) - "Notes forming part of Financial Statements")

Qualified Opinion

Except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, In our opinion and to the best of our information and according to the explanations given to us, and based on consideration of the reports of the other auditors on the financial statements of the subsidiaries, 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 March 31, 2013;
- (b) in the case of the Consolidated Statement of Profit and Loss, of the profit of the Group for the year ended on that date and
- (c) in the case of the Consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

Emphasis of Matter

- 1. Attention is invited to Note No. 38 -"Notes forming part of Financial Statements" stating that disclosures in respect of Materials & Components Consumed, Inventories, Deferred Tax Liability, Trade Receivables and Changes in inventories of Finished goods and Work in Process are reflected, each at aggregate amounts on the basis of information available from the subsidiaries.
- 2. In forming our opinion on the consolidated financial statements, we have relied upon management's presentation & classification of amounts as per requirements of Revised Schedule VI of the Act in respect of foreign subsidiaries.

Our opinion is not qualified in respect of these matters.

Other Matters

We did not audit the financial statements of the foreign subsidiaries, whose financial statements reflect total assets of Rs. 9614.63 lacs as at March 31, 2013, total revenues of Rs. 7422.42 lacs and net cash outflows of Rs. 57.53 lacs for the year ended on that date. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion is based solely on the reports of the other auditors.

Our opinion is not qualified in respect of other matters.

For MANESH MEHTA & ASSOCIATES

Chartered Accountants (Firm Registration No. 115832W) (M. P. Mehta) Partner

Membership No. 036032

Place: Mumbai Date: 29th May, 2013

CONSOLIDATED BALANCE SHEET

AS AT 31ST MARCH, 2013 (Rs.)

	Note No.	As at 31st March, 2013		As at 31st	March, 2012
EQUITY & LIABILITIES :					
Shareholders' Funds					
Share Capital	2	26,67,21,130		17,64,37,600	
Reserves & Surplus	3	1,55,13,47,144		1,15,49,02,038	
			1,81,80,68,274		1,33,13,39,638
Share Application Money					
Pending Allotment	4		2,25,270	-	48,91,769
Non-Current Liabilities					
Long-Term Borrowings	5	11,05,12,245		10,60,27,220	
Deferred Tax Liabilities (net)	6	6,64,12,537		5,67,22,053	
Long- Term Provisions	7	77,99,776		50,01,062	
			18,47,24,558		16,77,50,335
Current Liabilities					
Short-Term Borrowings	8	1,61,58,24,210		1,31,51,71,379	
Trade Payables	9	32,56,75,924		41,01,73,038	
Other Current Liabilities	10	16,89,51,362		23,05,28,112	
Short Term Provisions	11	9,32,37,026		9,52,88,058	
			2,20,36,88,522		2,05,11,60,587
TOTAL ASSETS:			4,20,67,06,625		3,55,51,42,329
Non-Current Assets					
Fixed Assets	12				
- Tangible Assets	15	1,17,78,37,481		86,33,17,085	
- Intangible Assets		19,18,81,313		16,54,12,126	
- Capital Work-in-Progress		6,44,89,670		4,40,42,032	
- Intangible Assets under		0,44,05,070		4,40,42,002	
Development		7,47,12,020		7,53,42,830	
			1,50,89,20,484		1,14,81,14,073
Non-Current Investments	13	36,75,00,250		21,75,00,250	
Long-Term Loans & Advances	14	19,25,06,615		11,98,44,037	
Trade Receivables	15	-		6,95,270	
			56,00,06,865		33,80,39,557
Current Assets					
Inventories	16	1,11,10,43,651		88,88,49,799	
Trade Receivables	17	79,47,92,911		88,56,96,381	
Cash and Cash Equivalents	18	2,76,69,257		8,82,18,397	
Short-Term Loans & Advances	19	20,42,73,457		20,60,54,122	
Other Current Assets		-		1,70,000	
			2,13,77,79,276		2,06,89,88,699
TOTAL			4,20,67,06,625		3,55,51,42,329

Notes including Significant Accounting Policies are an integral part of the financial statements: 1 to 40

As per our report of even date attached For Manesh Mehta & Associates Harish Sheth Chairman & Managing Director

Arun Arora

For and on behalf of the Board Udit Sheth Executive Director

Shvetal Vakil Executive Director

Chartered Accountants (Firm Registration No. : 115832W)

Director Satish Deshpande

Director

Ashok Kumar Jha Director Vinay Shahane

Associate Vice President - Finance

Bhalchandra Naik Director Mihir Mehta

Company Secretary

Manesh P. Mehta Partner

Membership No.: 036032

Place : Mumbai Date: May 29, 2013

Place : Mumbai Date: May 29, 2013

CONSOLIDATED STATEMENT OF PROFIT AND LOSS

FOR THE YEAR ENDED 3187 MARCH, 2013

(Rs.)

	Note No.	Year Ended	Year Ended
		31st March 2013	31st March 2012
REVENUE:			
Revenue from Operations		4,24,55,56,391	4,43,96,60,846
Less: Excise Duty		25,18,73,183	26,31,87,356
Revenue from Operations (Net)	20	3,99,36,83,208	4,17,64,73,490
Other Income	21	4,85,52,713	3,31,31,470
		4,04,22,35,921	4,20,96,04,960
EXPENSES:			
Cost of Materials & Components consumed	22	2,31,93,58,766	2,41,25,26,257
Purchase of Traded Goods		-	-
Changes in Inventories of Finished Goods and			
Work in Progress- (Increase)	23	(9,89,96,230)	(5,40,69,803)
Employee Benefits Expenses	24	46,28,13,311	40,14,01,451
Finance Cost	25	19,74,85,058	18,73,16,109
Depreciation and Amortization Expenses	12	12,30,79,893	10,81,76,801
Miscellaneous Expenditure Amortised	26	1,70,000	1,70,000
Other Expenses	27	74,38,37,628	66,45,90,316
		3,74,77,48,425	3,72,01,11,131
Profit/(Loss) before Exceptional Items and Tax		29,44,87,496	48,94,93,829
Exceptional Items	28	-	2,84,40,454
Profit Before Tax		29,44,87,496	46,10,53,375
Less :- Provision for Taxation:			
 Provision of Corporate Tax 		6,66,41,246	8,76,55,722
 Deferred Tax Adjustments 		59,73,384	1,01,25,625
MAT Credit Entitlement		-	
 Previous Periods 		-	(5,08,84,979)
- Current Year	29	(3,96,91,788)	(4,05,53,355)
 Tax adjustment for Earlier year 		1,47,337	
		3,30,70,179	63,43,013
PROFIT AFTER TAX		26,14,17,317	45,47,10,362
Earnings Per Share (Face value of Rs.10/- each)	30		
Before Considering Exceptional Items			
- Basic		9.83	18.26
- Diluted		9.83	18.23
After Considering Exceptional Items			
- Basic		9.83	17.18
- Diluted		9.83	17.16

Notes including Significant Accounting Policies are an integral part of the financial statements: 1 to 40

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

Harish Sheth Chairman & Managing Director Chartered Accountants

(Firm Registration No.: 115832W) Arun Arora Director

Partner Membership No.: 036032

Manesh P. Mehta

Place : Mumbai Date: May 29, 2013

For and on behalf of the Board Udit Sheth

Executive Director Ashok Kumar Jha

Director

Vinay Shahane Associate Vice President - Finance

Shvetal Vakil Executive Director

Bhalchandra Naik Director

Mihir Mehta Company Secretary

Place : Mumbai Date: May 29, 2013

Satish Deshpande

Director

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 318T MARCH, 2013

	2012-2013	2011-2012
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before tax	29,44,87,496	46,10,53,375
Adjustments for:-		
Depreciation (Net of exchange fluctuation difference)	12,30,79,893	10,81,76,801
Miscellaneous Expenses written off	1,70,000	1,70,000
Interest Expenses	19,74,85,057	18,73,16,109
Interest Income	(30,73,682)	(4,46,336)
(Profit) / Loss on sale of fixed assets	(5,98,890)	5,31,933
Dividend Income	(1,52,10,000)	-
Corporate Tax	(6,67,88,583)	(8,76,55,722)
MAT Credit Entitlement	3,96,91,788	9,14,38,334
Stock Options added during the year	(10,570)	21,10,462
Operating Profit/ (Loss) before working Capital Changes	56,92,32,509	76,26,94,955
Trade receivables	9,15,98,739	(22,91,24,996)
Inventories	(22,21,93,851)	(19,31,54,675)
Loans & Advances	(7,08,81,913)	(9,42,98,957)
Trade Payable	(8,44,97,114)	12,76,16,833
Other Liabilities	2,32,62,346	(1,57,18,712)
Working Capital Changes	(26,27,11,793)	(40,46,80,506)
Net Cash Flow from Operating Activities	30,65,20,715	35,80,14,449
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(13,68,79,967)	(20,22,44,876)
Sale of fixed Assets	48,73,039	2,63,41,718
Intangible Assets	(4,14,24,621)	(6,78,34,675)
Interest Income	30,73,682	4,46,336
Profit / (Loss) on sale of fixed assets	5,98,890	(5,31,933)
Dividend Income	1,52,10,000	-
Cash Subsidy Received	-	30,00,000
Decrease / (Increase) in Investment	(15,00,00,000)	(12,90,00,000)
Adjustment in Depreciation Reserve	(37,88,262)	41,29,323
Net Cash Used in Investing Activities	(30,83,37,239)	(36,56,94,109)

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 31st MARCH, 2013

(Rs.)

		2012-2013	2011-2012
C.	CASH FLOW FROM FINANCING ACTIVITIES		
	Change in Capital Reserve due to exchange fluctuation	-	4,65,738
	Proceeds from Cash Credit	15,06,52,831	33,29,91,823
	Proceeds from Short Term Loans	20,00,00,000	11,00,00,000
	Proceeds from Term Loans	7,99,16,500	8,67,65,479
	Repayment of Borrowings	(20,95,22,887)	(19,56,10,212)
	Interest paid	(19,74,85,057)	(18,73,16,109)
	Share Application Money	97,98,335	48,91,769
	Dividend and Dividend Distribution Tax	(8,27,08,833)	(8,20,24,076)
	Dividend of Previous year including Tax thereon	(7,80,766)	
	Inter Corporate Loan	-	(1,14,07,203)
	Deferred Tax Movement	37,17,100	(19,93,190)
	Net Cash Flow from Financing Activities	(4,64,12,776)	5,67,64,021
D.	Impact of Exchange Fluctuation on the cash flow	(1,23,19,839)	8,27,696
	Movement in Cash and Cash equivalents (A+B+C+D)	(6,05,49,140)	4,99,12,056
	Opening Cash and Cash equivalents	8,82,18,397	3,83,06,341
	Closing Cash and Cash equivalents	2,76,69,257	8,82,18,397

Notes:

- 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.

Notes including Significant Accounting Policies are an integral part of the financial statements: 1 to 40

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

Chartered Accountants

(Firm Registration No.: 115832W)

Manesh P. Mehta Partner Membership No.: 036032

Place : Mumbai Date: May 29, 2013

Harish Sheth Chairman & Managing Director

> Arun Arora Director

Satish Deshpande Director

Vinay Shahane Associate Vice President - Finance

For and on behalf of the Board Udit Sheth Executive Director

> Ashok Kumar Jha Director

Director

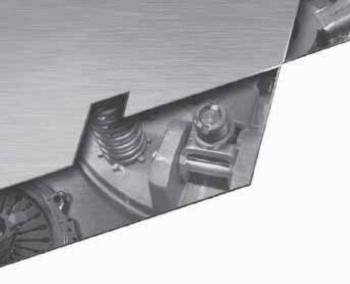
Mihir Mehta Company Secretary

Shvetal Vakil

Executive Director

Bhalchandra Naik

Place : Mumbai Date: May 29, 2013



NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2013

1. SIGNIFICANT ACCOUNTING POLICIES

1.1 General

The consolidated financial statements have been prepared under historical cost convention (except for certain fixed assets which are revalued) 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 relevant provisions thereof except departure in compliance with the Accounting Standard (AS 21) – Consolidated Financial Statements, mentioned at Note No. 33 (ii).

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

Fixed Assets are stated at cost of acquisition / construction except for certain fixed assets which are stated at revalued amounts less accumulated depreciation and impairment loss, if any. 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.

1.4 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. Payments for Long Term leasehold land and expenses incurred for the development of such land are amortized over a period of lease.

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

1.5 Investments

Long Term Investments are stated at cost. Provision for diminution is made when such diminution is considered other than temporary in nature.

1.6 Inventories

Inventories are valued at the lower of cost (exclusive of taxes / duties availed on its input) and net realizable value. Raw Material, Spares and Packing Material are valued on weighted average basis. Finished Goods and work-inprogress are valued at aggregate cost determined, comprising material cost and apportioned overheads/ duties as applicable. 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.

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 customers up to the time the financial statements of the Company are approved.
- Insurance Claims are accounted as and when admitted.
- Other income is accounted on accrual basis except when the realization of such income is uncertain. Dividend income is accounted when right to receive is established.

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. 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 exchange rates prevailing at the Balance Sheet date. The net impact of such change is accumulated under Foreign Currency Translation

1.10 Miscellaneous Expenditure

Fees for Increase in Authorized Share Capital are charged to the statement of Profit and Loss.

1.11 Selling / Marketing Expenses

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

1.12 Employee Benefits

a) 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 the year in which the related services are rendered.

b) 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.

c) 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.

d) 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.

1.13 R & D Expenses

- Revenue expenses pertaining to research activities are charged to statement of profit and loss under the respective heads of expenses.
- Expenditure incurred on fixed assets used for R & D is capitalized under the head "Fixed Assets
- Expenditure incurred on development activities which do not qualify as Intangible Asset is charged to statement of Profit and Loss.

1.14 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.

1.15 Taxes on Income

- a) 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. Unutilized MAT credit is recognized.
- b) 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.

1.16 Provisions and Contingent Liabilities

a) 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.

NOTES FORMING PART OF

FOR THE YEAR ENDED 31st March 2013

 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.

1.17 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 year. 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 potential equity shares, the difference between the number of shares issuable and the number of shares that would have been 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.

1.18 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".

1.19 Government Grant

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

FOR THE YEAR ENDED 31st MARCH 2013

2 SHARE CAPITAL

2.1	Authorized, Issued, Subscribed and Fully paid - up:	(Rs.)	
	Particulars	31" March 2013	31" March 2012
	Authorized Capital:		
	5,00,00,000 (3,00,00,000) Equity Shares of Rs. 10 each	500,000,000	300,000,000
	Issued, Subscribed and Fully Paid up Share Capital:		
	2,66,72,113 (1,76,43,760) Equity Shares of Rs. 10 each	266,721,130	176,437,600

- a. 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.
- b. During the year ended 31st March 2013, Dividend of Rs. 2.65 per share (Previous year Rs. 4/- per share) is recognized as amount distributable to equity share holders.
- c. 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, in proportion to their shareholding.

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

Particulars	31" N	larch 2013	31" March	2012
	Number	Rs.	Number	Rs.
Equity Shares				
As at the beginning of the year	17,643,760	176,437,600	17,643,760	176,437,600
Add : Share issued on exercise of employee stock options	168,082	1,680,820	-	_
Add : Bonus shares Issued during the year	8,860,271	88,602,710	-	-
	26,672,113	266,721,130	17,643,760	176,437,600
Less : Changes, if any during the year	-	-	-	-
Outstanding at the end of the year	26,672,113	266,721,130	17,643,760	176,437,600

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, 2013.

Particulars	31" March '13 Number	31" March '12 Number	31" March '11 Number
Equity shares with voting rights			
Equity shares allotted as fully paid bonus shares by			
Capitalization of Securities Premium & General Reserve	8,860,271	-	8,821,880

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

	31" March 2013		31" March 2012	
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)	13,142,769	49.28	8,761,846	49.66
New Vernon Private Equity Limited	3,292,500	12.34	2,195,000	12.44

2.5 For details of shares reserved for issue under the Employee Stock Option Plan (ESOP) of the Company, refer note 36

FOR THE YEAR ENDED 31st MARCH 2013

3 RESERVE & SURPLUS

	ciculars	31" March 2013	31" March 2012
(i)	Capital Reserve		
	a) On forfeiture of Shares	21,000	21,00
	b) Cash Subsidy		
	As per Last Balance Sheet	30,00,000	
	Add : Central subsidy for Uttarakhand Unit	-	30,00,000
	Total	30,21,000	30,21,000
	c) Revaluation Reserve	4 74 07 440	4 00 40 40
	As per Last Balance Sheet Add : On Revaluation of Land and Building	1,71,87,148 28,58,49,329	1,88,12,16
	Less : Revaluation reserve transferred to Profit & Loss Statement	17,24,861	16,25,013
	Total	30,13,11,616	1,71,87,14
			.,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,
(ii)	Securities Premium Reserve	4.00.04.000	
	As per Last Balance Sheet	4,92,81,200	4,92,81,200
	Add : Received during the year on exercise of employee stock options	1,53,87,960	
	Less : Amount Utilised towards issue of fully paid Bonus Shares	4,92,81,200	
	Total	1,53,87,960	4,92,81,200
/:::\	Employee Steek Ontions substanding		
	Employee Stock Options outstanding As per Last Balance Sheet	20 15 000	7.05.14
		28,15,606	7,05,14
	Add: Amounts recorded on grants/modifications/cancellations during the year	-	21,10,462
	Less:- Transferred to Securities Premium on exercise of Stock Options	26,14,519	
	Total	2,01,087	28,15,606
(iv)	Other Reserves		
	General Reserve		
	As per Last Balance Sheet	15,33,81,265	10,33,81,269
	Add: Transferred from Profit and Loss Statement	5,00,00,000	5,00,00,00
	Less: Amount Utilised towards issue of fully paid Bonus Shares	3,93,21,510	
	Total	16,40,59,755	15,33,81,265
(v)	Foreign Currency Transaction Reserve	3,48,52,359	2,63,55,030
	Surplus in Statement of Profit and Loss:	0,10,00,000	
	As per Last Balance Sheet	90,28,60,789	58,13,92,05
	Add: Profit for the year	26.14.17.317	45,18,67,800
	Transfer from Revaluation Reserve	17.24,861	16,25,010
	Proposed Dividend	(7,06,94,331)	(7,05,75,040
	•		
	Corporate Dividend Tax	(1,20,14,502)	(1,14,49,036
	Dividend of Previous year including Tax thereon	(7,80,766)	/E 00 00 000
	Transfer to General Reserve	(5,00,00,000)	(5,00,00,000
	Total	1,03,25,13,367	90,28,60,789
	Total (i to vi)	1,55,13,47,144	1,15,49,02,038

FOR THE YEAR ENDED 318T MARCH 2013

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 2013		31" March 2012	
	Number	(Rs.)	Number	(Rs.)
Share Application money pending allotment	3,300	225,270	45,309	4,891,769

 Term and Conditions Equity Shares of face value of Equity Shares of face value of Rs. 10 each at Premium under Rs. 10 each at Premium under Employee Stock Option Employee Stock Option Scheme-2010 Scheme-2010 3300 45309 - Number of Shares proposed to be issued - The amount of Premium per share Rs. 52 / Rs. 72.67 Rs. 83 / Rs. 114 - The period before which such shares are to be allotted 30th May, 2013 Allotted in April, 2012 Whether Company has sufficient authorized share capital to cover the share capital amount on allotment of Shares out of such share application money Yes Yes Interest accrued on amount due for refund NIL NIL The period for which share application money has been pending beyond the period for allotment as mentioned in the share application form along with reasons for such share application money being pending N.A. N.A.

5 LONG TERM BORROWINGS

(Rs.)

Particulars	31" March 2013	31" March 2012
Term Loans		
From Banks		
Secured Unsecured	11,05,12,245	9,06,47,640
From Other Parties		
Secured Unsecured	-	60,830 1,53,18,750
	11,05,12,245	10,60,27,220
The above amount includes		
Secured Borrowings	11,05,12,245	9,07,08,470
Unsecured Borrowings	-	1,53,18,750

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 by March, 2015 in varying monthly installments ranging from Rs. 78,214/- to Rs. 85,695/-and is secured against the vehicles purchased.

Indian Rupee term loan from Bank of Baroda is repayable in 16 quarterly installments each of Rs. 46,87,500/to be repaid by June, 2017. 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 each of \$ 81,250/- to be repaid by January, 2015. The loan is secured by first pari passu charge on all Company's assets.

FOR THE YEAR ENDED 318T MARCH 2013

6 DEFERRED TAX LIABILITIES (NET)

(Rs.)

Particulars	31" March 2013	31" March 2012
Net deferred tax liability	6,64,12,537	5,67,22,053

7 LONG TERM PROVISONS

(Rs.)

Particulars	31" March 2013	31" March 2012
Provision for employee benefits		
Provision for Gratuity	22,03,430	12,46,824
Provision for Compensated Absences	55,96,346	37,54,238
Total	77,99,776	50,01,062

8 SHORT TERM BORROWINGS

(Rs.)

Particulars	31" March 2013	31" March 2012
Loans repayable on demand :		
Working Capital Loan from Banks		
- Secured	1,35,58,24,210	1,20,51,71,379
- Unsecured	26,00,00,000	11,00,00,000
Total	1,61,58,24,210	1,31,51,71,379

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 on paripassu basis.

Unsecured Loan from ICICI Bank of Rs. 20,00,00,000/- is Guaranteed by Personnel guarantee of Chairman & Managing Director of the Company.

9 TRADE PAYABLES

(Rs.)

Particulars	31" March 2013	31" March 2012
Micro, Small and Medium Enterprises	-	-
Others	32,56,75,924	41,01,73,038
Total	32,56,75,924	41,01,73,038

10 OTHER CURRENT LIABILITIES

(Rs.)

Particulars	31" March 2013	31" March 2012
Other Liabilities		
Payable towards Statutory liabilities	3,80,57,247	2,77,79,191
Payable to Employees	3,07,60,253	2,96,18,092
Current Maturities of Term Loan (Refer Note no.5)	8,19,50,469	16,91,35,797
Interest accrued and due	59,86,842	28,92,928
Creditors for Capital Expenditure	1,21,96,551	11,02,104
Total	16,89,51,362	23,05,28,112

11 SHORT TERM PROVISIONS

Particulars	31" March 2013	31" March 2012
Provision for Employee Benefits		
Provision for Gratuity	31,29,863	23,52,642
Provision for Compensated Absences	14,96,248	11,09,476
Others		
Proposed Dividend	7,06,94,331	7,05,75,040
Corporate Tax on Dividend	1,20,14,502	1,14,49,036
Provision for Taxation (Net of Taxes Paid)	59,02,082	98,01,864
Total	9,32,37,026	9,52,88,058

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 315 MARCH 2013

12 FIXED	FIXED ASSETS										(Rs.)
Sr. PARTIC	PARTICULARS		5	COST			DEPRE	DEPRECIATION		NET BL	BLOCK
No.		Cost as on	Additions	Adjustment	Cost as on	Up to	Additions	Adjustment	Up to	As on	As on
		01.04.2012	for the year	for the year	31.03.2013	01.04.2012	for the year	for the year	31.03.2013	31.03.2013	31.03.2012
- 2		3	4	2	9	7	8	10	11	12	13
A Tangible Assets	sets										
01 Free Ho	Free Hold Land	87,912,376	208,960,150	1,899,808	298,772,334	1			•	298,772,334	87,912,376
02 Lease	Lease Hold Land	29,580,848	4,234,402		33,815,250		1,493,000	•	1,493,000	32,322,250	29,580,848
03 Building	8	272.040.227	105,163,646	6,853,288	384,057,161	41,461,325	9,742,525	1,469,697	52,673,546	331,383,615	230,578,902
04 Plant 8	Plant & Machinary	725,890,478	67,485,608	3,966,157	797,342,242	301,943,562	70,913,460	1,880,127	374,737,148	422,605,095	423,946,916
05 Furnita	Furniture & Fixtures	20,916,110	1,347,252		22,263,362	5,801,240	1,385,692	(630)	7,186,302	15,077,060	15,114,870
OB Office	Office Equipments	10,332,833	3,476,039	397,001	14,205,873	4,582,824	1,013,180	316,639	5,912,643	8,293,230	5,750,009
07 Pollutio	Pollution Equipments	277,500			277,500	81,666	13,181	1	94,847	182,653	195,834
OB Computers	rters	51,789,781	3,527,499	1.754.008	57,071,288	24,881,635	8,575,578	934,840	34,392,054	22,679,234	26,908,145
09 Electri	Electric Fittings	26,797,858	6,665,449		33,463,307	4,908,194	1,321,769	ı	6,229,963	27,233,344	21,889,664
10 Vehicle		28,172,854	1,421,614	(1,864,828)	27,729,641	6,733,334	2,643,032	(935,392)	8,440,974	19,288,666	21,439,520
Sub Total (T	Sub Total (Tangible Assets)	1,253,710,865	402,281,658	13,005,435	1,668,997,958	390,393,780	97,101,416	3,665,281	491,160,477	1,177,837,480	863,317,085
B Intangible Assets	ssets				-					•	'
01 Goodwill	=	67,372,782		7,063,309	74,436,091	1,961,719	1	ı	1,961,719	72,474,372	65,411,063
02 Product	Product Developement	47,687,348	34,732,310		82,419,658	29,725,379	6,797,650	1	36,523,029	45,896,629	17,961,969
03 Teahnia	Technical Know how	54,491,410	5,994,100	17,472,940	77,958,450	2,775,310	6,088,300	6,911,495	15,755,105	62,203,345	51,716,100
04 Comput	Computer Software	52,476,778	1,329,021	(14,297,500)	39,508,289	27,706,348	7,160,069	(6,665,086)	28,201,331	11,306,968	24,770,430
05 Web Sir	Web Site Development	563,988		'	563,988	563,988	1	ı	563,988	1	•
06 Startup	Startup Costs	68,457,966	-	7,392,324	75,850,291	62,905,402	5,952,458	6,992,431	75,850,291	-	5,552,564
Sub Total (II	Sub Total (Intangible Assets)	291,050,272	42,055,431	17,631,074	350,736,776	125,638,146	25,978,477	7,238,840	158,855,463	191,881,313	165,412,126
Grand Total (A + B)	(A + B)	1,544,761,137	444,337,089	30,636,508	2,019,734,734	516,031,926	123,079,893	10,904,121	650,015,940	1,369,718,794	1,028,729,211
C Intangible Assets under Development	ssets under										
(Product Development)	welopment)	75,342,830	34,101,500	(34,732,310)	74,712,020	-	-	-	-	74,712,020	75,342,830
Grand Total (A	(A + B + C)	1,620,103,967	478,438,589	(4,095,802)	2,094,446,754	516,031,926	123,079,893	10,904,121	650,015,940	1,444,430,814	1,104,072,041
Previous Year	_	(1,337,945,882)	(230,656,960)	(51,501,125)	(1,620,103,967)	(355,372,177)	(108,176,801)	(52,482,948)	(516,031,926)	(1,104,072,041)	(982,573,705)
D Capital Work in Progress	k in Progress										
Capital Work	Capital Work in Progress	44,042,032	53,090,350	(32,642,712)	64,489,670	-		-		64,489,670	44,042,032
Total D		44,042,032	53,090,350 (32,	(32,642,712)	64,489,670	•	•	•	-	64,489,670	44,042,032
Grand Total	Grand Total (A + B + C + D)	1,664,145,999	531,528,939 (36,	(36,738,514)	2,158,936,424	516,031,926	123,079,893	10,904,121	650,015,940	1,508,920,484 1,148,114,073	1,148,114,073

Note: Adjustments during the year include impact of foreign exchange fluctuation of Rs. 2,08,17,168/- (Previous Year Rs. 2,94,89,216/-)

FOR THE YEAR ENDED 31st MARCH 2013

13 NON CURRENT INVESTMENT (Long Term)

(Rs.)

Partic	culars	31" March 2013	31" March 2012
13.1	Trade Investment (unquoted) Investment in Associate Concerns (At cost):-		
	 i) 9,70,000 (9,70,000) Equity Share @ Rs.50/- each fully paid up of SE Transstadia Pvt. Ltd. ii) 31,900,000 (16,900,000) 9% 15 years Non Cumulative Redeemable Preference Share @ Rs.10/- each fully paid of Setco Engineering Pvt. Ltd. 	48,500,000	48,500,000 169,000,000
	Non Trade Investment (unquoted) (At cost)	0.0,000,000	,,
	 10 (10) Equity Shares of Rs. 25/- each of Kalol Urban Co.op. Bank Ltd. 	250	250
	Total	36,75,00,250	21,75,00,250

^{13.2} Investment in Setco Engineering Pvt. Ltd. have been made in terms of revised investment limits approved by Board of Directors of the Company in Meeting held on 6th August 2012.

14 LONG TERM LOANS AND ADVANCES

(Rs.)

Particulars	31" March 2013	31" March 2012
Unsecured, Considered Good		
Capital Advances	3,84,93,188	1,83,47,192
Other Deposits	1,30,31,535	97,58,511
MAT Credit Entitlement	13,11,30,122	9,14,38,334
Loans And Advances to related parties		
Unsecured, Considered Good	-	-
Advances recoverable in cash or kind		
Advance to Creditors	98,51,770	3,00,000
Total	19,25,06,615	11,98,44,037

15 TRADE RECEIVABLES

(Rs.)

Particulars	31" March 2013	31" March 2012
Unsecured, Considered Good		
Outstanding for a period exceeding six months	-	6,95,270
Total	-	6,95,270

16 INVESTMENT

(Refer Note no. 33)

Particulars	31" March 2013	31" March 2012
Total	1,11,10,43,651	88,88,49,799

^{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/- per share based on the future projections and relative worth of the investee Company.

FOR THE YEAR ENDED 31st MARCH 2013

17 TRADE RECEIVABLES

(Rs.)

Particulars	31" March 2013	31" March 2012
Unsecured, Considered Good		
Outstanding for a period exceeding six months from the date they are due for payment	11,33,67,067	5,29,08,696
Other Debts	68,14,25,844	83,27,87,685
Total	79,47,92,911	88,56,96,381

18 CASH AND CASH EQUIVALENTS

(Rs.)

Particulars	31" March 2013	31" March 2012
Cash and Cash Equivalents:-		
Cash Balances	19,90,072	41,50,664
Bank Balances	2,56,79,185	8,40,67,733
Total	2,76,69,257	8,82,18,397

Of the above, balances that meet the definition of Cash and Cash Equivalents as per AS-3 Cash Flow Statements is Rs. 2,76,69,257/- (Previous year Rs. 8,82,18,397/-)

19 SHORT TERM LOANS AND ADVANCES

Particulars	31" March 2013	31" March 2012
Other Deposits		
Unsecured, Considered Good	8,40,914	1,03,478
Loans And Advances to related parties		
Unsecured, Considered Good		
Western Engineering Works	5,78,10,381	5,67,99,559
Transstadia Technologies Private Ltd.	10,42,000	23,33,802
SE Transstadia Private Ltd.	48,64,514	14,89,050
Advances recoverable in cash or kind		
Prepaid Expenses	2,68,95,809	1,11,23,279
Advance for Goods & Services	6,65,83,384	10,19,29,769
Other Loans And Advances		
Balance with Central Excise	14,57,806	12,76,629
Employees Advances	12,65,109	15,01,376
Statutory Dues Receivable - VAT	3,00,72,103	1,77,14,233
- Excise	36,40,281	26,21,649
- Service Tax	73,16,747	88,90,726
- Others	24,84,409	2,70,572
Total	20,42,73,457	20,60,54,122

FOR THE YEAR ENDED 318T MARCH 2013

20 REVENUE FROM OPERATIONS (NET)

(Rs.)

Particulars	Year ended 31" March 2013	Year ended 31" March 2012
Sales of Finished Goods	4,46,26,56,836	4,56,51,60,751
Total	4,46,26,56,836	4,56,51,60,751
Less:-Sales in Transit	3,17,87,995	3,14,36,815
Less:- Sales Taxes & VAT	18,53,12,450	9,40,63,090
Total	4,24,55,56,391	4,43,96,60,846
Less:- Excise Duty	25,18,73,183	26,31,87,356
Total	3,99,36,83,208	4,17,64,73,490

21 OTHER INCOME

(Rs.)

Particulars	Year ended 31" March 2013	Year ended 31" March 2012
Lease Rent	-	60,000
Dividend - Associate	1,52,10,000	
Interest Income	30,73,682	4,46,336
Miscellaneous Income	66,49,512	20,32,603
Foreign Exchange Gain/(Loss) (Net)	1,96,91,418	2,68,29,643
Profit (Loss) on Sale of Fixed Assets	5,98,890	-
Sundry Balances Written back	31,66,296	37,41,494
Insurance Claim Received	1,62,915	21,394
Total	4,85,52,713	3,31,31,470

22 COST OF MATERIALS AND COMPONENTS CONSUMED

(Rs.)

Particulars	Year ended 31" March 2013	Year ended 31" March 2012
Cost of Material and Components Consumed	2,31,93,58,766	2,41,25,26,257
Total	2,31,93,58,766	2,41,25,26,257

23 CHANGES IN INVENTORIES OF FINISHED GOODS AND WORK IN-PROGRESS

(Rs.)

Particulars	Year ended 31" March 2013	Year ended 31" March 2012
Decrease (Increase) in Inventories	(9,89,96,230)	(5,40,69,803)
Total	(9,89,96,230)	(5,40,69,803)

24 EMPLOYEE BENEFITS

(Rs.)

Particulars	Year ended 31" March 2013	Year ended 31" March 2012
Salaries, Wages and Bonus	37,99,51,856	33,55,41,847
Contribution to Employees welfare funds	6,57,09,356	5,64,06,781
Staff Welfare expenses	1,71,52,099	94,52,823
Total	46,28,13,311	40,14,01,451

Including Managerial Remuneration of Rs. 2,85,10,400/- (Previous year Rs. 4,67,22,000/-), net of Rs. 61,05,000/- (Previous year Rs. NIL) charged to associate concern.

FOR THE YEAR ENDED 31st MARCH 2013

25	FINANCE COST	(P	Rs.)

Particulars	Year ended 31" March 2013	Year ended 31° March 2012
Interest Expense	18,62,34,479	18,22,15,352
Other Financial Charges	1,12,50,579	51,00,757
Total	19,74,85,058	18,73,16,109

26 MISCELLANEOUS EXPENDITURE AMORTISED

(Rs.)

Particulars	Year ended 31" March 2013	Year ended 31" March 2012
Fees for increase in Authorised Share Capital	1,70,000	1,70,000
Total	1,70,000	1,70,000

27 OTHER EXPENSES

Particulars	Year ended 31" March 2013	Year ended 31" March 2012
Stores and Tools Consumed	9,28,31,493	8,54,79,785
Carriage Inward	6,56,74,077	5,68,36,345
Power and Fuel	5,56,62,845	4,98,62,244
Jobwork Charges	4,43,46,055	4,30,37,635
Repairs and Maintenance to Machinary	1,23,36,143	64,47,253
Repairs to Building	33,48,819	12,85,040
Other Repairs	1,52,91,567	1,30,01,391
Factory Expenses	1,15,50,673	82,54,689
Rent	1,15,40,388	2,09,44,857
Rates and Taxes	83,45,974	43,44,194
Insurance	1,18,14,090	88,96,147
Conveyance	1,19,11,733	1,31,31,520
Travelling Expenses	4,02,41,812	3,19,44,243
Legal and Professional Charges	4,74,65,901	4,65,48,367
Statutory Auditors' Remuneration	28,45,834	21,86,522
Printing and Stationary	46,96,897	48,56,668
Communication Expenses	72,09,475	79,91,428
Books, Subscription and Membership	8,02,554	3,46,510
Directors' Sitting Fees	4,85,000	3,00,000
Commission to Non Executive Directors	32,40,000	46,68,000
Office Expenses	20,29,125	14,23,056
General Expenses	1,53,93,982	2,15,08,315
Advertisement Expenses	44,32,239	32,94,037
Marketing and Sales Promotion	4,25,37,760	3,47,84,667
Discount, Commission and other Expenses on Sales	11,11,17,744	8,28,33,079
Packing and Forwarding Expenses	10,37,06,272	10,46,49,774
Sundry Balance Written off	70,59,291	35,52,921
Loss/(Profit) on Sale of Fixed Asset		5,31,933
Excise Duty on Finished Goods Stock	59,19,885	16,49,695
Total	74,38,37,628	66,45,90,316

FOR THE YEAR ENDED 318T MARCH 2013

28 EXCEPTIONAL ITEM

The exceptional item of Rs. NIL (Previous year 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.

29 MAT CREDIT

During the year, Company has recognized MAT Credit of Rs. 3,96,91,788/- (Previous year Rs. 9,14,38,334/-) and same is shown as adjustment from the current tax amount in the statement of profit and loss.

30 EARNING PER SHARE

(Rs.)

Particulars	Current Year	Previous year
Profit available to Equity Shareholders after Tax (Before Exceptional Items)	26,14,17,317	48,31,50,816
Profit available to Equity Shareholders after Tax (After Exceptional Items)	26,14,17,317	45,47,10,362
Weighted Average Number of Equity Shares of Rs. 10/- each		
Basic	26,591,786	26,465,640
Diluted	26,606,171	26,497,290
Earnings Per Share in Rs. :-		
Before Considering Exceptional Items		
- Basic	9.83	18.26
- Diluted	9.83	18.23
After Considering Exceptional Items		
- Basic	9.83	17.18
- Diluted	9.83	17.16

- 31 (i) 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, as far as possible, 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 statements.
 - (ii) 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.

32 DETAILS OF SUBSIDIARIES

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

FOR THE YEAR ENDED 318T MARCH 2013

33 SALES- IN- TRANSIT

- 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 approval of financial statements amounts to Rs 3,17,87,995 /- (Rs. 3,14,36,815/-). 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 2,37,60,321 /- (Rs. 2,27,30,187/-) is included in Note 16 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.

34 SEGMENT INFORMATION

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

35 CONTINGENT LIABILITIES & COMMITMENTS

A. Contingent Liabilities:-

- Guarantee given by the bank on behalf of the Company Rs. Nil (Rs. 21,35,170/-)
- Guarantee given for £1.40 million (£2.3 million) to ICICI Bank Limited, U.K. for ultimate subsidiary's credit facilities Rs.11,59,06,000/- (Rs. 18,91,06,000/-)
- Guarantee given for \$ 0.65 million (\$ 0.65 million) to ICICI Bank Limited, Singapore. for ultimate subsidiary's credit facilities Rs. 3,55,16,000/- (Rs. 3,34,23,000/-)
- iv) Guarantee given for \$ 5.995 million (\$ 5.995 million) to Bank of Baroda, New York, USA for ultimate subsidiary's credit facilities Rs. 32,75,66,800/- (Rs. 30,82,62,900/-)
- Warranty Claims raised by Customer but not acknowledged Rs. 1,53,11,238/- (Rs. 1,18,58,292/-).

B. Commitments:-

 Estimated amount of contracts remaining to be executed on capital account and not provided for Rs. 3,93,82,394/- (Rs. 3,54,79,767/-)

36 Employee Stock Option Plan - ESOP 2010.

The members of the Company in September 2010 approved grant of equity shares under "Setco Automotive Limited Employee Stock Option Scheme 2010", which was framed in accordance with Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 as amended from time to time.

Details of options granted are as under:

Grant Date	Category	No of Options	Exercise Price	Vesting / Exercise Period
01.12.2010	Grant 1	46279	93	01.12.2011 - 30.11.2012
01.12.2010	Grant 1	45971	93	01.12.2012 - 30.11.2013
01.12.2010	Grant 2	38591	124	01.12.2011 - 30.11.2012
01.12.2010	Grant 2	38591	124	01.12.2012 - 30.11.2013
01.12.2010	Grant 2	38568	124	01.12.2013 - 30.11.2014
TOTAL		208000		

Information in respect of options outstanding as at March 31, 2013

Particulars	March 31, 2013			March 31, 2012
	Grant 1	Grant 2	Total	
Issue Price	Rs. 93/-	Rs. 124/-		
At the beginning of the year	90826	105100	195926	208000
Add:- Option granted during the year	Nil	Nil	Nil	Nil
Forfeited/Expired before Bonus issued date	Nil	Nil	Nil	12074
Exercised before Bonus issue date	44510	32273	76783	Nil
Option Outstanding on Bonus issue date	46316	72827	119143	Nil
Revised Exercise Price pursuant to Bonus issue	Rs. 62	Rs. 82.67		
Revised no. of option post Bonus Issue	69665	109266	178931	Nil
Forfeited/Expired till end of year	712	3975	4687	Nil
Exercised till end of year	59223	32076	91299	Nil
Option Outstanding at end of Year	9730	73215	82945	195926

FOR THE YEAR ENDED 318T MARCH 2013

Stock Options exercised after the Balance Sheet date rank pari passu with the equity shares as on the Balance Sheet date and hence are entitled to dividend, if exercised before the record date for the dividend declaration. Accordingly proposed dividend of current year includes dividend on such equity shares issued and allotted up to the date these financial statements are approved by the board. Dividend on subsequently allotted equity shares is accounted under "Appropriations" as 'Dividend of Previous year including tax thereon'.

37 Research & Development

During the year, the Company has set up a separate Research & Development Centre (R&D Centre) which is approved/recognized by the Department of Scientific and Industrial Research, Ministry of Science and Technology, Government of India. The new R&D Centre envisages reduction in costs through value engineering and research with new material and processes, development of new range of products, research & development, innovation, up gradation & improvement in the existing range of products on regular basis.

The details for the financial year 2012-2013 are as under:

Particulars	Amount (in Rs.)
Capital Work in Progress	6,39,89,138
Revenue Expenditure	2,17,78,716
Total R&D Expenditure	8,57,67,854

- 38 Disclosure in respect of Materials & Component Consumption, Inventories, Deferred Tax Liabilities, Trade Receivables and change in Inventories of Finished Goods and Work in Progress are reflected, each at an aggregate amounts only on the basis of information available from foreign subsidiaries.
- 39 Figures in brackets represent previous year's figures.
- 40 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

(Firm Registration No.: 115832W)

Harish Sheth Chairman & Managing Director

> Arun Arora Director

Satish Deshpande Director

Place: Mumbai

Date: May 29, 2013

For and on behalf of the Board

Udit Sheth

Executive Director

Ashok Kumar Jha Director

Vinay Shahane Associate Vice President - Finance Shvetal Vakil Executive Director

Bhalchandra Naik Director

Mihir Mehta Company Secretary

Manesh P. Mehta

Partner

Membership No.: 036032

Chartered Accountants

Place : Mumbai Date: May 29, 2013

Statement persuant 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	12.33	1500	8.48	638	5.46			
2	Reserves	609	5.21	199	1.12	2	0.02			
3	Total Assets	7095	60.75	9395	53.10	642	5.50			
4	Total Liabilities	7095	60.75	9395	53.10	642	5.50			
5	Investments	769	6.58	-	-	640	5.48			
6	Turnover	2812	24.38	9135	49.99	-	0.00			
7	Profit before Tax	(278)	-2.41	387	2.12	10	0.09			
8	Profit after Tax	(273)	-2.37	347	1.90	9	0.08			
9	Proposed Dividend	-	-	-	-	-	-			

Note : Exchange Rates (a) (Average Rate) £ @ Rs. 86.69, \$ @ Rs.54.73

(b) (Closing Rate) £ @ Rs. 85.63, \$ @ Rs.56.52

NOTES











