
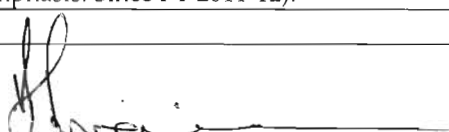


(Pursuant to Clause 31(a) of the Listing Agreement)

1.	Name of the Company	Setco Automotive Limited
2.	Annual financial statements for the year ended	March 31, 2015
3.	Type of audit observation	Matter of emphasis
4.	Frequency of observation	<p>In case of Standalone accounts: Trade Payables, Trade Receivables & other Debit / Credit Balances are subject to reconciliation and/or confirmation. (Matter of Emphasis: Since FY 2003-04).</p> <p>In case of consolidated accounts:</p> <p>(a) In respect of Holding Company, Trade Payables, Trade Receivables & other Debit / Credit Balances are subject to reconciliation and/or confirmation. In respect of Indian Subsidiary Company, Trade Payables, Creditors for Capital Expenditure and Capital Advances are subject to reconciliation and/or confirmation. (Matter of Emphasis : from current FY 2014-15)</p> <p>(b) Disclosures in respect of Materials & Components Consumption, Inventories, Deferred Tax Liabilities, 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 wholly owned ultimate foreign subsidiaries. (Matter of Emphasis: Since FY 2010-11).</p> <p>(c) In forming opinion on the consolidated financial statements, the auditors have relied upon management's presentation & classification of amounts as per requirements of Schedule III of the Act in respect of wholly owned ultimate foreign subsidiaries. (Matter of Emphasis: Since FY 2011-12).</p>
5.	Signatures:	


Harish Sheth
Chairman & Managing Director


B. L. Naik
Chairman of the Audit Committee


Vinay Shahane
Chief Financial Officer

For Manesh Mehta & Associates
Chartered Accountants
(Firm Regd. No. 115832W)


(Manesh Mehta)
Partner
M. No. 036032
Date: May 26, 2015
Place: Mumbai



FORM B



(Pursuant to Clause 31(a) of the Listing Agreement)

1.	Name of the Company	Setco Automotive Limited
2.	Annual Consolidated financial statements for the year ended	March 31, 2015
3.	Type of Audit qualification	Qualified
4.	Frequency of qualification	Eighth Year (Qualification since F.Y. 2007-08)
5.	Draw attention to relevant notes in the annual Consolidated financial statements and management response to the qualification in the directors report:	<p>Refer Page 105 of the Annual Report for F.Y. 2014-15:</p> <p>Qualification:</p> <p><i>In the absence of relevant information in the accounts of wholly owned ultimate foreign subsidiaries of the Holding company, about the stocks lying with the said 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" specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (Refer Note No. 29(ii) – "Notes forming part of Financial Statements"). This matter was also qualified in our report on consolidated financial statements for the year ended 31st March, 2014.</i></p> <p>Refer Page 39 of the Annual Report for F.Y.2014-15:</p> <p>Directors' Comments on Auditors' Qualification in Consolidated Auditors' Report:</p> <p>Page 39 of the Annual Report provides management response on the qualified opinion. It is stated that in view of the accounting method followed at the subsidiaries, it was very difficult / not possible to segregate the stock from different sources and work out its valuation. However, the steps are being taken to modify the accounting software 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.</p>
6.	Additional comments from the board/audit committee chair:	The Subsidiaries have initiated steps to modify current accounting software to facilitate extraction of relevant information which in turn would pave the way for necessary compliance of the Accounting Standard-21.
7.	Signatures:	

Harish Sheth

Chairman & Managing Director

B. L. Naik

Chairman of the Audit Committee

For Manesh Mehta & Associates

Chartered Accountants

(Firm Regd. No. 115832W)

(Manesh Mehta)

Partner

M. No. 036032

Date: May 26, 2015

Place: Mumbai

Vinay Shahane

Chief Financial Officer



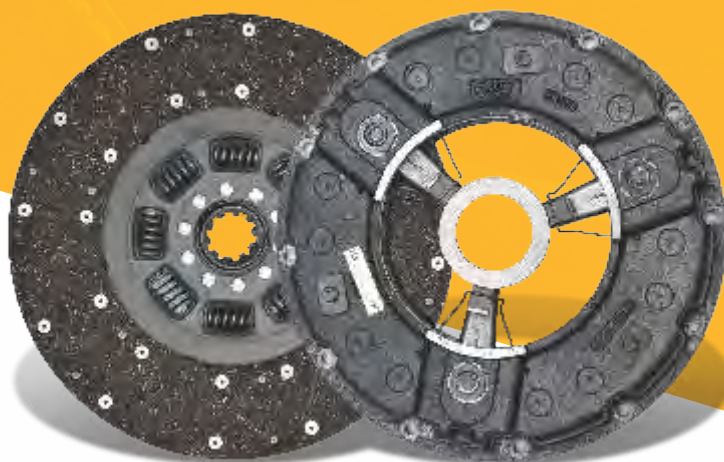


**CLUTCH YOU BUY
CLUTCH WE RACE**



**32nd
ANNUAL REPORT
2014-15**

32nd ANNUAL REPORT 2014-15





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 the Company or its business are intended to identify such forward-looking statements, which 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.

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Clutch You Buy Clutch We Race

**“A river cuts through rock, not because of its power,
but because of its perseverance.”**

The world of Setco is not merely a manufacturing house of clutches – it is a powerhouse of mechanics, where the best of engineering acumen works in unison and in synergy to usher in an era of manufacturing innovations. The Setco story is one of perseverance and quick evolution.

Vision

To be a market leading brand in our chosen sphere of work with quality products and services, cost effective manufacturing, state-of-the-art technology and environment friendly practices, creating value for our stakeholders.

Mission

“To be the preferred clutch of choice in 1 out of 3 commercial vehicles and 1 out of 5 farm tractors globally”

Values

- **Excellence**
- **Integrity**
- **Team Spirit**
- **Customer Focus**
- **Environmental Consciousness**



Corporate Information

Board of Directors

Harish Sheth,

Chairman & Managing Director

Udit Sheth, Joint Managing Director

Shveta Vakil - Executive Director

Urja Shah - Additional Director

Arun Arora

Ashok Jha

Bhalchandra Naik

Pratap Merchant

Suhasini Sathe - Independent 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

32nd Annual General Meeting

Date : 28th September, 2015

Day : Monday

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

Registered Office

Vadodara-Godhra Highway

Kalol, District: Panchmahal

Pin Code – 389 330

Gujarat, India

Website: www.setcoauto.com

CIN: L35999GJ1982PLC005203

Corporate Office

2A, Film Centre Building, Ground Floor

68, Tardeo Road, Mumbai – 400 034

Maharashtra, India

Subsidiaries & Manufacturing Units

Setco India

(1) Vadodara Godhra Highway, Kalol,

Dist. Panchmahal, Pin Code 389 330, Gujarat

(2) Sitarganj, District Udham Singh Nagar,

Pin Code 262 405, Uttarakhand

Lava Cast Private Limited

Alindra (Village) Vadodra-Godhra Highway,

Kalol (PMS) – 389330, Gujarat, India

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



SETCO Factsheet

- Largest producer of Medium & Heavy Commercial Vehicle (MHCV) Clutches in India
- Among the top 3 manufacturers in the world (by volume)
- Meeting approximately 85% of MHCV OEM Clutch demand in India
- A critical supplier/partner to India's leading commercial vehicle manufacturers such as Ashok Leyland, AMW, Daimler India Commercial Vehicles, Man India, Tata Motors, and Volvo-Eicher Commercial Vehicles

INCORPORATED

In 1982. BSE Listed,
Corporate office at Mumbai, Maharashtra, India

PRODUCTS

Clutch Products & Systems, Hydraulics (pressure converters)
Fully Machined Ferrous Castings





5 MANUFACTURING UNITS ACROSS 3 COUNTRIES

Kalol (Panchmahal), Gujarat, India

Alindra (Panchmahal), Gujarat, India

Sitarganj, Uttarakhand, India

Haslingden, Lancashire, UK

Paris, Tennessee, USA

LISTING INFORMATION

Listed on Bombay Stock Exchange

Stock code: 505075

www.setcoauto.com

OUR STRENGTH

Globally 1600 People



OUR BRANDS

Corporate Brand



CSR Brand



Product Brands



ISO/TS 16949 | ISO 14001
OHSAS 18001 | VDA - 6.3

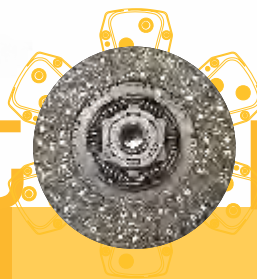
SALES OFFICES

Austria | Mexico | UAE | Serbia



Key

Milestones



1982

- Year of incorporation

1984

- Commercial production

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 National field service network

2004-05

- Crossed Rs. 500 million turnover mark
- Started commercial supply of new age clutches to Ashok Leyland

2005-06

- American FII PE - 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 changes to Setco Automotive Ltd. from Gujarat Setco Clutch Limited
- 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
- Establishment of SETCO Foundation

2007-08





- Setting up of 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

2013-14

- Launched Independent Aftermarket in India
- Launched LCV clutches
- Started doubling capacities in Uttarakhand
- Invested in backward integration

2014-15

- Crossed Rs. 5 billion turnover
- Successfully commercially launched new Diaphragm Spring Manufacturing Facility
- Successfully set up foundry (Lava Cast Pvt. Ltd.) with world class machines. Successful completion of first full year of Independent Aftermarket. Started supplies to new OEMs like Man India and Mahindra Trucks & Buses



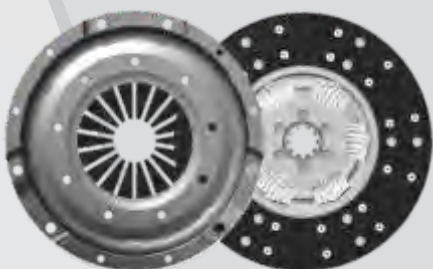
Products At a Glance



15.5 Inch Angular Spring Twin Clutch



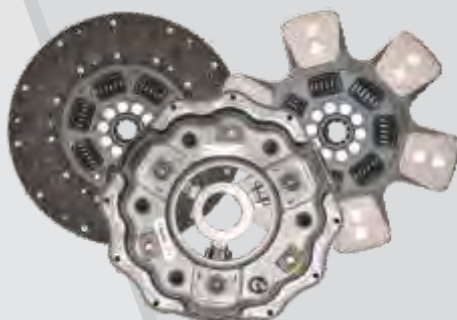
170mm Single Diaphragm Spring



280mm Single Diaphragm Spring



310mm Single Diaphragm Spring



330mm
Single Direct
Pressure Coil Spring



352mm
Single & Twin Direct
Pressure Coil Spring

LIPE Euro
Star Series

LIPE Torque
Star Series

LIPE Eagle
Star Series



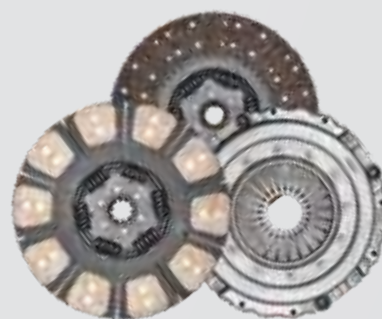
362mm Single Diaphragm Spring



380 mm Single & Twin Direct Pressure Coil Spring



380mm Single Push Coil Spring



395mm Single Push Diaphragm Spring



400mm
Twin Diaphragm Spring



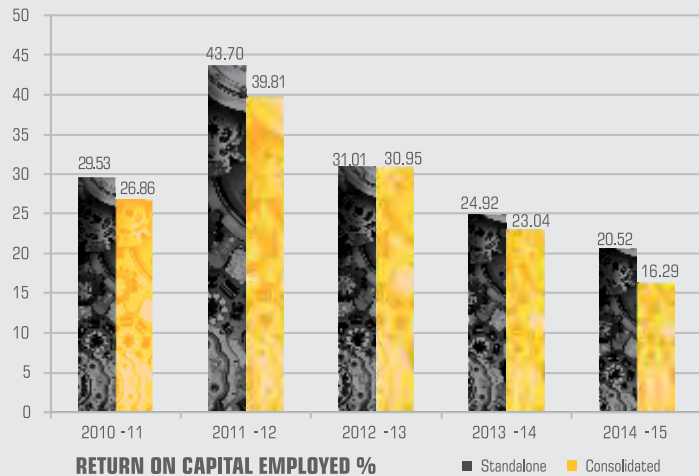
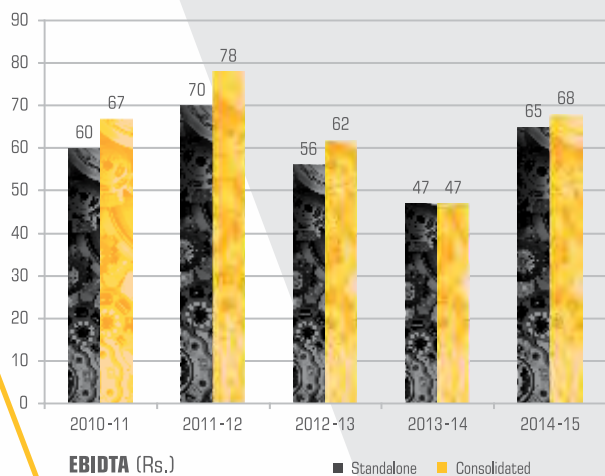
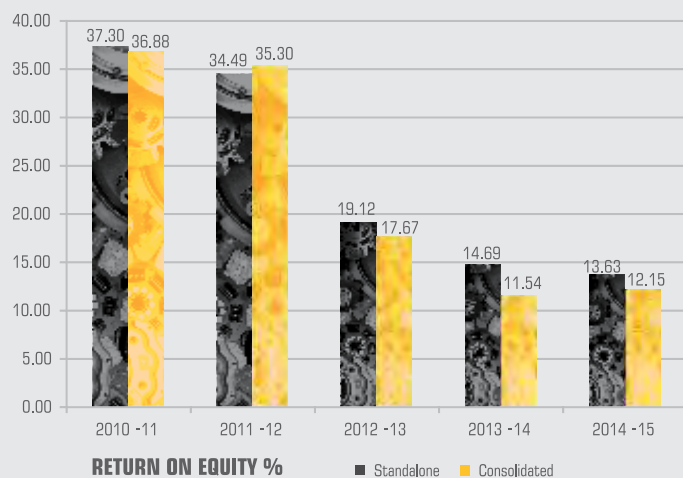
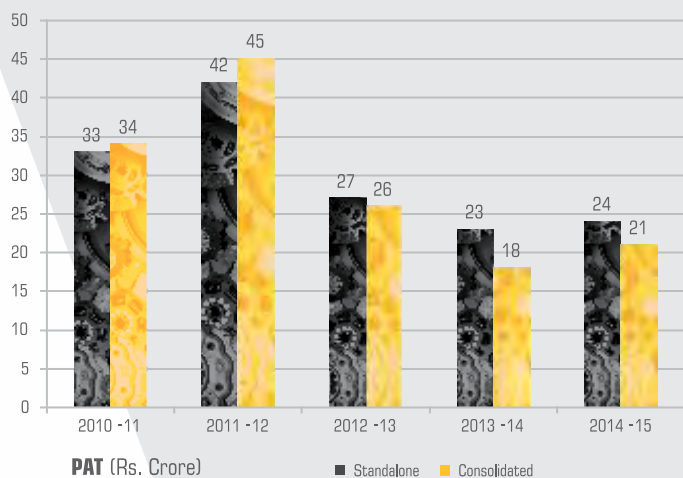
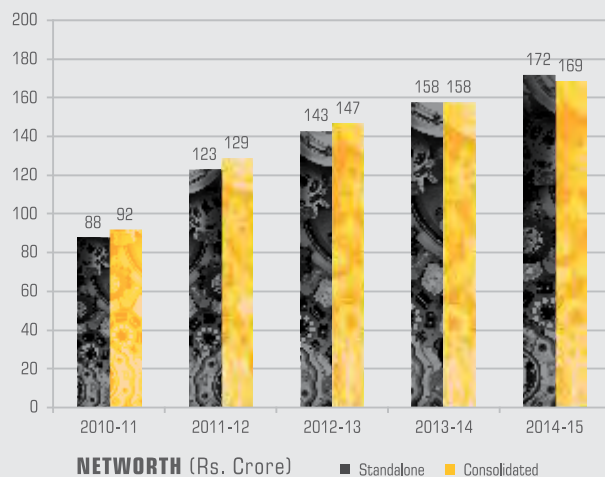
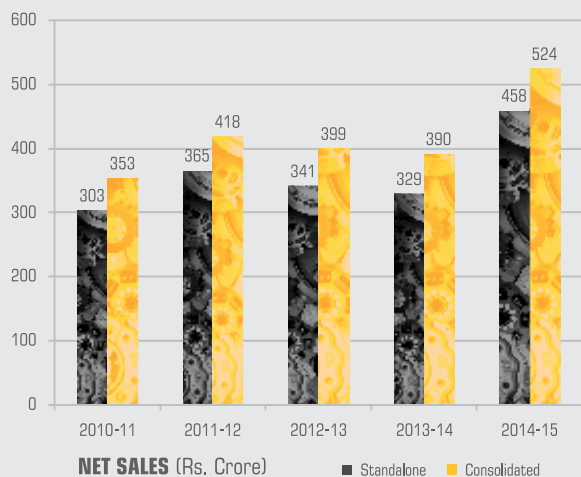
430mm
Single Diaphragm Spring



**Hydraulics
Pressure Converter**

5 Year Financial Snapshots





Total Quality Management



Customers



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

Message from the desk of Chairman and Managing Director



Harish Sheth

Chairman & Managing Director
Setco Automotive Limited

Dear Stakeholder,

The year 2014-15 has been a breakthrough year for your Company. After ensuring stable growth, market focus by segment, and new product development, Setco is ready to launch a strategic plan of enhanced sustained profitable growth. Our endeavor has always been to become a market leading brand: to be the preferred clutch of choice in 1 out of 3 medium & heavy commercial vehicles and 1 out of 5 farm tractors worldwide.

The management team has started to put the implementation program in place to achieve this ambitious project and at the heart of this initiative is a transparent Risk Management exercise. The entire leadership team has committed itself to solve identified risks and remove all roadblocks systematically so that we can compete at the international level. Having gained some market penetration in more than 64 countries worldwide, your Company is now focused on becoming a significant player outside India. With a strong presence in India where we are nominated on every commercial vehicle manufacturer's program,



meeting all global sourcing norms, we are well poised to increase the market share globally. We will ensure that all products and services are upgraded to meet the exacting global performance to meet this objective. The journey has just begun.

In fact Setco's evolution, based on adopting latest technology and compliance norms, presents a progressive growth story. During the year under review, your Company has expanded production capacity at both the manufacturing units in India to deliver an expanded product base including new products and competitive costs. Setco will be increasing its capacity by 30% year-on-year to meet its growth objectives.




To this end, a State-of-the-Art Research and Development Centre has been set up and the Company would continue to increase its R&D spend in future as well. Duly recognized by DSIR (Govt. of India), the R&D center is focused on developing new products for new segments and diverse markets / customers in India and in the overseas markets. Setco is also in the process of investing in rapid prototyping, tool designing and more. We plan to spend around 2% of our revenues on R&D.

The Company has always been focusing on manufacturing engineering processes to ensure time bound improvements and efficiencies.

Company has formed a joint venture subsidiary called M/s. Lava Cast Pvt. Ltd. with M/s Lingotes Especiales, Spain. It will set up a casting foundry with fully integrated machine shop at a total cost of Rs. 182 crores and annual production capacity of 30,000 MT. It will provide benefits of superior quality, assured supplies and cost reduction to the Company. In addition, the subsidiary will also cater to demand from global and Indian players.

The growth outlook for the Company appears buoyant and in sync with growth projections of the global automobile and auto-component industries. We have recently invested in a diaphragm spring manufacturing facility, which will ensure that it is vertically integrated for technology and cost competitiveness. This line was set up with an approximate cost of Rs. 20 crore. This will be import substitution.

From a market perspective, our foray into the independent aftermarket business has paid good dividend. The strategic decision that your Company took enabled it to realize growth in the 1st full year of operation itself. From an OEM perspective, Setco today is the preferred source of MHCV clutches for all leading brands of CV manufacturers in India such as Asia



Motor Works, Ashok Leyland, Daimler India, Mahindra Trucks, MAN India, Tata Motors, Vectra, Volvo Eicher and more. Even Farm Tractor OEMs have reached out to Setco.

New markets, segments and products will lead to a boost in Setco's revenue growth as compared to its previous growth trends. This has been possible through technological, innovative breakthroughs and cutting edge models, which have enabled your Company to earn a leadership position.

The year 2014 saw some of the predictions of the Hub-and-Spoke model come partially true. To support the theory of MHCV gaining better proportion in overall commercial vehicle segment data shows that in FY 13-14 LCV contributed 69% of production and MHCV contributed 31%. In FY 14-15 MHCV increased to 38%. Thus the demand and usage of MHCV vehicles is rapidly increasing. Being a leader in the MHCV segment, Setco enjoys better prospects and realization.

According to ICRA report, Commercial Vehicles volumes, which were at 0.7 million in 2015 are expected to grow more than 5 times at 3.9 million over the next decade (CAGR of 16.9%) and will be second largest manufacturer in the world.

According to industry sources, turnover of the Indian auto component sector stood at USD 35.1 billion in FY2013-14 and the industry is expected to reach USD 115 billion by FY2020-21. While statistics have always sided with your Company's core competencies in terms of market performance and growth aspiration, it is the fundamental urge to excel that has compelled us to evolve and reach out to the market 'on time'. It reflects the fact that your Company excels at export competitiveness and believes in the core ethos of Make In India through market strategy and strategic alliances.

With an increased focus on human capital management, customer focus, technology and manufacturing excellence. your Company is investing for tomorrow. These efforts have been recognized during the year by the prestigious Inc. India 500, 2014 rankings where Setco was accorded the 147th rank in the list of 500 fastest growing mid-sized Companies in India.



But apart from profits and growth your Company has always believed in being responsible towards the communities it works in and with. Continuing long term efforts towards social upliftment, Setco has never looked back when it comes to its Corporate Social Responsibility (CSR). With 5% of net profits going towards child development, women's empowerment and education, the Setco Foundation has achieved remarkable statistical progress and will endeavor to reach out to more and more communities in the future. Today, with more than 10 anganwadis covering 1800 children and many programs from health to self-defense, the Setco Foundation has been focusing greatly on ensuring real and meaningful development. We are proud to be appreciated for these efforts by the Government of Gujarat which is trying to replicate our model across the state. This also finds mention in a book titled "Small but meaningful: CSR in practice" that was released by the Hon' Chief Minister of Gujarat.

Finally, your Company thanks its employees, directors, advisors and most importantly its shareholders for their continued faith in our story. We will continue to strive towards our collective growth aspirations. I would like to end this note with one of my favorite quotes, "A river cuts through rock, not because of its power, but because of its perseverance." Your Company has grown by leaps and bounds and we will persevere to build better products with a strong customer focus that will continue to grow the Setco Brand globally.

Harish Sheth

Chairman & Managing Director
Setco Automotive Limited



The anatomy of Customer Service

Understanding & servicing customer needs – OEMs, retailers, mechanics, drivers – has been the axis around which the core team of Setco works. Each and every clutch has a specific utility and is designed and manufactured with a unique end use where Setco ensures complete lifecycle service to each and every customer.

Prudent Product Diagnostics

While strategic service management has been key at Setco, a sound knowledge of the Setco product portfolio and a step-by-step hands-on guidance on acquiring the product knowledge through practical analysis, enables our field service personnel provide need based and value enhancing servicing within 24 hours of customer calls in not immediate. The service value chain at Setco doesn't merely stop at the service station. It extends beyond.

The annual training sessions are a means to ensuring maximum knowledge of our range of products. Various knowledge imparting training sessions conducted in the past at the OEMs, OE Spares as well as into the Independent After-Market not only enabled us create more brand awareness of our products, but also led to achieving an optimized product performance. The Setco service repertoire includes providing on-the-job training on our products to some of the high value end users like various State Transport Corporations, Government Organizations, Defense Organizations and private service stations/garages.



The Hands-On Guide

Total Number of Training Sessions in 2014-15	155
Total Candidates Trained in 2014-15	2676
Categories of Organisations	Dealers, Defense, Fleet Customers, Government Organisations (STU/ City Transport)

The Service Alacrity

In line with our philosophy of 'The Clutch You Buy is The Clutch We Race', team Setco ensures a $\pi\pi 2$ approach. A well-equipped team with sound product as well as application wisdom relentlessly strives to provide in time service and reach out to the customer within 24 hours of intimation. The 24X7 connectivity and 'within an e-reach' online customer-service portal interface enables our personnel generate quick responses to product related queries and issues.

The Setco Powerhouse

Apart from analyzing optimization of services and evaluating performance-based solutions, our Service Engineers shoulder the responsibility to act like a transparent interface between the end users and the Company. Not only does the adept team of Setco Service Engineers extrapolate and evaluate systems data to identify key problem areas, the team also acts like a nucleus of customer and the market feedback about our products, from where optimization service and product solutions can be derived at.

Adding more value to the Service basket is the biennial Service Meet, which transforms itself into a repository of customer feedback and market knowledge.

In value we trust

The attention to details, emphasis on the need for optimized product services and a focused approach to realize maximum customer satisfaction makes Setco a brand of utmost value. Value based services are what Setco considers sacrosanct, which keep the customer at the center of their universe.



Value creation through Intellectual Capital

Human capital has always been central to the SETCO growth trajectory. For us, the intellectual value chain has always been a cherished and valuable asset, making the Company proud of its endeavors. A vibrant and progressive intellectual capital drives the centres of engineering excellence at SETCO. The Company's core reflects a group of well-qualified and experienced professionals being inducted from the Industry in various business functions across hierarchy levels, in addition to talent induction at the beginners level.

Putting People First

At the center of the manufacturing excellence rests the core value system of SETCO human capital, which believes in putting people first. The people driven Company, gains its competitive advantage by deriving models of intellectual excellence by adhering to international parameters.

With safety of employees being paramount to the Company's interest, various initiatives were spearheaded during the fiscal of 2014-15. These include several efforts for continual upgradation of safety standards viz. formulation of a Safety Policy, Mock Drill, On Job Training, Safety Induction and Training on Behavior Based Safety.

Creating Value Through Skill Enhancement

As a natural progression to the Training and Development value chain, a series of training programs marked the advent of skill enhancement and increased efficiency at the work place. Carrying forward the skill development calendar, the 2014-15 fiscal saw Setco initiate 130 thought empowering behavioural and technical/functional training programs involving both external agencies as well as internal faculty for its workforce, across all hierarchies.

Spotting the change leaders in STYLE

Spreading the spirit of leadership among the young think tank through the perspective of Setco's corporate philosophy, led to the launch of a thought empowered initiative

titled "Setco Team's Young Leaders Excellence" Program – STYLE" in 2014-15. The STYLE initiative will see the high performing and high potential individuals metamorphose into leaders in their respective functions by way of engaging, grooming, empowering and skill developing ideas. As a part of the STYLE program, these employees shall be put on an accelerated career progression commensurate with their demonstrated capability and performance at current assignment, assessed potential and appetite for growth.

Building Value Through Core Competence

With a motto of 'change is the new future', we are creating a future-ready organization to meet the current and emerging business challenges. A target of 2.5 man-days of training across manpower categories for 2015-16 (as against 1.77 man-days of training in 2014-15) has been set in order to bridge the capability gaps thus identified.

Nurturing Value By Thought

Encouraging exchange of thoughts and ideas without hierarchical inhibition has always motivated Setco employees to share value enhancing feedback. The suggestion scheme "Sujhaav – Ek naye kal ke liye....." undertaken at the beginning of 2014-15 was a step towards creating a value chain that will come up with empowered ideas. The initiative received 456 suggestions on March 31, 2015 from both Kalol and Sitarganj Plants

Powering Processes

Creating a process pool that is feasible and hands-on has always made the Team HR take thought enabling initiatives. Successful implementation of the Cloud based HR Automation system added more value to the employee-friendly approach at Setco. The streamlined HRIS System "EazeWork" enables easy & quick access for Employee Information, Attendance, Leave, Performance Management System, Tours, Administering various Internal Surveys, etc.



Investing in future Capabilities

Fostering innovation and making an impact through world-class technology are Setco's Manufacturing and Research & Development Capabilities. The four manufacturing facilities of Setco strategically located not only provide the geographic location advantage, but are also considered hubs of micro and macro level product, process and technology innovations where the theory of mechanics finds a practically applicable host.

Innovating the Mechanics of Materials

The magic wand of innovative product and process derivatives has been the cornerstone of Setco's R&D endeavors. What makes the R & D facility of Setco unique is the way the powerhouse of knowledge and engineering wisdom converges every factor of performance, cost, testing modules, design efficiency, technological innovation and quality assurance to offer a completely viable solution to the industry specific needs.

Mechanics of Innovation

The continual focus on perfecting the manufacturing processes and bringing in synergy across all the lines enabled us with a Year On Year production growth of 35%. The 360 degree approach to deriving the perfect performance based equation enabled the reduction of OE customer complaints to 50 %. With the growth rate expected to reach around 17% CAGR, in the next 5 years, there is scope for more product innovations.

Winning Confidence Through Quality Control

Conforming to the global standards of high quality products and processes enabled Setco gain an edge in the market. At Setco, we fully understand that the road to success is only achieved through 100 % focus on quality assurance. Our QA endeavors ensured we win the market confidence and lead by example. In sync with our group philosophy of

endeavour constantly, the efforts undertaken to improve quality have been sustained over last three years. Plants continued to be TS/OHSAS/EMS certified. Adding more value to our existing endeavours to adhere to quality standards is our VDA 6.3 certified plant at Kalol. Adding another feather to our QA cap is the citation at the VEV Vendor Meet wherein VECV adjudged our efforts by recognizing with best system supplier citation.

The Tech Edge

Heralding a new chapter in the diaphragm manufacturing technology, Setco commissioned the diaphragm production plant (the parts are imported so far) as a means of backward integration. The plant makes us the only clutch Company in India to have the technology of diaphragm manufacturing.



2014-15 has been another productive year for the Engineering Department at Setco Automotive (UK) Ltd. Development of significant new products and technologies in support of the global Setco group have included the following:

- Design of a 310mm single and twin-plate tractor clutch to allow Setco to move into this new market sector
- Design and product ionisation of a new range of Class 7/8 vehicle clutch products to allow potentially significant growth into the North American Aftermarket
- The use of 3D printing technologies to reduce lead-times and costs of new product development projects, tooling and fixtures





New Product Development and Innovation

- 15.5" Angular Spring Design for USA market- Manual adjusting type Clutch that maintains uniform clamp load and constant pedal effort
- Release Bearing Assembly – Self centering type assembly that takes care of misalignment of the system and is capable of working at higher temperature
- 430mm Clutch – Developed clutch for high powered engine Innovation
- Designing of Disc Assembly – To reduce the weight, enable reducing inertia, enable increasing synchro cone life
- Designing of clutch for increasing the disc life
- Apart from the above, the Company is focusing on FES as well as LCV markets.
- Accordingly focus on NVH for meeting global environment standards is also becoming important.

The Recipe of Partnering Success

The last decade, in particular, added a lot of impetus to Setco's R&D endeavors and its aspirations to drive the wheels of innovations. A focused approach to continual design developments and using the latest product lifecycle evaluation technologies, enabled us redefine the cutting edge in clutch manufacturing technology and systems.

Adapting to the market need with alacrity and reaching the market in-time with need specific product design has catapulted us to the top gear and helped us garner the OE supplier status with premier customers like, MAN, Kamaz and Bharat Benz.

Foraying into the new markets with new products has been driving the chariot of innovation and the cutting edge at our R&D hub. Entering into the LCV (Light Commercial Vehicle) market segment with lower clutch size has once again set an example in the industry of our relentless pursuit to innovate with products, processes, technology and

applications. Our initiative to foray into the Farm Tractor market has our R & D think tank develop and model future forward farm tractor clutches which we intend to launch soon.

Other product development initiatives include both pull-type and push-type Disc and Cover Assemblies developed for domestic customers like Tata Motors, Ashok Leyland, Eicher Motors, Asia Motors, Daimler India, MAN, M&M and Foton Motors. Our R&D initiatives also include Release Bearing Assemblies.

For the overseas market, we have developed Disc and Cover Assemblies for Volvo, Mercedes, Scania, Man and DAF. We are making continual improvements in products that are among the fastest moving abroad – Organic Disc and Diaphragm Push Type Clutch Assemblies.

Redefining the Science of Metallurgy

Continual research on the properties of material and field testing modules have ensured Setco set a market example by introducing products with lower material weight, greater durability and smoother clutch engagements. Our branded clutches score an ace in the market as a result of field trials across India, Europe, USA and Africa for different operating environments.

In sync with the changing global parameters for the automobile industry, which directly impacts the auto component industry standards, our R & D wings at UK and India, have been re-innovating and packaging comprehensive performance enhancing clutch systems that are compliant with global competency standards.



Thinking Local: The Domestic Market

OE Business : Foundation Of Success:

The Company continues to strengthen its OE footprint in the domestic market. During the year, the Company added two new customers Mahindra Trucks and Buses and MAN India. Both these wins were based on the ability of your Company to offer better solutions at competitive prices to the OE customer. With this, all Indian manufactures are now our customers and we have a combined Market share of close to 90% in the M & HCV segment and we are a single source to most of the customers.

These wins have to be seen in the backdrop of the downward trend in OE vehicle production since 2012-13. Since the cycle has finally reversed in H2 of last year, Setco is well geared to exploit the benefit of a growing OE Industry during the growth phase of next 3-4 years.

OES Business: Building Customer Loyalty

Your Company continues to be the sole supplier for all the OES requirements sold by the OE customers through their network. The Company has a value added model, where our OES customers are given over 98% fill rates in 3 days of ordering. This ensures better uptime of vehicles and lower inventory carrying costs for our customers. The value added package includes retail packaging, service and logistics support wherever required.

Independent After Market: The Growth Driver

Your Company made a modest start to selling the products in the LIPE brand to cater to older vehicles in second half of 2013 -14. During the year under review, the focus continued to reach out to the target segment and build brand awareness on LIPE clutches.

This is a strategic initiative to implement our "Lipe for Life" philosophy. In this Cradle to Grave model, we endeavor to offer & service all clutch requirements starting from the production of a truck over its entire life cycle estimated at 15 years. As the truck changes ownership during this journey and the requirements of older truck

owners could be distinctly different from those of new truck owners, Setco has a product to offer for each of these life stages.

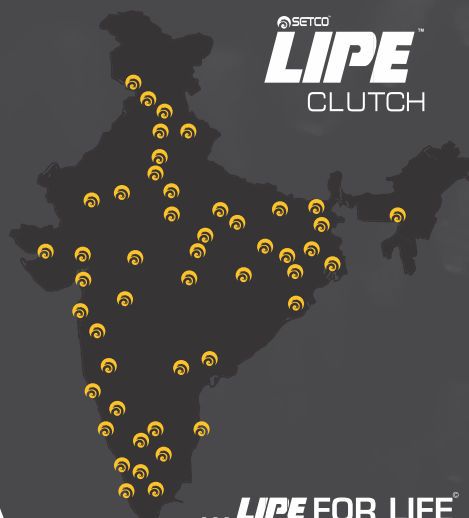
A series of initiatives and a widened and strategically placed network enabled our star brand LIPE, strengthen its brand equity as the clutch of choice in the market. The Company put in place its own pan-India network of distributors to serve multi-brand spare stores. Currently, Setco's Independent Aftermarket strength comprises of 23 distributors and 47 branches spread across all states in the country. These channel partners are dedicated to selling only the LIPE brand of clutches through over 3000 multi-brand spare part dealers spread across the length and breadth of the country. We have plans of improving the penetration of the network further in the coming years. With these initiatives Setco garnered over 12% of the aftermarket share in its own brand within 18 months of a phased launch. The Brand should continue to grow at 2 times the market growth rate of 12% in the next few years.

TRAILBLAZERS

Winning Together, Growing together:

In order to boost the sales and brand awareness of LIPE clutches a series of conclaves and sessions were organized with various business stakeholders.

For the Independent After market, an annual sales conference 2014-15 was held on April 4, 2014 to take stock of the progress since the brand launch & finalize the strategy to further its sales growth. Strategically identifying areas of potential performance and analyzing the existing success stories took the center stage during the conference, which focused on a comprehensive and 360 degree roadmap for performance and growth benchmarking. During discussions & brainstorming sessions, ideas were converted to strategic initiatives which would be progressively implemented in a time bound manner to further grow the acceptance of brand LIPE.



SETCO
LIPE
CLUTCH

... **LIPE FOR LIFE**

North: • Gurgaon • Solan • Delhi • Jammu • Jalandhar
• Chandigarh • Agra • Lucknow • Varanasi • Dehradun
• Jodhpur • Jaipur

East: • Kolkata • Asansol • Siliguri • Guwahati
• Cuttack • Patna • Purnea • Jamshedpur • Dhanbad • Ranchi

West: • Mumbai • Nagpur • Pune • Kolhapur • Rajkot • Ahmedabad
• Surat • Gandhidham • Indore • Satna • Katni • Gwalior • Raipur

South: • Chennai • Salem • Madurai • Coimbatore • Hyderabad
• Vijayawada • Bangalore • Hubli • Mangalore • Kochi • Calicut





This was followed by a Channel Conference at Goa, focused on celebrating the success of building a strong and an effective Network in 180 & evaluating and analyzing the Market Opportunity and Challenge & plan for the year 2014-15. Detailed Macro and Micro market strategies were discussed and finalized and each Channel partner had a business plan to be implemented during the year to Grow the brand sales and brand equity .

Potential mapping, Market & Segment Analysis, Competition Analysis, SWOT & Strategic initiatives to gain volumes and Market share with a detailed break up at part level for achieving the targets were the outcomes of this conference.

Thrust Booster

As the Company kept on adding to its repertoire world-renowned OEM clients like Daimler India Commercial Vehicles and MAN, for whom Setco is the sole supplier, our foray into the LCV (Light Commercial Vehicle) and ICV (Intermediate Commercial Vehicle) space has us supplying to OEMs like Tata Ace and Ashok Leyland Boss.

Clutch Racing

Setco continued to be the clutch technology partner for the Prestigious Tata Prima T1 racing event for second year in a row. Each of the 12 big monsters in the race used a standard Production Series Setco's 17"/430mm LIPE Clutch as a standard fitment. The 12 trucks split into 6 teams of 2 trucks each, raced over two days on the F1 Gautam Buddh Circuit.

Your Company is the co-owner of one of the team in the racing event: "Allied Partners ". Your team & our two trucks finished first Runner up and fourth in the race. Of course, the credit for the win is also due to the drivers whose skill in driving the trucks at 120km/ hour was a sight to behold. The testimony of our product was that over two years all the 12 trucks have had no clutch problem or breakdown during the race. Our design engineers have analyzed the life of clutch after the race and vouch that it is good for use even next year!

The Allied Partners, the winning team, co-owned by Setco Automotive and Tata Motors Finance, featured renowned International truck drivers – Steve Thomas and Chris Levett. Both drivers clocked impressive times on the circuit.

The racing platform is a big brand differentiator for LIPE. We are planning to run the tagline " Clutch you Buy, Clutch we Race " to highlight this differentiator.



Setco Spectrum: Aligning with the global top gear

The world of top gear has already witnessed Setco create an indelible impact with its high performance and zero-error clutches made using precision technology. Taking the Indian dream of offering the most efficient clutch systems in the most economically feasible manner to the end users worldwide, Setco gave shape to its new product development aspirations through its UK facility. Setco Automotive UK Limited delivers to the corporation role of development for New Product Groups and Individual Series Product designs. The aim of the Business Unit is to focus on the alignment of products with the very latest European OE vehicle manufacturers' requirements.

Gearing up for the Next-gen Technology

The advent of new benchmarking and technological advances has had its share of impact on the global auto component industry. As a natural outcome, the spillover effect could also be felt on the transmissions and steering segment. The year 2014 saw the introduction of the Euro 6 emission legislations by the European Commission, forcing the introduction of a new generation of truck technologies for all new commercial vehicles sold within Europe. This brought new requirements and expectations of the clutch system, including higher torque capacities, more stringent vibration damping capabilities and increased application to automated manual transmissions. Setco, ably and adeptly, responded to the newly arisen need and competency by introducing a new range of high torque clutches, capable of meeting the requirements of Euro 6 vehicles.

The Leap Forward

Fathoming the Western European market during the financial year has been the most laudable breakthrough that Setco's UK wing decoded with triumph. Setco UK has enjoyed significant growth into Western Europe during 2014-15, particularly, Italy, Spain and France. The triumvirate countries were previously considered to be mature markets and hence, tough territories for introducing a relatively unknown clutch brand. These barriers have however been overcome due to the competitive pricing that LIPE clutch can offer whilst maintaining the quality, service and life expectations of the OE competitor brands.

Manufacturing Excellence

A joint venture between Setco Automotive Ltd (The Number 1 M&HCV Clutch manufacturer in India) and Lingotes Especiales S.A., (a leading Ferrous Iron manufacturer in Spain, Europe), Lava Cast Pvt. Ltd. is a Setco Group Company engaged in the manufacturing of Grey and SG Cast Iron fully machined components for both Commercial and Passenger vehicle segment.

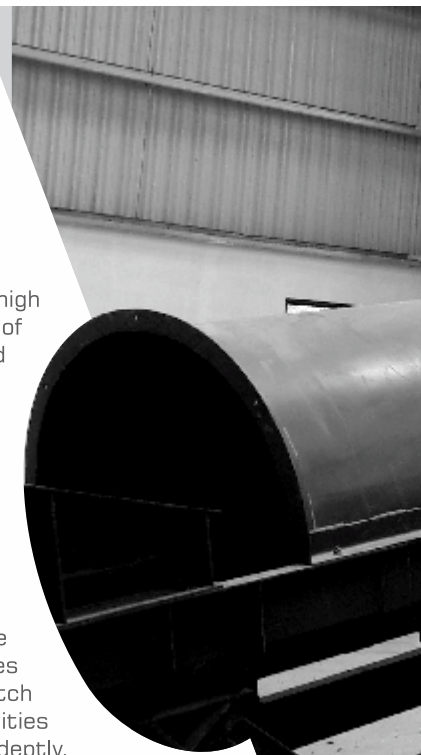
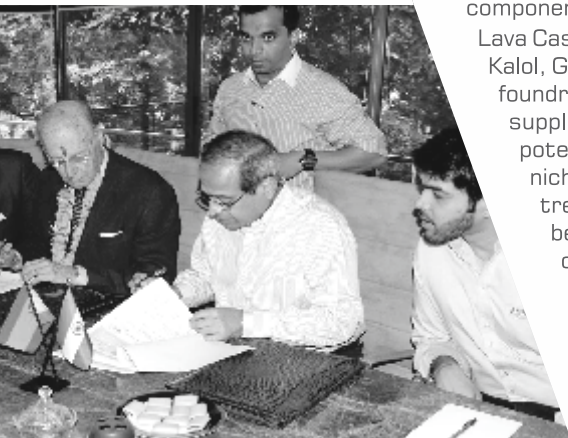
Lava Cast Pvt. Ltd. has set up a state of the art automated, fully machined Ferrous Iron Foundry at Kalol, Gujarat, with an installed capacity of 29,000 Tonnes per annum. The World class Lava Cast foundry is the next step in our vision which will make Setco Automotive the preferred OEM supplier/ partner globally. The Indian foundry market currently holds great promise and has the potential to emerge as a key global export hub. With Lava Cast, Setco is looking to create a niche in this market with a world class fully machined casting set up, which will add tremendous value. With the support of Lingotes Especiales, Lava Cast is confident of becoming a reliable Company meeting global quality standards. Setco will also off take the castings for its own captive consumption.

Strategic Integration

Adapting to the changing auto component dynamics and spotting new opportunities that would enable a promising growth in the future, Setco took the strategic decision to opt for backward integration. Thus was born Lava Cast, the future ready brand with a potential to leverage the existing brand equity of the Company.

Lava Cast Pvt. Ltd. is the backward integration project of Setco Automotive Ltd. for manufacture of high quality automotive grade fully finished ferrous components. Setco with a current market share of 85% - 90%, is the preferred OE supplier to almost all the commercial vehicle manufacturers in India – Tata Motors, Ashok Leyland, Daimler India, Volvo Eicher, MAN, AMW, Mahindra & Mahindra to name a few.

The Casting manufacturing facility has been set up as a joint venture in technical collaboration with Lingotes Especiales SA of Spain, which was established in 1968 and is one of the leading Ferrous Iron manufacturer in Europe. Having an





installed capacity of 170,000 Tonnes per annum of both Grey Iron and SG Iron, Lingotes is OE supplier of casting components to some of the biggest names in the automobile industry - GM, Ford, Fiat, Volkswagen, Renault, Peugeot Citroen, Deutz, TRW, John Deere, ZF Sachs, Valeo amongst others. Lava Cast will produce high quality fully machined Ferrous Iron components for in-house requirement of Setco Automotive for its Clutch Cover, Pressure Plate, Release Bearing Housings as well as to meet external customers requirement for Brake Disc, Brake Drum, Brake Caliper, Turbo Housing, Engine Bearing Cap, Exhaust Manifold, Flywheel, Steering Knuckle and many such components.

Aftermarket Exports:

Europe& Americas:

Setco has been working to have a comprehensive portfolio for the aftermarket M&HCV clutches across the globe. Your Company has further strengthened the portfolio during the year by adding key product sizes in its European truck after market range. We have also developed a range of products suitable for American M&HCV trucks which are being currently field tested. Setco expects to launch these in US & other markets progressively starting from last quarter of next year. We are looking aggressively to have international business to contribute to at least 1/4 of our future revenues.

Middle East & Africa (MEA):

These markets have a mix of European, Indian & Japanese trucks. Setco has successfully established its brand against the market leaders for the European make of trucks in all the major markets of the region. Market seeding and fitment trials for benchmarking life and performance have been very successful. This segment is poised to takeoff in the coming years. Your Company's brand leadership in India, ensures that LIPE is the preferred brand for Indian make trucks sold anywhere in the world. We have a plan to develop products for Japanese products to complete our portfolio in next 3 years. Setco participated in the major after market trade exhibitions in these geographies to showcase its brand and product range.

Impactful Global First Steps:

Setco continues to leverage its overseas subsidiaries in UK and USA to generate leads for breaking into the OE fitment market in these developed markets. The progress is very encouraging and we expect to make headway in the next 2 years in this initiative. Besides being a step change in brand equity and image, this opportunity keeps us abreast with the future requirements of our customers & prepares us in advance to meet any challenges in our domestic market. Based on business wins, your Company would be exploring the opening of assembly units in couple of these markets to service the OE as well as the aftermarket demand better.

The Human Touch



In the wake of the need to create a positive impact through various human interest initiatives, Setco spearheads its community enhancement activities under the aegis of the Setco Foundation. The Foundation strives to provide a conducive, healthy and safe ecosystem - especially for rural women and children. Created in 2007, the Foundation is well funded with 5% of the Company's net profits, against the mandatory 2%. With a motto to introduce the best social practices and creating opportunities for the needy, Setco Foundation has endeavored to spread the warmth of care, support and revival by providing effective and partial means of self-sufficiency..

The Powerhouse of Social Change: Nandghar Project

Setco Foundation works alongside and supports the efforts of Integrated Children Development Scheme (ICDS) and Government anganwadis because we believe that both Scale and Impact can be achieved by Public Private Partnerships. Christened the Nandghar Project, our anganwadi program derives its core philosophy from the belief in the right to live healthy and lead a disease free life. Thus, a gamut of healthcare initiatives that enable birth of healthy babies, ensure disease-free childhood sans malnourishment, focus on healthy mothers and the overall healthcare attention of women and children.

Empowering the Human Value Chain

Catering to the needs of over 1,200 children and 250 women are our anganwadis, which act like powerhouses of support systems to women and children. Adding value and touching lives of people is the capacity building and training program for anganwadis and health workers. Focus on wholesome nutrition on a

daily basis, facilitating regular medical check ups, supplementary nutrition for expectant and nursing mothers, educational workshops for mothers, families and adolescent girls to understand nutrition and its impact on physical and mental development form the core of the nutrition and health drive.

One of the most noble accomplishments, the Kishori program, enables us to reach out to adolescent girls to impart knowledge for better health, sex education and nutritional knowledge.

Igniting Minds

With an aim to make our anganwadi children academically ready, an educational initiative, ECD (Early Childhood Development Programme) program in consultation with UNICEF and MSU (Maharaja Sayajirao University) experts has been developed. A replicable and scalable pre-school education system for children in the 3-6 age group with clear and simple evaluation procedures, the program aims to nurture the little geniuses within.

Leading by example, Nandghar drew a lot of global attention. The health and nutrition drive inspired our Austrian vendor MIBA Austria, too, lent a helping hand to the Nandghar model of learning and development. The anganwadi attracts support from all corners of the society, which enables it to spread the word of change.

Learning by Example

The Learning Support Service is a means to curb dropouts at the primary level. Besides providing every employee's child with a school fee subsidy, along with textbooks and school supplies, we also provide free daily tutitions for



students from standard 1-7, especially for our anganwadi children studying in government schools. Scholarships for the meritorious and cash incentives for girls upon successful completion of schooling for higher education further our motto for a better education ecosystem.

With a focus on promoting equal opportunity in higher education, we render our unconditional support of the Primary Teacher Training Institute at Udwarda, Gujarat with 100 tribal girls enrolled as students. As part of our youth upliftment initiative in economically backward regions, we have become an industry-partner to the Industrial Training Institute (ITI), Zalod.

Measures of Change

Imparting life skills, study skills and a practical outlook towards the world around have been three pillars of value creation at Setco Foundation. We understand the need for women to possess the required self-defense, entrepreneurial and managerial skills. Thus, various need-based programs

are designed specifically to enhance the quality of life of women. Most importantly, our economic independence initiatives for women include – organizing training camps on income-earning skills like tailoring, embroidery, painting, mehendi-drawing, rakhi-making, etc.; offering counseling on careers, loans, grants and government schemes benefitting women; providing assistance in securing job-work orders and documentation for start-ups and Self Help Groups (SHGs).

Our income-generation camps carry forward our mission of achieving self-reliance in every woman inducted in the program. Awareness programs include outreach and counseling to address premarital concerns, women specific issues, pregnancy and nutrition. Regular self-defence camps throughout the year conducted by a Mumbai-based martial artist, yearly editions of the eponymous thought provoking interactive movement 'One Billion Rising' movement held in Kalol and change embracing progressive thought workshops for women and girls add more value to the CSR core of Setco Foundation.



Social Empowerment: Key Breakthroughs

Following the CSR philosophy of Care, Support and Revive, Setco Foundation during the year lit up invaluable smiles across many faces. Bringing joy through noble deeds and associating itself with some of the world's cause leaders in societal change and betterment, The Foundation made sure some more lives were enlivened and some social breakthroughs were achieved.

OUTREACH

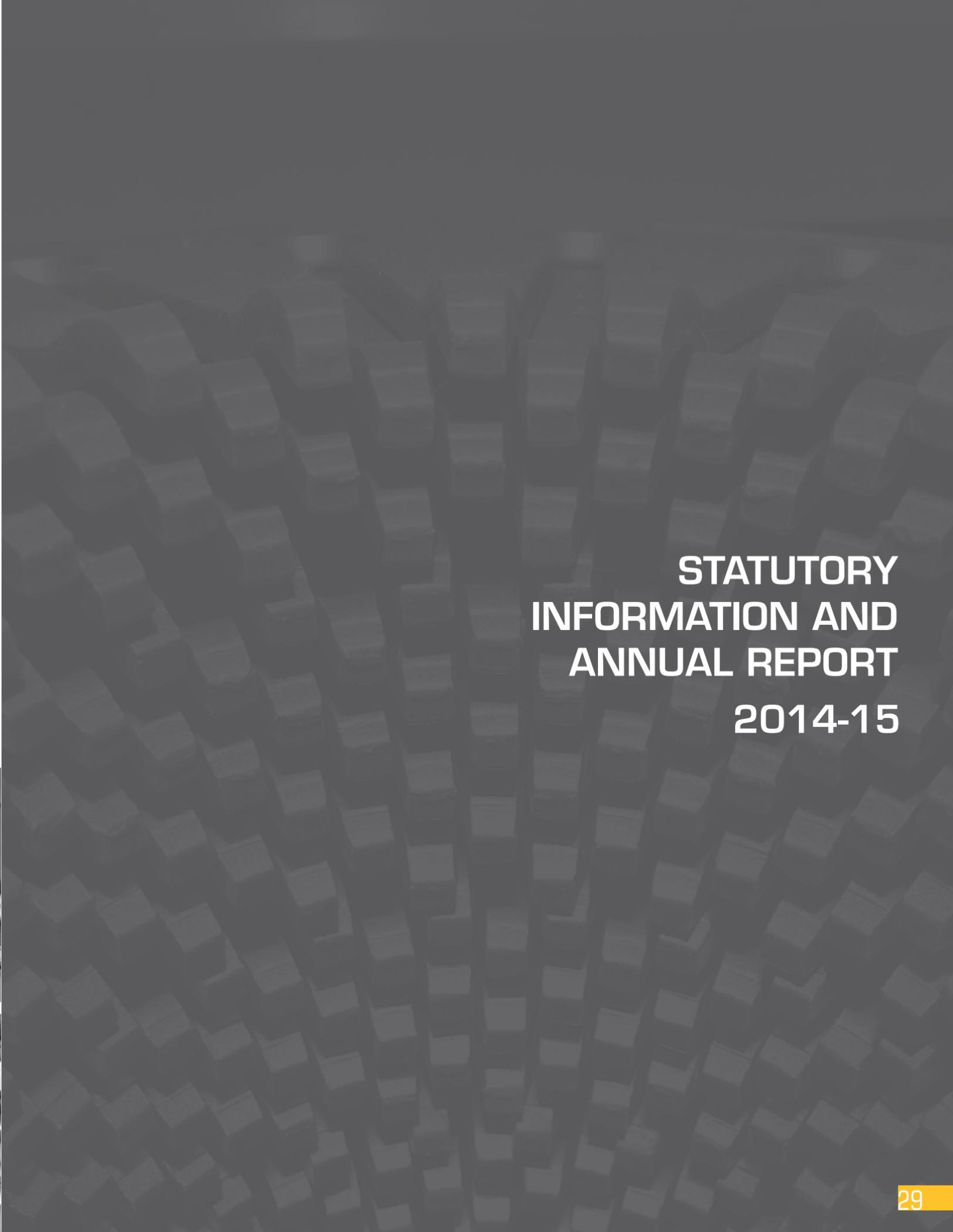
- We have covered 498 children under growth monitoring from 12 AWCs (3-6 years children)
- Covered 438 children under immunization activities (0-3 years children)
- Total 311 children are covered under GMCD (Guide for Monitoring Child Development) process (0-3 years children)
- 238 Pregnant women and 216 Nursing mothers are covered under the ANC (Antenatal care) & PNC (Postnatal care)
- Covered 38 adolescent girls under life skill training
- Covered more than 150 adolescent girls under various health workshops
- We have linkages of 9 women with government scheme to set up businesses
- Covered 67 boys and girls under self-defence programme
- Covered 336 children under pre-school education programme (3-6 years children)
- 168 victim families covered under flood relief work in Kalol in July 2014
- Identified 51 'at risk' mothers (out of 454

Nursing and Pregnant mothers) and referred them to healthcare centres

OUTCOMES

- 3 women have started their own business, earning more than Rs. 3,500/- per month
- Increased regular attendance from registered children – from 50% to 63% (375 children out of 586 registered children in the age group of 3-6 years)
- 90 Children tracked in Green Zone from SAM & MAM during the year (out of the identified 146 children in the age group of 3-6 years)
- 87% children have received immunizations (Out of the 380 children in the age group of 0-3 years)
- 18 highly delayed and risk factor children were identified through GMCD process and referred for treatment. Out of the 18,3 children have reached the regular developmental milestone (children in the age group of 0-3 years)
- 69 out of 84 children have enrolled in the primary school.
- 67 adolescent girls and boys have reached intermediate level in self-defense programme.





**STATUTORY
INFORMATION AND
ANNUAL REPORT
2014-15**

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.



Udit Sheth
Joint Managing 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.



Shveta Vakil
Executive Director

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



Urja Shah
Additional Director

Mrs. Urja Shah has completed Bachelors in Environmental Science and a Masters in Environmental Policy from Duke University, USA. She also has a Certificate in International Development Studies from Duke University. She has pursued certificate courses in Financial Accounting and Marketing from Boston University, USA. Mrs. Urja has been playing a very significant role in the Company's activities related to Corporate Social Responsibility.



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 EILM 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.



Pratap Merchant
Independent Director

Mr. Merchant is a former General Manager of Dena Bank. He is retired as the Executive Director of the Bank of Baroda. Mr. Merchant is a commerce graduate and CAIIB-I by profession.



Suhasini Sathe
Independent Director

Mrs. Suhasini S. Sathe is an entrepreneurial person by nature and able to see the 'bigger picture'. She has more than 30 years hands on experience gained from the manufacturing industry with specific skills in Product, Performance & Marketing Management, Business Growth & Development. She utilizes skills from an extensive background within General Management, Sales and Marketing / Business Development and Innovation Management. She is also the Co-Founder and presently Managing Director of the Sathe Group of Companies. Mrs. Sathe holds a Bachelors of Engineering (Mechanical) for V.J.T.I., Mumbai University and is proficient in the use of CAD-CAM software. Her interests include traveling and knows German & Spanish languages.



MANAGEMENT DISCUSSION AND ANALYSIS

Overview

The Management Discussion and Analysis presented in this Annual Report focusses on reviewing the performance of the Company in the past year. The Financial Statements have been prepared in compliance with the requirements of the provisions of the Companies Act, 2013, guidelines issued by the Securities and Exchange Board of India (SEBI) and the Generally Accepted Accounting Principles (GAAP) in India. Our management accepts the responsibility for the integrity and objectivity of these financial statements, as well as for the various estimates and judgments used therein. The estimates and judgments relating to the financial statements have been made on a prudent and reasonable basis, so that the financial statements reflect in a true and fair manner the form and substance of transactions, and reasonably present our state of affairs, profits and cash flows for the year.

Economic Overview FY 2014 – 15

GDP growth of India registered a growth of 7.2% in FY 2014-15. This turnaround was possible on account of the improved performance in the crucial industrial & services sector; though the agriculture sector registered just a marginal growth. The reopening of the mining sector has also helped improve the sentiment though any meaningful pick up is yet to take place. Increase in the economic activity and reduction in inflation has also helped the Reserve Bank of India to reduce interest rates. According to estimates by various Indian and international agencies, FY 2015-16 is likely to see India's GDP grow by around 7.7%. This growth would be driven by infrastructure, mining and power sectors. Government's focus on rural and agricultural growth is likely to sustain the growth trajectory of GDP in coming years as well.

The year under review saw a slowdown in the global economy. Emerging markets, especially China witnessed their first ever slowdown in a decade with rapid increase in employment costs. This increase itself has led to questions pertaining to its competitiveness in this technologically advanced manufacturing sector as well as services sector. Japan, Russia and Europe continued to remain under pressure throughout the year. The recent drop in oil prices saw a decline in the economy of Oil exporting countries. Among the developed economies, the American economy showed signs of marginal recovery on account of factors such

as improvement in domestic demand and accommodative monetary policies. Going forward, upheavals in the global financial markets, uncertainty in oil prices and stagnation of certain developed economies are likely to result in challenging times ahead for global economies. The global automotive sector is looking for significant cost reductions. This provides the company greater opportunity to enter these segments at competitive prices.

India is at the threshold of a new era of opportunity and growth. The new Indian Government's main concern has been the revival of growth in the Indian economy and it has rightly so, chosen to give the Industrial sector a structural boost. The Indian Government's "Make in India" initiative which aims to make Manufacturing sector the engine of growth will result in creating employment and improve skills. This initiative will focus on new processes, new infrastructure resulting in the much needed economic boost. Development in these areas is likely to have a dual impact of increasing confidence in the economy and raising growth rate of the economy and make manufacturing more competitive.

Auto Industry:

The Indian automotive industry comprising of the automobile (cars & commercial vehicles) and auto component sector is one of the key segments of the economy having multiple linkages to other sectors of the economy. It contributes approx. 22% to the country's manufacturing GDP and is a reasonable barometer to gauge the economic growth of our country. After a two year downward cycle, the automotive industry is showing signs of an upward trend.

During the year under review, the automotive industry grew by 8%. While the overall Commercial Vehicle sector registered a de-growth of 1.3% over the previous year, the MHCV segment registered a growth of 17% as compared to a de-growth of 23% in the previous year. (Source:ACMA)

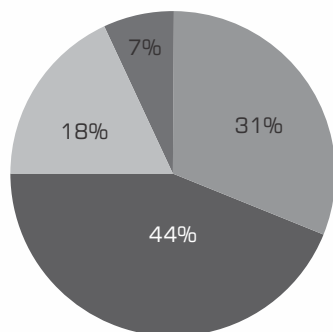
The Indian Auto component industry is currently in a prime position where it has significant opportunities to enter the next growth phase; particularly market leaders can use this opportunity to become global players. Over the years, it has developed capacity and capability to manufacture the entire range of auto components and technologies of the vehicle at right cos

and premium quality. On one hand, the domestic market is attracting global OEM's in need of localization and on the other hand, developed economies, beset with slow growth are looking for right cost manufacturing to optimize their operations. Being an ancillary industry, it is significantly influenced by the demands of the automobile industry. Indian auto components industry is well poised to achieve strong growth in coming years owing to rising domestic demand in the OEM market, expanding replacement market and increasing global opportunities. With global sourcing policies and economies of scale driving further growth opportunities for right cost players, the market is seemingly global while the local industry has started its growth story after two years of severe downturn.

Your Company's Operational Highlights in FY 2014-15:

1. During the year under review, the Indian economy witnessed a modest growth resulting in the MHCV sector showing positive signs of pickup after 2 years of down turn. Launch of new products, acquisition of new customers and penetration into

FY 2014-2015



■ OEM ■ OE Aftermarket ■ Independent Aftermarket ■ Exports

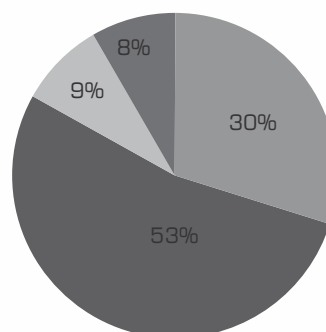
newer markets helped your company to maintain its dominant position of being India's largest supplier of M&HCV clutches to OEM's in India.

2. During the year under review your company has started supplying its LIPE brand of MHCV clutches to renowned Commercial Vehicle OEM "Mahindra & Mahindra" and European Commercial Vehicle Manufacturer "MAN Commercial Vehicles" Indian requirements. These were the only two which were not supplied by Setco earlier.
3. The current financial year saw the first full year of operation in the Independent After-Market (IAM) segment for sales and distribution of its wide range of LIPE brand of clutches. This initiative called "LIPE FOR LIFE" was successfully rolled out and your company is happy to say that its range of clutches is available across 47 distribution points across the county and has been well accepted in the market. This strategy has made your company a dominant force across channels such as OEM, OES & IAM.
4. On a standalone basis, your company recorded a robust growth of 39% in sales at Rs. 458 cr in FY 2014-15 compared to Rs. 329 cr in previous year. On a consolidated basis your company crossed milestone turnover of Rs. 500 cr and registered a growth of 34% with sales of Rs. 524 cr compared

to Rs. 389 cr in the previous year.

5. On a Standalone basis, the operating EBITDA grew by 63% at Rs. 56 cr compared to Rs. 34 cr in the previous year; and on a consolidated basis EBITDA grew by 35% at Rs. 64 cr compared to Rs. 47 cr in the previous year. This growth was on account of deeper penetration into aftermarket segment having better margins, weakening of Euro resulting in cheaper imports and marginal reduction in commodity prices.
6. Profit Before Tax on a standalone basis grew by 16% at Rs. 28 cr compared to Rs. 24 cr in the previous year. On a consolidated basis PBT grew by 46% at Rs. 26 cr against Rs. 18 cr in the previous year.
7. Standalone Net Worth of your company increased to Rs. 171 cr from Rs. 158 cr in the previous year. Consolidated Net Worth increased to Rs. 173 cr from Rs. 159 cr in the previous year.

FY 2013-2013



■ OEM ■ After Market ■ Exports ■ Misc

8. The Board of Directors has recommended a dividend of Rs. 3.00 (including interim dividend of Rs 1.50 paid during the year) per equity share of Rs 10 each compared to Rs. 2.65 per equity share in the previous year.

Your company now operates in 4 market segments; OEM, OE Spares (OES), Independent After-Market (IAM) and International Business (IB). The graph above gives the contribution of revenue from each of these segments:

OEM:

Revival of the Indian economy, various government initiatives and a focus on infrastructure development has stimulated the growth of key industry verticals like auto. Increased GDP, lower inflation and increase in economic activity resulted in spurt in demand for medium and heavy commercial vehicles during the year. As a result, sales of commercial vehicles registered a growth of around 17% during FY 2014-15. Better industrial scenario, introduction of new products and supplies to new OE customers helped the company register a growth of 45% in its OEM sales.

Higher budgetary allocations to infrastructure projects at Rs 70000 crores in Union Budget and opening of mining sector is likely to boost demand for commercial vehicles. Lower fuel costs and softer interest regime

MANAGEMENT DISCUSSION AND ANALYSIS

are likely to act as additional growth drivers. However, long term recovery would depend upon various initiatives like 'Make in India', GST, Smart City, Infrastructure growth, coupled with improvement in ease of doing business. Global commercial vehicle manufacturers who have recently set up manufacturing facilities in India like Daimler, MAN, Scania are keen to turn their Indian operations as a global sourcing point in addition to capturing a pie in domestic market. Your company being a major strategic supplier to all such players sees this as a great opportunity to increase our market base and also help in expanding its global footprint.

Aftermarket / Replacement Market (OES & IAM):

Over the last decade, the Indian automotive market has encouraged the entry of global players. This increased competitive environment has resulted in a change in market dynamics. Like the developed nations, Indian automotive customers have started assessing their purchases based on the service network, availability of spare parts and maintenance costs. Realizing the change in consumer preferences and the huge opportunity the aftermarket segment offers, OEM's have now started to give emphasis on the aftermarket segments. The Indian automotive aftermarket segment is now one of the fastest growing segments in the country. It is estimated to be approx. \$16.20 Bn industry by 2021, growing at a CAGR of 12% (Source: Frost & Sullivan). The average life of a commercial vehicle in India is estimated at around 15 years. Clutches being an integral part of the transmission system requires regular replacement in commercial vehicles. Over the approx. life of 15 years of a commercial vehicle it requires about 6 to 7 clutch replacements. The poor condition of roads, poor driving habits and overloading consequently increases wear and tear of clutches in the commercial vehicles in India. Your company has a sizable presence in this lucrative segment, which contributes approx. 62% of the total revenues. In a business such as clutch being cost effective is not the only important thing. With commercial vehicles constantly turning around for maximizing use, a reliable transmission is necessary. The clutch is a 'fuse' in the system that is designed to fail optimally thus protecting the drive train components. Also changing the clutch is a 10-hour job that is highly technical in nature. Therefore we as market leaders have to provide good parts, good service and timely delivery in whichever market we choose to operate in.

Original Equipment Spares (OES):

Global Commercial Vehicle manufacturers who have set up base in India are launching state of the art vehicles in the Indian market. At the same time, Indian commercial vehicle manufacturers have adopted global technology and moving towards manufacturing sophisticated vehicles. Increased awareness among drivers, better maintenance facilities and high cost of vehicle being idle due to break down have boosted the demand for genuine spare parts. This segment

generally caters to the replacement demand in initial 5 years of the commercial vehicle's life or the first ownership cycle. Hence the clutch of choice here is the OEM supplier. This market segment continues to be supplied and serviced by your company.

Independent AfterMarket (IAM):

With the successful launch of LIPE for LIFE program last year, your company has completed the first full year of its presence in the Independent Aftermarket. By entering into this segment, your company has ensured that its clutches are used in the entire vehicle lifecycle after the first ownership cycle; from the OEM stage through its entire aftermarket life. Truly a "LIPE for LIFE" experience to the owner. This segment continues to make a significant contribution to the overall business of your company.

International Business (IB):

India has emerged as an attractive hub for global sourcing in view of cost advantages, premium quality and availability of skilled manpower to service vehicle needs. This has attracted global commercial vehicle manufacturers to start operations in India – not only to tap vast potential domestic demand but also to use it to meet their global requirements. Setco, being the preferred choice for supply of clutches in India, has got a strong foothold with all such global players, meeting their stringent quality norms. This has put your company on radar of global sourcing teams – both for the OEM as well as after-market requirements. Your company has already made some break-through with a few such opportunities and is confident of them materializing in the medium term.

International Business (IB) will play a significant role in company's growth plans. With development of new products for various markets and new applications and seeding efforts over the past few years in 64 countries has helped IB to be at a take-off stage through tie-ups in major geographies. With successful field and lab tests, and a diverse portfolio of clutches, your company is now focusing its penetration strategies to grow IB contribution into the business, thus substantially improving margins.

Our Subsidiaries:

Setco Automotive (UK) Ltd - (SAUL)

Prolonged slowdown of the European economy coupled with the recent Ukraine crises as well as increasing crises surrounding the Eurozone with the possible threat of Greece, which further added major challenges to the European Continent. However, we believe in the long term potential of the European market and SAUL has been working towards developing new products and penetrating new markets in the European region. Your U.K. subsidiary has registered sales of Rs 41.5 cr (£ 4.16 Mn), an impressive growth of 20% compared to Rs 33.7 cr (£ 3.48 Mn) in the previous year. In the previous year SAUL made significant penetration in markets of Russia, and BALKANS regions. This penetration has made significant headway in the

MANAGEMENT DISCUSSION AND ANALYSIS

current year. However, increasing costs of imports from India and China and fierce competition in the Eastern European region combined with increased initial market seeding costs have resulted in your subsidiary reporting a loss of Rs 4.3 cr (£ 0.43 Mn.)

Company's U.K. subsidiary plays a critical role in Research and Development of new products for global operations and also plays a role of service provider to its customers in Europe.

Your management is confident that this initial investment will pay off in the medium run. This business is to be seen as a business development investment where finally market leads will be supplied to from India.

Setco Automotive (INA) Inc. (SANAI)

Among the developed economies, the American economy was the only economy to show growth signs. Improved consumer spending, reduction in unemployment and falling oil prices resulted in the American economy growing by 2.4%. The American recovery is looking encouraging in the current year. Your American subsidiary has two product lines; the core business of MHCV clutches and Hydraulic Pressure convertors for the off highway construction equipment. On account of slowdown in the construction activity, the previous year saw a sharp decline in the Hydraulic Pressure Converter business. However marginal revival of the economy and revived construction activity saw a turnaround in this business which resulted in a 20% growth in hydraulic pressure converter business. Overall Company's American subsidiary recorded sales of Rs 47.3 cr (\$ 7.64 Mn) against sales of Rs 42.1 cr (\$6.92 Mn) in the previous year, a growth of approx. 10%. Higher Sales and better cost management has resulted in a turnaround and your American subsidiary has registered a profit of Rs 1.1 cr (\$0.18 Mn) compared to a loss of Rs 1.6 cr (\$ 0.26 Mn) in the previous year.

Over the last 2 years, your company is working to develop new range of clutches for the North American Market. We are planning to market our "LIPE" brand of clutches through well-known distribution channels across America. These products have been successfully field tested and are expected to be commercially launched in the 2nd half of FY 2015-16.

Both your overseas subsidiaries are an integral part of your company's growth plans and efforts made by both your subsidiaries in the last few years will strengthen company's business and strategic footprint.

Lava Cast Pvt. Ltd.

Ferrous Machined Castings form an integral part of raw material in the automotive component industry. To ensure that company achieves its growth plans, regular and uninterrupted supply of quality castings with superior finish is critical. In the previous year, we had informed you about your company's backward integration plan of setting up a ferrous alloy casting foundry. With a set up at a cost of Rs.182 cr, this

foundry is called 'Lava Cast Pvt. Ltd', in which your company will hold 80% stake. Lava Cast is a joint venture (JV) with M/s. Lingotes Especiales, Spain, who have an equity stake of 20% and will provide Technical & Operational know-how. The construction of the foundry and installation of major machinery is completed and we expect the commercial production to begin in the 2nd Quarter of FY 2015-16. This foundry has a capacity of approx. 30,000 MT / year out of which your company will use around 35% of the production for its captive needs and balance production would cater to demand from outside customers in the domestic and international markets. Trial production has begun as this report is being written.

Indian castings industry has grown by around 43% over 2008. Around 35% of annual production around 10 million tons is consumed by auto and auto components industry. Based on plans of automotive industry, demand for castings is expected to grow three folds in the next ten years.

Your company's JV partner, Lingotes is a leading player in European market and supplies fully machined quality castings to major commercial vehicle manufacturers like Ford, Volkswagen, Renault, Fiat, and others. Many of these players have operations in India also. This association with Lingotes would help the company not only in getting business from Indian companies but would also facilitate to get entry into international markets, which have huge potential and better returns. Looking at the vast potential upside, the company proposes to double the current capacity in next 2 – 3 years.

Lava Cast has the additional benefit of a state of the art machine shop, which is critical towards being able to offer value added finished products to customers.

Opportunities:

- Indian economy is at an inflexion point and is set for sustained growth in the coming years. Reduced interest rates, lower oil prices, increasing urban population, higher per capita income translates into higher spending which directly leads to increased freight movement and increased demand for commercial vehicles.
- The Government's plan for creation of 100 smart cities till 2022 will result in increased demand for Commercial Vehicles in the long term. The Smart City model will boost the organized retail sector which will directly encourage the hub and spoke model for transportation and better logistics efficiency. This will also lead to higher penetration of commercial vehicles in the country.
- The Government's commitment towards the "Make in India" initiative will result in a massive push to the manufacturing sector leading to higher growth.
- India is also rapidly modernizing its freight corridors for efficient transport.

MANAGEMENT DISCUSSION AND ANALYSIS

- India continues to remain a preferred destination for quality manufacturing at competitive price. While there are multiple routes for Global players to enter India; partnerships, mergers and joint ventures have been preferred routes as both the Indian and Global partners can leverage each other's strengths to their advantage.
- Your company is by far the largest supplier of MHCV clutches to some of the global commercial vehicle manufactures who have set up their factories in India. This gives us an opportunity to work with these Global OEM's to cater to their international requirements.
- Your company also has set its vision to become a leader in the clutch business worldwide with a clutch for every truck in its product portfolio.
- Your company's new product development has also ensured entry in the LCV and Farm Equipment markets for clutches.

Threats:

- Commodity price fluctuation and foreign exchange fluctuations have a significant impact on the manufacturing costs.
- Competition from other low cost countries like China, Thailand and Taiwan may pose some competitive threat to India. However, India is best placed in terms of talent, capability and delivery compared to other low cost nations.
- Dependence on monsoon and poor irrigation facilities resulting in slow agriculture growth directly impacting the economic progress

Human Resource:

Value creation through human capital

Intellectual capital has always been a cherished and valuable asset at SETCO, making the Company proud of its endeavors. A vibrant and progressive intellectual capital drives the centre of engineering excellence at SETCO. The people-driven Company, gains its competitive advantage by deriving models of intellectual excellence by adhering to international parameters.

Capability Development

Your company has made great emphasis on training and development. A series of training programs have ensured continuous skill enhancement and increased efficiency at the work place. As part of the skill development calendar, the 2014-15 fiscal saw Setco initiate 130 thought empowering behavioral and technical/functional training programs involving both external agencies as well as internal faculty for its workforce, across all hierarchies.

Leadership Development

Your company has encouraged spirit of leadership amongst the young management team and launched a thought empowered initiative titled "Setco Team's Young Leaders Excellence Programme – STYLE" in 2014-15. The STYLE initiative will see the high performing and high

potential individuals grow into leaders in their respective functions by way of engaging, grooming, empowering and skill developing ideas. As a part of the STYLE Programme, these employees shall be put on an accelerated career progression commensurate with their demonstrated capability and performance at current assignment based on their potential for growth.

Competency Management

We are creating a future-ready organization to meet the current and emerging business challenges. Paving the way forward for achieving a future-ready stature are activities lined up in the initiative calendar that focuses on Capability Development under the aegis of the "Competency Mapping" project. This project aims to help us in mapping the capability gaps in individuals, functions, departments and at Business Unit levels.

Risk Management & Internal Controls

Safeguarding all the stakeholders interest is of utmost priority for your company. In line with corporate best practices, your company has developed an elaborate Risk Management Charter, which will monitor, evaluate and execute all mitigation actions in this regards.

Your company's internal control systems are adequate and commensurate with the nature and size of its business model. These systems are periodically tested and duly verified by the Internal Auditors as well as the Statutory Auditors. These are then reviewed by the Audit Committee from time to time.

Striding Towards Growth

Revival of Indian auto sector, deeper penetration into domestic replacement market and advanced stage of new products development for international customers / markets, your company is on an accelerated path to achieve its growth targets. All strategic investments to vertically integrate your company to achieve cost and quality advantages have been successfully initiated to ensure product excellence. As the company is moving ahead, the manufacturing & engineering teams are revamping production, material handling, supply chain management and more.

A rejuvenated Setco with strong management believes in the future growth and is all set to achieve a benchmark of excellence and value creation.

Cautionary Statement:

Statements in this Report, particularly those which relate to Management Discussion and Analysis, describing the company's objectives, projections, estimates and expectations may constitute 'forward looking statements' within the meaning of applicable laws and regulations. Actual results may differ materially from those either expressed or implied.



DIRECTORS' REPORT

Dear Members,

Your Directors have the pleasure in presenting this Thirty Second Directors' Report together with the audited Financial Statements of the Company for the financial year ended March 31, 2015.

FINANCIAL PERFORMANCE

The highlights of the financial performance for the year under review as compared to the previous financial year are given below:

(Rs. in Cr.)

Particulars	Standalone		Consolidated	
	2014-15	2013-14	2014-15	2013-14
Net Sales	458.13	328.79	524.23	389.92
Operating EBIDTA	64.89	47.64	68.30	47.62
Profit before Taxation	28.22	24.33	26.09	17.87
Profit after Taxation	23.51	23.20	20.67	18.23
Earnings Per Share (in Rs.) (basic & considering exceptional items)	8.81	8.70	7.75	6.83

No amount is proposed to be transferred to reserves.

AUTOMOTIVE INDUSTRY

The Indian Automotive industry's growth is directly linked to the growth of economic activity of our country. Indian economy after 2 subdued years rebound and registered a growth of approximately 5% in FY 2014-15. This was mainly on account revival of the construction and mining activity, reduced interest cost and lower fuel prices. Moreover, increased confidence in the new Government contributed to the economic turnaround in India.

Compared to a decline of 9% in FY 2013-14, the auto industry bounced back by registering an overall growth of 8% in FY 2014 – 15. Within the auto industry, the commercial vehicle segment declined by approximately 1.3% mainly on account of a sharp decline in the Light Commercial Vehicles (LCV) segment. However, the Medium & Heavy Commercial Vehicles (MHCV) segment, where the Company enjoys a dominant position, grew by an impressive 17% compared to a massive decline of 25% in the FY 2013-14. This phenomenon is expected to continue in the future.

Taking forward the leadership position in the MHCV clutch segment, the Company's Original Equipment Manufacturers (OEM) segment grew by 45% compared to the industry growth of 17%. The Company expanded its OEM customer base by starting supplies of its LIPE brand clutches to renowned vehicle manufacturers like

MAN India and Mahindra & Mahindra. The Independent Aftermarket segment grew by 38% and the international business grew by 17%. Thus, an overall growth of 39% was registered in the year under review compared to the previous year.

With the Company's dominant presence in both OEM and Aftermarket segments, the Company is well placed to deal with the cyclical vagaries of the industry.

DIVIDEND

During the financial year 2014-15, interim dividend at 15% (Rs. 1.50/- per Equity Share of Rs. 10/- each) was declared by the Board of Directors and was paid to the shareholders. Your Directors are pleased to recommend for the approval of the shareholders the Final Dividend for the financial year 2014-15 at 15% (Rs. 1.50/- per Equity Share of Rs. 10/- each) on equity shares for the year ended March 31, 2015.

Accordingly, the dividend payout for the financial year 2014-15 will aggregate to 30% from 26.50% for the financial year 2013-14, subject to the approval of shareholders at the ensuing annual general meeting of the Company. The aggregate Dividend distribution would result in cash outflow of Rs. 9.61 crore (including Dividend Distribution Tax).

DIRECTORS' REPORT

SHARE CAPITAL

During the financial year 2014-15, the Company issued 41,311 Equity Shares of face value Rs. 10/- each under Setco Automotive Limited Employees Stock Option Scheme, 2010, thereby increasing the paid-up Share Capital to Rs. 26,71,93,350/-.

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.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Your Directors have analyzed Company's operations, state of affairs and financials in detail in Management Discussion and Analysis in a separate section forming part of this Annual Report. Material changes and commitments, if any, affecting the financial position of the Company between the end of the year under review and the date of this Report are also mentioned therein.

SUBSIDIARIES

During the year under review, Lava Cast Private Limited, a joint venture between the Company and Lingotes Especiales S.A. became a subsidiary of the Company. Implementation of the project is in progress as per schedule.

Company's overseas subsidiaries have performed well during the year under review despite continued slowdown, elaborated in detail under Management Discussion & Analysis Report.

A report on the performance and financial position of each of the subsidiaries, associates and joint venture companies in the prescribed format AOC-1 is provided as Annexure 1 to the Directors' Report.

The Policy for determining material subsidiaries as approved may be accessed on the Company's website at the link <http://www.setcoauto.com/statutory-information>.

In accordance with Section 136 of the Companies Act, 2013, the audited financial statements, including the consolidated financial statements and related information of the Company and audited accounts of each of the subsidiaries of the Company are available on the website of the Company www.setcoauto.com. These documents shall also be available for inspection at the Registered Office of the Company between 11.00 a.m. to 1.00 p.m. on all working days except Tuesdays, up to and including the date of the Meeting.

BOARD OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

Changes in the Board

At the Annual General Meeting held on September 9, 2015, the members approved the re-appointments of Mr. Harish Sheth as the Chairman and Managing Director, Mr. Udit Sheth and Mr. Shvetal Vakil as Executive Directors. At the same Meeting, the members also approved the appointments of Mr. Arun Arora, Mr. Ashok Kumar Jha,

Mr. Bhalchandra Naik, Mr. Pratap Merchant and Mrs. Suhasini Sathe as Independent Directors.

Mr. Harshal Shah, Non-Executive Director of the Company resigned from the Board effective from November 11, 2014. During his tenure on the Board, his vast and rich experience was very useful in formulating Company's strategies. The Board places on record its deep appreciation and gratitude for his guidance and contribution to the Company.

Mrs. Urja Shah was appointed as an Additional Director with effect from November 11, 2014 in pursuance of Sections 196 and 197 of the Companies Act, 2013 ('the Act'), subject to the approval of the members. In accordance with Section 161 of the Companies Act, 2013 and the Articles of Association of the Company, Mrs. Urja Shah holds office up to the date of the forthcoming Annual General Meeting of the Company. Resolution for appointment of Mrs. Urja Shah as Executive Director for the term of 3 years with effect from November 11, 2014 is placed in the Notice for the ensuing Annual General Meeting for consideration / approval of the members. Your Directors recommend her appointment and remuneration as set out in the Notice.

Mr. Udit Sheth has been re-designated by the Board of Directors of the Company as the Joint Managing Director of the Company with effect from July 15, 2015 subject to the approval of the shareholders of the Company. Resolution for the same is placed in the Notice for the ensuing Annual General Meeting for consideration / approval of the members. Your Directors recommend re-designation of Mr. Udit Sheth as the Joint Managing Director of the Company.

Re-appointment

In terms of the provisions of the Companies Act, 2013 and the Articles of Association of the Company, Mr. Shvetal Vakil, Executive Director of the Company retires by rotation as Executive Director at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment.

Your directors recommend reappointment of Mr. Shvetal Vakil as Executive Director of the Company. A resolution to the effect is placed in the Notice for the ensuing Annual General Meeting for consideration / approval of the members.

The information on the particulars of Directors seeking appointment / re-appointment in terms of provisions of Clause 49 of the Listing Agreement of the Stock Exchange is provided in Report on Corporate Governance annexed to this report. The disclosure in pursuance of Schedule V to the Companies Act, 2013 and Clause 49 of the Listing Agreement pertaining to the remuneration, incentives etc. to the Directors is given in the Corporate Governance Report.

The Company has received declarations from all the Independent Directors of the Company confirming that they meet the criteria of independence as prescribed both under the Companies Act, 2013 and Clause 49 of

DIRECTORS' REPORT

the Listing Agreement with the Stock Exchanges.

The Board has carried out an evaluation of its own performance, the directors individually as well as the evaluation of the working of its Committees. The evaluation process and criteria has been explained in the Corporate Governance Report.

The details of programs for familiarisation of Independent Directors with the Company, their roles, rights, responsibilities in the Company, nature of the industry in which the Company operates, business model of the Company and related matters are put up on the website of the Company at the link <http://www.setcoauto.com/statutory-information>.

The policy of the Company on directors' appointment and remuneration including criteria for determining qualifications, positive attributes, independence of a director and other matters provided under sub-section (3) of Section 178 of the Companies Act, 2013 and Clause 49 of the Listing Agreement adopted by the Board is appended as Annexure 2 to the Directors' Report. We affirm that the remuneration paid to the directors is as per the terms laid out in the Remuneration Policy of the Company.

AUDITORS

Statutory Auditors

M/s. Manesh Mehta & Associates, Chartered Accountants, the Statutory Auditors of the Company hold office from the conclusion of the 31st Annual General Meeting till the conclusion of the 34th Annual General Meeting, subject to ratification of their appointment by the members at the Annual General Meetings.

Your directors recommend ratification of appointment of M/s. Manesh Mehta & Associates, Chartered Accountants as Statutory Auditors of the Company from the conclusion of the 32nd Annual General Meeting until the conclusion of the 33rd Annual General Meeting of the Company pursuant to Section 139 of the Companies Act, 2013 and the rules made thereunder. A resolution to the effect is placed for your consideration and approval in the Notice for the ensuing Annual General Meeting. They have confirmed their eligibility to the effect that the ratification of their appointment, if made, would be within the prescribed limits under the Act and that they are not disqualified for re-appointment.

Directors' comments on Auditors Qualification in Consolidated Auditors Report:

The Auditors have made qualification in their Report for the Consolidated Accounts on having not ascertained and eliminated the unrealized profit element in the stocks lying with the subsidiaries out of inter-company transactions, in terms of the Accounting Standard-21, "Consolidated Financial Statements".

In view of the accounting method followed at the subsidiaries, it was very difficult / not possible to segregate the stock from different sources and work

out its valuation. However, the steps are being taken to modify the accounting software 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.

Internal Financial Controls

The Company has in place effective internal financial controls with reference to the preparation of Financial Statements. The scope of the Company's internal audit team includes conducting periodic audits, checks and laying down controls to prevent, detect and correct any irregularities in the operations of the Company.

The Company has in place effective internal financial controls with reference to the Financial Statements. The Company's internal audit team conducts periodic audits, checks and has laid down controls to prevent, detect and correct any irregularities in the operations of the Company.

Secretarial Auditor

The Board has appointed M/s. P. P. Shah & Co., Practicing Company Secretaries, to conduct Secretarial Audit for the financial year 2014-15. The Secretarial Audit Report for the financial year ended March 31, 2015 is annexed herewith marked as Annexure 3 to this Report. The Secretarial Audit Report does not contain any qualification, reservation or adverse remark.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 134(5) of the Companies Act 2013, your Directors state that:

- (a) in the preparation of the annual accounts, the applicable accounting standards have been followed along with no material departures;
- (b) the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2015 and of the profit of the Company for the year ended on that date;
- (c) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (d) the Directors have prepared the annual accounts on a 'going concern' basis;
- (e) the Directors have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively; and
- (f) the Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

DIRECTORS' REPORT

CORPORATE GOVERNANCE

A report on Corporate Governance along with a certificate from M/s. P. P. Shah & Co., Practicing Company Secretaries regarding the compliance with provisions of Corporate Governance as also the Management Discussion and Analysis Report as stipulated under Clause 49 of the Listing Agreement is annexed to this Report.

EMPLOYEE STOCK OPTION SCHEME (ESOS)

During the year, the Nomination and Remuneration (Compensation) Committee allotted 41,311 equity shares of Rs. 10/- each of your Company on exercise of stock options by the employees. The details of shares issued to Directors under the Scheme are provided in the Corporate Governance Report attached herewith.

The disclosure, under Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Regulations, 2015 ('SEBI Regulations') and Companies Act, 2013 is set out in Annexure 4 to this Report.

The Company confirms that no options were granted to key managerial personnel during the year under review and 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, as also the resolution passed by the members would be placed before shareholders at the Annual General Meeting for inspection of the Members.

Setco Employee Stock Option Scheme, 2015

The Members of the Company at the Extra-ordinary General Meeting held on June 5, 2015 have approved the Setco Employee Stock Option Scheme, 2015 for issue and allotment of not more than 5,00,000 equity shares under the Scheme to senior management staff and such equity shares shall rank pari-passu in all respects with the then existing equity shares of the Company. The members have also approved extension of such Scheme to the employees of holding company and subsidiary companies of the Company.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

The Corporate Social Responsibility Committee (CSR Committee) formulated and recommended to the Board, the Corporate Social Responsibility Policy (CSR Policy) of the Company indicating therein the CSR activities to be undertaken by the Company. The CSR Policy has been approved by the Board of Directors.

The CSR Policy may be accessed on the Company's website at the link <http://www.setcoauto.com/statutory-information>.

During the year under review, the Company has spent Rs. 61.15 lac on CSR activities. The Annual Report on CSR

activities is given at Annexure 5 hereto.

Even before the statutory provisions in respect of mandatory CSR expenditure by the companies were enacted, your company has aimed to contribute 5% of its annual net profits or Rs.50 lacs, whichever is higher to CSR activities, demonstrating a sense of responsibility towards society.

Our CSR initiatives are focused towards preventing malnutrition, improving pre-school education standards and empowering women to become economically more independent and confident. Malnutrition ratio in the areas covered by the Anganwadis has fallen to less than 15% as compared to state level average of more than 40%. Today, your company has built and upgraded 12 Anganwadis covering around 1200 children below 6 years and around 250 nursing & expecting mothers from economically weaker sections of the society.

RISK MANAGEMENT

The Company has framed the risk management policy and has identified therein the elements of risk and the measures to minimise and mitigate the major risks. Adequate risk management framework capable of addressing the risks is in place.

CONTRACTS AND ARRANGEMENTS WITH RELATED PARTIES

All contracts / arrangements / transactions entered by the Company during the financial year with related parties were in the ordinary course of business and on an arm's length basis and that the provisions of Section 188 of the Companies Act, 2013 were not attracted. Thus, disclosure in Form AOC 2 is not required. During the year, the Company had not entered into any contract / arrangement / transaction with related parties which could be considered material related party transaction under the provisions of the Companies Act, 2013 or the Listing Agreement.

The Policy on materiality of related party transactions and dealing with related party transactions may be accessed on the Company's website at the link <http://www.setcoauto.com/statutory-information>.

The details of related party transactions are given in Note 29 to the financial statements.

PARTICULARS OF EMPLOYEES AND RELATED DISCLOSURES

In terms of the provisions of Section 197(12) of the Companies Act, 2013 (the Act) read with Rules 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, Mr. Harish Sheth, Chairman and Managing Director, Mr. Udit Sheth, Joint Managing Director and Mr. Shvetal Vakil, Executive Directors draw remuneration in excess of the limits set out in the said rules. The details of remuneration paid to them is detailed in the Corporate Governance Report.

The information required pursuant to Section 197 of the Act read with Rule 5(1)(i) of the Companies (Appointment and Remuneration) Rules, 2014 in

DIRECTORS' REPORT

respect of ratio of remuneration of each director to the median remuneration of the employees of the Company for the year under review will be made available for inspection at the Registered Office of the Company during the working hours of the Company for a period of 21 days before the date of the Annual General Meeting of the Company pursuant to Section 136 of the Companies Act, 2013 and any member interested in obtaining such information may write to the Company and the same will be furnished on request.

DISCLOSURES:

CSR Committee

The CSR Committee of the Board of Directors comprises of Mr. Udit Sheth, Joint Managing Director (Chairman), Mrs. Urja Shah, Additional Director, Mrs. Suhasini Sathe, Independent Director and Mr. Arun Arora, Independent Director.

Audit Committee

The Audit Committee comprises of Independent Directors namely Mr. B. L. Naik, (Chairman), Mr. Ashok Kumar Jha and Mr. Arun Arora. All the recommendations made by the Audit Committee were accepted by the Board.

Vigil Mechanism

The Vigil Mechanism of the Company, also incorporates a whistle blower policy in terms of the Listing Agreement. The Policy on vigil mechanism and whistle blower policy may be accessed on the Company's website at the link <http://www.setcoauto.com/statutory-information>. I think we have to mention whether any complaints / matters were referred under this and final outcome. Is it right?

Meetings of the Board

During the year, four meetings of the Board of Directors were held, the details of which are given the report on Corporate Governance.

Particulars of Loans, Guarantees or Investments

Particulars of loans given, investments made, guarantees given and securities provided are provided in the notes to the standalone financial statement.

Extract of Annual Return

Extract of Annual Return of the Company is annexed herewith as Annexure 6 to this Report.

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

- A. Conservation of Energy: The operations of the Company are not energy – intensive. However, the Company takes necessary steps wherever applicable, to conserve energy. To this extent, employees and operators are regularly educated about saving energy.
- B. Technology Absorption: The Company's product i.e. clutches for commercial vehicles are manufactured under the proprietary technology and heritage 'Lipe' Brand. Most of the components for

manufacturing clutches are procured indigenously except for certain critical components, for offering better quality at a competitive price to customers, being imported.

- C. Foreign Exchange Earnings and Outgo: Details of foreign exchange earnings and outgo during the financial year 2014-2015 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.

GENERAL

Your Directors state that no disclosure or reporting is required in respect of the following items as there were no transactions on these items during the year under review:

1. Issue of equity shares with differential rights as to dividend, voting or otherwise.
2. Issue of shares (including sweat equity shares) to employees of the Company under any scheme save and except ESOS referred to in this Report.
3. Neither the Managing Director nor the Whole-time Directors of the Company receive any remuneration or commission from any of its subsidiaries.
4. No significant or material orders were passed by the Regulators or Courts or Tribunals which impact the going concern status and Company's operations in future.

Your Directors further state that during the year under review, there were no cases filed pursuant to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

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

Harish Sheth
Chairman and Managing Director

Place: Mumbai
Date: July 15, 2015

DIRECTORS' REPORT

ANEXURE I TO DIRECTORS' REPORT

Form AOC-1

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)
Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures

Part "A": Subsidiaries

Name of the subsidiary	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	Share capital	Reserves and surplus	Total assets	Total Liabilities	Investments	Turnover	Profit before taxation	Provision for taxation	Profit after taxation	Proposed Dividend	Rs. In Lacs	% of share holding
WEW Holdings Limited	Same as Holding Company	1 GBP = Rs. 93.19	595.00	1.00	597.00	1.00	597.00	Nil	5.44	-0.11	5.33	NIL	100.00	100.00
Lava Cast Private Limited	Same as Holding Company	INR	3455.14	-60.35	11013.71	7618.92	NIL	NIL	-59.41	Nil	-59.41	NIL	72.95	72.95
Setco Automotive (UK) Ltd	Same as Holding Company	1 GBP = Rs. 93.19	1342.00	-161.00	7178.00	5997.00	717.00	4146.00	-428.00	Nil	-428.00	NIL	100.00*	100.00*
Setco Automotive (NA), Inc	Same as Holding Company	1 USD = Rs. 63	945.00	72.00	5704.00	4686.00	NIL	4725.00	188.00	77.00	112.00	NIL	100.00#	100.00#

* The share capital of Setco Automotive (UK) Ltd is held 20% by Setco Automotive Limited and 80% by WEW Holdings Limited.

Wholly owned Subsidiary of Setco Automotive (UK) Ltd.

Part "B": Associates and Joint Ventures - Not Applicable

DIRECTORS' REPORT

ANEXURE II TO DIRECTORS' REPORT

Appointment & Remuneration Policy

1. Introduction:

Setco Automotive Limited (SAL) recognizes the importance of aligning the business objectives with specific and measureable individual objectives and targets. The Company has therefore formulated the remuneration policy for its directors, key managerial personnel and other employees keeping in view the following objectives:

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

2. Scope:

This Policy sets out the guiding principles for the Nomination and Remuneration Committee (NRC) for identifying persons who are qualified to become Directors and to determine the independence of the Independent Directors; and for recommending to the Board the remuneration of the directors, key managerial personnel and other employees of the Company.

3. Criteria for Determining Qualifications, Positive Attributes & Independence of Director:

(a) Qualifications of Directors:-

- A director shall possess appropriate skills, experience and knowledge in one or more fields of finance, law, management, sales, marketing, administration, research, corporate governance, operations or other disciplines related to the Company's business.

In evaluating the suitability of individual Board members, the NRC may take into account factors, such as:

- General understanding of the Company's business dynamics, global business and social perspective;
- Educational and professional background
- Standing in the profession;
- Personal and professional ethics, integrity and values;
- Willingness to devote sufficient time and energy in carrying out their duties and responsibilities effectively.

(b) Positive attributes of Directors:-

An independent director shall be a person of integrity, who possesses relevant expertise and experience and who shall uphold ethical standards of integrity and probity; act objectively and constructively; exercise his responsibilities in a bona-fide manner in the interest of the Company; devote sufficient time and attention to his professional obligations for informed and balanced decision making; and assist the Company in implementing the best corporate governance practices.

(c) Independence of Independent Directors:

An Independent director shall meet the requirements of the Companies Act, 2013 and Clause 49 of the Listing Agreement concerning independence of directors.

4. Remuneration Policy:

(a) Remuneration to Executive Directors and Key Managerial Personnel:

The Board, on the recommendation of the NRC, shall review and approve the remuneration payable to the Executive Directors of the Company within the overall limits approved by the shareholders.

The Board, on the recommendation of the NRC, shall also review and approve the remuneration payable to the Key Managerial Personnel of the Company.

(b) Remuneration to Non-Executive Directors (NEDs):

The Board, on the recommendation of the NRC shall review and approve the remuneration payable to the Non-Executive Directors of the Company within the overall limits approved by the shareholders.

Non-Executive Directors shall be entitled to sitting fees for attending the meetings of the Board and the Committees thereof. In addition to the sitting fees, the Non-Executive Directors shall also be entitled to Commission based on the profit of the Company.

(c) Remuneration to other employees:

Employees shall be assigned grades according to their qualifications and work experience, competencies as well as their roles and responsibilities in the organization.

Individual remuneration shall be determined within the appropriate grade and shall be based on various factors such as job profile, skill sets, seniority, experience and prevailing remuneration levels for equivalent jobs.

DIRECTORS' REPORT

ANEXURE III TO DIRECTORS' REPORT

FORM NO. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED MARCH 31, 2015

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

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED MARCH 31, 2015

To,

The Members,

Setco Automotive Limited

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Setco Automotive Limited (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts / statutory compliances and expressing my opinion thereon.

Based on our verification of Setco Automotive Limited's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on March 31, 2015 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by Setco Automotive Limited ("the Company") for the financial year ended on March 31, 2015 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
 - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
 - (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
 - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; (Not applicable to the Company during the Audit Period)
 - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
 - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; (Not applicable to the Company during the Audit Period) and
 - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; (Not applicable to the Company during the Audit Period)

We have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India. (Not Notified, hence not applicable to the Company during the Audit Period)
- (ii) The Listing Agreement entered into by the Company with Bombay Stock Exchange Limited;

During the period under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

We further report that:

The Board of Directors of the Company is duly constituted with proper balance of Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

DIRECTORS' REPORT

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.

We further report that there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

I further report that during the audit period the Company has passed following special/ordinary resolutions which are having major bearing on the company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc.:

1. Increase in borrowing limits under Section 180 (1) (c) and consequent resolution to sell / lease or otherwise dispose off the undertaking of the Company under Section 180 (1) (a) of the Companies Act, 2013.

I further report that during the audit period, there were no instances of:

1. Public/Right/Preferential issue of shares / debentures/sweat equity, etc.
2. Redemption / buy-back of securities
3. Major decisions taken by the members in pursuance to Section 180 (1) (b) and Section 180 (1) (d) of the Companies Act, 2013
4. Merger / amalgamation / reconstruction, etc.
5. Foreign technical collaborations

Place: Mumbai
Date: July 15, 2015

For **P. P. SHAH & Co.**
Practicing Company Secretary

Pradip C. Shah
Partner
FCS -1483
COP - 436

DIRECTORS' REPORT

ANEXURE IV TO DIRECTORS' REPORT Setco Employee Stock Option Plan 2010

The details of options granted under the Scheme and other disclosure pursuant to Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 and Clause 12(9) of the Companies Act 2013, as amended from time to time, are set out as follows:

	Grant I	Grant II	Total
(a) Options Granted (Both Grants were in 2010-11 & Nil in Current year)	92,250	1,15,750	2,08,000
Additional Options given due to Bonus Issue on 17-Aug-2012	23,349	36,439	59,788
(b) Pricing formula	Fair Market Value of the Shares as on the date prior to the date of meeting of the Compensation Committee in which Options granted to the Eligible Employees.		
(c) Options Vested during the year	Nil	Nil	Nil
(d) Options exercised during the year	Nil	41,311	41,311
(e) Total number of Shares arising as a result of exercise of options	Nil	41,311	41,311
(f) Options lapsed during the year	Nil	6,001	6,001
(g) Variation of terms of options during the year	N.A.	N.A.	N.A.
(h) Money realized by exercise of options	Nil	34,15,180	34,15,180
(i) Total number of options in force as at 31st March, 2015	Nil	Nil	Nil
(j) Employee wise details of options granted to			
1 Senior management Personnel	Nil	Nil	Nil
2 Employees to whom more than 5% options granted during the year	Nil	Nil	Nil
3 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			\$
(l) 1 Method of calculation of employee compensation cost Calculation is based on intrinsic value 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	Employee compensation cost would have been lower by Rs. 1,53,146/- during the year, had the Company used fair value method for accounting the options issued under ESOS.		
3 Impact of this difference on Profits and on EPS of the Company	Profits would have been higher by Rs. 1,53,146/- and E.P.S. would have been higher by Rs. 0.01 during the year, had the Company used fair value method of accounting the options issued under ESOS.		
(m) 1 Weighted average exercise price			
i) Pre Bonus	Rs.93	Rs.124	
ii) Post Bonus	Rs.62	Rs.82.67	
2 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			
1 Risk free interest rate	8.36%	8.28%	
2 Expected life	2.00	2.51	
3 Expected volatility	43.61%	46.88%	
4 Expected dividends	1.73%	1.73%	
5 Closing market price of share on a date prior to date of grant	Rs. 119.90	Rs. 119.90	

\$ To be worked out based on results of 2014-15.

DIRECTORS' REPORT

ANEXURE V TO DIRECTORS' REPORT ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES FOR THE FINANCIAL YEAR 2014-15

1	A brief outline of the company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs.	CSR activities at Setco are carried out as per the CSR Policy with primary focus on Health and Nutrition, Education and Women Empowerment.				
2	The Composition of the CSR Committee.	1. Mr. Udit Sheth, Joint Managing Director (Chairman) 2. Mr. Arun Arora, Independent Director 3. Mrs. Suhasini Sathe, Independent Director 4. Mrs. Urja Shah, Additional Director Rs. 29.58 Crores				
3	Average net profit of the company for last three financial years	Rs. 0.59 Crores				
4	Prescribed CSR Expenditure (2% of the amount as in item 3 above)	Rs. 0.59 Crores				
5	Details of CSR spent during the financial year:	Not Applicable				
	(1) Total amount to be spent for the Financial Year	The manner in which the amount is spent is detailed as under:				
	(2) Amount unspent, if any;	(Rs. in Lacs)				
	(3) Manner in which the amount spent during the financial year :					

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
S.No	CSR Project or Activity identified	Sector in which the Project is covered	Projects or programs (1) Local area or other (2) Specify the state and districts where projects or programs were undertaken	Amount outlay (budget) project or programs wise	Amount spent on the projects or programs (1) Direct Expenditure on projects or programs (2) Overhead	Cumulative Expenditure upto the reporting period	Amount spent: Direct or through implementing agency
1	(A) Improving the nutritional and health status of adolescent girls, women; & children aged 0-6 years; (B) Pre-school education system at the Anganwadi level (C) Empowering women at the grass root level enabling them to become financially and socially independent, thereby empowering the community around them	Eradicating hunger and malnutrition; Promoting healthcare including preventive healthcare; Promoting education; Empowering women.	Kalol, Panchmahals, Gujarat; and other parts of Gujarat	35.00	34.90	34.90	Implementing Agency-Secto Foundation
2	(A) Annakshetra (Food to poor and disabled) (B) Medical Aid (C) Preserving and Uplifting of Culture (D) Activities related to vedic education	Eradicating hunger and malnutrition; Promoting healthcare including preventive healthcare; Promoting culture; Promoting Education.	State of Gujarat	25.00	26.25	61.15	Implementing Agency - Agnihotri K. G. Vyas Charitable Trust

DIRECTORS' REPORT

ANEXURE VI TO DIRECTORS' REPORT

FORM NO. MGT 9

EXTRACT OF ANNUAL RETURN

as on financial year ended on 31.03.2015

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

I REGISTRATION & OTHER DETAILS:

i	CIN	L35999GJ1982PLC005203
ii	Registration Date	5-May-82
iii	Name of the Company	Setco Automotive Limited
iv	Category/Sub-category of the Company	
v	Address of the Registered office & contact details	Baroda - Godhra Highway, Kalol (Panchmahal), Gujarat - 389 330
vi	Whether listed company	Yes
vii	Name, Address & contact details of the Registrar & Transfer Agent, if any.	Link Intime India Pvt. Ltd. , C-13, Pannalal Silk Mill Compound, L.B.S. Marg, Bhandup (West), Mumbai - 400 078 ; Contact No: 022 25963838

II PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the company shall be stated

SL No	Name & Description of main products/services	NIC Code of the Product /service	% to total turnover of the company
1	Manufacture of clutches for Medium and Heavy Commercial Vehicles	29301	100

III PARTICULARS OF HOLDING, SUBSIDIARY & ASSOCIATE COMPANIES

Sl No	Name & Address of the Company	CIN/GLN	HOLDING/ SUBSIDIARY/ ASSOCIATE	% OF SHARES HELD	APPLICABLE SECTION
1	Setco Engineering Private Limited	U54100MH1979PTC171127	Holding	50.69	2(87)(ii)
2	Lava Cast Private Limited	U27205MH2011PTC217467	Subsidiary	72.95	2(87)(ii)
3	Setco Automotive (UK) Limited	N.A.	Subsidiary	100*	2(87)(ii)
4	Setco Automotive (NA), Inc.	N.A.	Subsidiary	100#	2(87)(ii)
5	WEW Holdings Limited	N.A.	Subsidiary	100	2(87)(ii)

* The share capital of Setco Automotive (UK) Ltd is held 20% by Setco Automotive Limited and 80% by WEW Holding Limited.

Wholly owned Subsidiary of Setco Automotive (UK) Ltd.

DIRECTORS' REPORT

IV SHAREHOLDING PATTERN (Equity Share capital Break up as % to total Equity)									
Category of Shareholders	No. of Shares held at the beginning of the year			No. of Shares held at the end of the year			% change during the year		
	Demat	Physical	Total	Demat	Physical	Total	% of Total Shares	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/HUF	33,38,076	-	33,38,076	29,38,076	-	29,38,076	12.51	11.00	-1.52
b) Central Govt. or State Govt. "	-	-	-	-	-	-	-	-	-
c) Bodies Corporates	1,34,72,769	-	1,34,72,769	1,38,72,769	-	1,38,72,769	50.50	51.92	1.42
d) Bank/Fl	-	-	-	-	-	-	-	-	-
e) Any other	-	-	-	-	-	-	-	-	-
SUB TOTAL: (A) (1)	1,68,10,845	-	1,68,10,845	1,68,10,845	-	1,68,10,845	63.01	62.92	-0.10
(2) Foreign									
a) NRI- Individuals	-	-	-	-	-	-	-	-	-
b) Other Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corp.	-	-	-	-	-	-	-	-	-
d) Banks/Fl	-	-	-	-	-	-	-	-	-
e) Any other...	-	-	-	-	-	-	-	-	-
SUB TOTAL (A) (2)	-	-	-	-	-	-	-	-	-
Total Shareholding of Promoters (A) = (A)(1) + (A)(2)	1,68,10,845	-	1,68,10,845	1,68,10,845	-	1,68,10,845	63.01	62.92	-0.10
B. PUBLIC SHAREHOLDING									
(1) Institutions									
a) Mutual Funds	-	-	-	1,10,500	-	1,10,500	-	0.41	0.41
b) Banks/Fl	9,075	75	9,150	9,075	75	9,150	0.03	0.03	0.00
c) Central govt.	-	-	-	-	-	-	-	-	-
d) State Govt.	-	-	-	-	-	-	-	-	-
e) Venture Capital Fund	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) Flls	10,60,500	-	10,60,500	10,46,232	-	10,46,232	3.98	3.92	-0.06
h) Foreigns Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	-
SUB TOTAL (B)(1):	10,69,575	75	10,69,650	11,65,807	75	11,65,882	4.01	4.36	0.35

DIRECTORS' REPORT

Category of Shareholders	No. of Shares held at the beginning of the year			No. of Shares held at the end of the year			% change during the year
	Demat	Physical	Total	Demat	Physical	Total	
(2) Non Institutions							
a) Bodies corporates	7,02,225	1,275	7,03,500	12,77,457	1,200	12,78,657	4.79
i Indian	-	-	-	-	-	-	-
ii) Overseas	-	-	-	-	-	-	-
b) Individuals							
i) Individual shareholders holding nominal share capital upto Rs. 1 lakhs	10,75,554	8,40,370	19,15,924	18,34,482	8,16,100	26,50,582	9.92
ii) Individuals shareholders holding nominal share capital in excess of Rs. 1 lakhs	14,07,153	-	14,07,153	14,67,468	-	14,67,468	5.49
c) Others (specify)							
i) Clearing Members	7,388	-	7,388	45,229	-	45,229	0.17
ii) Market Makers	-	-	-	-	-	-	-
iii) Foreign Nationals	-	-	-	-	-	-	-
iv) Non Residents Indians (Repat)	14,64,144	-	14,64,144	9,16,192	-	9,16,192	3.43
v) Non Residents Indians (Non Repat)	6,920	-	6,920	31,347	-	31,347	0.12
vi) Foreign Companies	32,92,500	-	32,92,500	23,52,983	-	23,52,983	8.81
vii) Trusts	-	-	-	150	-	150	-
SUB TOTAL (B)(2):	79,55,884	8,41,645	87,97,529	79,25,308	8,17,300	87,42,608	32.72
Total Public Shareholding(B)= (B)(1)+(B)(2)	90,25,459	8,41,720	98,67,179	90,91,115	8,17,375	99,08,490	37.08
C. Shares held by Custodian for GDRs & ADRs							
Grand Total (A+B+C)	2,58,36,304	8,41,720	2,66,78,024	2,59,01,960	8,17,375	2,67,19,335	100.00
							0.15

DIRECTORS' REPORT

(ii) SHARE HOLDING OF PROMOTERS

Sl. No.	Shareholders Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in share holding during the year
		No. of shares	% of total shares of the company	% of shares pledged encumbered to total shares	No. of shares	% of total shares of the company	% of shares pledged encumbered to total shares	
1	Harish Kiritbhai Sheth	6,91,731	2.59	-	5,91,731	2.21	-	-0.38
2	Urja Harish Shah	8,52,945	3.20	-	8,52,945	3.19	-	-
3	Sneha Harish Sheth	5,10,000	1.91	-	5,10,000	1.91	-	0.00
4	Udit Harish Sheth	12,83,400	4.81	-	9,83,400	3.68	-	-1.13
5	Setco Engineering Private Limited	1,31,42,769	49.26	22.56	1,35,42,769	50.69	3.71	1.42
6	Urdit Investments Private Limited	3,30,000	1.24	-	3,30,000	1.24	-	-
	Total	1,68,10,845	63.01	22.56	1,68,10,845	62.92	3.71	-0.10

(iii) CHANGE IN PROMOTERS' SHAREHOLDING (SPECIFY IF THERE IS NO CHANGE)

Sl. No.	Name	Shareholding		Date	Increase / Decrease in Shareholding	Reason	Cumulative Shareholding during the year	
		No. of shares At the beginning (01-04-2014) / end of the year (31-3-2015)	% of total shares of the company				No. of shares	% of total shares of the company
1	Harish Kiritbhai Sheth	6,91,731	2.59	01-Apr-14				
				27-Aug-14	(1,00,000)	Inter-se Transfer amongst Promoters	5,91,731	2.21
		5,91,731	2.21	31-Mar-15			5,91,731	2.21
2	Udit Harish Sheth	12,83,400	4.81	01-Apr-14				
				27-Aug-14	(3,00,000)	Inter-se Transfer amongst Promoters	9,83,400	3.68
		9,83,400	3.68	31-Mar-15			9,83,400	3.68
3	Setco Engineering Private Limited	1,31,42,769	49.26	01-Apr-14			1,31,42,769	49.26
				27-Aug-14	4,00,000	Inter-se Transfer amongst Promoters	1,35,42,769	50.69
		1,35,42,769	50.69	31-Mar-15			1,35,42,769	50.69

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters & Holders of GDRs & ADRs)

Sl. No.	Name	Shareholding		Date	Increase / Decrease in Shareholding	Reason	Cumulative Shareholding during the year	
		No. of shares At the beginning (01-04-2014) / end of the year (31-3-2015)	% of total shares of the company				No. of shares	% of total shares of the company
1	Ashok Bhuta*	70,000	0.26	01-Apr-14			70,000	0.26
				04-Apr-14	(9,348)	Sale	60,652	0.23
				11-Apr-14	(4,059)	Sale	56,593	0.21
				18-Apr-14	(7,271)	Sale	49,322	0.18
				25-Apr-14	(49,322)	Sale	-	-
				31-Mar-15			-	-
2	Barclays Wealth Trustees India Private Limited	5,83,008	2.18	01-Apr-14		Not Applicable		
		5,83,008	2.18	31-Mar-15			5,83,008	2.18
3	Ila Dhruv Kajji	84,600	0.32	01-Apr-14		Not Applicable		
		84,600	0.32	31-Mar-15			84,600	0.32
4	K S Gopalaswamy	1,50,000	0.56	01-Apr-14		Not Applicable		
		1,50,000	0.56	31-Mar-15			1,50,000	0.56
5	Morgan Stanley Asia (Singapore) Pte.	10,60,500	3.97	01-Apr-14				
				21-Nov-14	(1,00,000)	Sale	9,60,500	3.59
				16-Jan-15	(2,347)	Sale	9,58,153	3.59
				23-Jan-15	(11,921)	Sale	9,46,232	3.54
				30-Jan-15	(10,000)	Sale	9,36,232	3.50
		9,36,232	3.50	31-Mar-15			9,36,232	3.50
6	New Vernon Private Equity Limited	32,92,500	12.32	01-Apr-14			32,92,500	12.32
				14-Nov-14	(1,30,000)	Sale	31,62,500	11.84
				21-Nov-14	(50,000)	Sale	31,12,500	11.65
				09-Jan-15	(7,50,000)	Sale	23,62,500	8.84
				06-Feb-15	(6,417)	Sale	23,56,083	8.82
				13-Feb-15	(2,450)	Sale	23,53,633	8.81
				20-Feb-15	(650)	Sale	23,52,983	8.81
		23,52,983	8.81	31-Mar-15			23,52,983	8.81

DIRECTORS' REPORT

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters & Holders of GDRs & ADRs)

Sl. No.	Name	Shareholding		Date	Increase / Decrease in Shareholding	Reason	Cumulative Shareholding during the year	
		No. of shares At the beginning (01-04-2014) / end of the year (31-3-2015)	% of total shares of the company				No. of shares	% of total shares of the company
7	Pankaj Natvarlal Shah	94,460	0.35	01-Apr-14				
				19-Sep-14	(600)	Sale	93,860	0.35
				30-Sep-14	(1,900)	Sale	91,960	0.34
				03-Oct-14	(100)	Sale	91,860	0.34
				10-Oct-14	(400)	Sale	91,460	0.34
				21-Nov-14	(350)	Sale	91,110	0.34
				12-Dec-14	(100)	Sale	91,010	0.34
8	Prakash Kumar Pranlal Doshi*			09-Jan-15	(300)	Sale	90,710	0.34
		90,710	0.34	31-Mar-15			90,710	0.34
		5,49,950	2.06	01-Apr-14				
				13-Jun-14	(1,00,000)	Sale	4,49,950	1.68
				20-Jun-14	(50,000)	Sale	3,99,950	1.50
				30-Jun-14	(49,950)	Sale	3,50,000	1.31
				11-Jul-14	(1,00,000)	Sale	2,50,000	0.94
				08-Aug-14	(50,000)	Sale	2,00,000	0.75
				22-Aug-14	(2,00,000)	Sale	-	-
		-	-	31-Mar-15			-	-
9	Shah Paryank Ramesh	8,68,369	3.25	01-Apr-14				
				05-Sep-14	(1,00,000)	Sale	7,68,369	2.88
				30-Sep-14	69,109	Purchase	8,37,478	3.13
				10-Oct-14	(69,109)	Sale	7,68,369	2.88
				27-Mar-14	97,900	Purchase	8,66,269	3.24
		8,66,269	3.24	31-Mar-15			8,66,269	3.24
10	Sukhdev D. Mehta	1,62,000	0.61	01-Apr-14		Not Applicable		
11	Emerging India Focus Funds#	1,62,000	0.61	31-Mar-15			1,62,000	0.61
		1,10,000	0.41	01-Apr-14		Not Applicable		
		1,10,000	0.41	31-Mar-15			1,10,000	0.41
12	IIFL India Growth Fund#	1,10,500	0.41	01-Apr-14		Not Applicable		
13	IIFL National Development Agenda Fund#	1,10,500	0.41	31-Mar-15			1,10,500	0.41
		5,00,000	1.87	01-Apr-14		Not Applicable		
		5,00,000	1.87	31-Mar-15			5,00,000	1.87

*Ceased to be in the list of Top 10 Shareholders as on 31-03-2015. The same is reflected above since the shareholder was one of the Top 10 shareholders as on 01-04-2014.

#Not in the list of Top 10 Shareholders as on 01-04-2014. The same is reflected above since the shareholder was one of the Top 10 shareholders as on 31-03-2015.

DIRECTORS' REPORT

(v) Shareholding of Directors & KMP

Sl. No.	Name	Shareholding		Date	Increase / Decrease in Shareholding	Reason	Cumulative Shareholding during the year	
		No. of shares At the beginning (01-04-2014) / end of the year (31-3-2015)	% of total shares of the company				No. of shares	% of total shares of the company
1	Harish Sheth Chairman & Managing Director	6,91,731	2.59	01-Apr-14				
				27-Aug-14	(1,00,000)	Inter-se Transfer amongst Promoters	5,91,731	2.21
		5,91,731	2.21	31-Mar-15			5,91,731	2.21
2	Arun Arora Independent Director	51,750	0.19	01-Apr-14				
				13-Feb-15	1,500	ESOS Allotment	53,250	0.20
		53,250	0.20	31-Mar-15			53,250	0.20
3	Ashok Kumar Jha Independent Director	3,000	0.01	01-Apr-14				
				13-Feb-15	1,500	ESOS Allotment	4,500	0.02
		4,500	0.02	31-Mar-15			4,500	0.02
4	B L Naik Independent Director	6,300	0.02	01-Apr-14				
				11-Nov-14	1,500	ESOS Allotment	7,800	0.03
		7,800	0.03	31-Mar-15			7,800	0.03
5	Pratap Merchant Independent Director	3,000	0.01	01-Apr-14				
				11-Nov-14	1500	ESOS Allotment	4,500	0.02
		4,500	0.02	31-Mar-15			4,500	0.02
6	Shveta Vakil Executive Director	48,249	0.18	01-Apr-14				
				11-Nov-14	1,500	ESOS Allotment	49,749	0.19
				13-Feb-15	2,001	ESOS Allotment	51,750	0.19
		51,750	0.19	31-Mar-15			51,750	0.19
7	Suhasini Sathe Independent Director	-	-	01-Apr-14		Not Applicable	-	-
		-	-	31-Mar-15			-	-

DIRECTORS' REPORT

(v) Shareholding of Directors & KMP

Sl. No.	Name	Shareholding		Date	Increase / Decrease in Shareholding	Reason	Cumulative Shareholding during the year	
		No. of shares At the beginning (01-04-2014) / end of the year (31-3-2015)	% of total shares of the company				No. of shares	% of total shares of the company
8	Udit Sheth Joint Managing Director	12,83,400	4.81	01-Apr-14				
				27-Aug-14	(3,00,000)	Inter-se Transfer amongst Promoters	9,83,400	3.68
		9,83,400	3.68	31-Mar-15			9,83,400	3.68
9	Urja Shah Additional Director	8,52,945	4.81	01-Apr-14				
		8,52,945	4.81	31-Mar-15		Not Applicable		
10	Vinay Shahane Vice President-Finance (designated as Chief Financial Officer)	2,499	0.01	01-Apr-14			8,52,945	4.81
				11-Nov-14	1,251	ESOS Allotment	3,750	0.01
		3,750	0.01	31-Mar-15			3,750	0.01
11	Naveen Manghani Company Secretary	-	-	01-Apr-14		Not Applicable	-	-
		-	-	31-Mar-15			-	-

DIRECTORS' REPORT

V INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	1,28,19,41,899	-	-	1,28,19,41,899
ii) Interest due but not paid		-	-	-
iii) Interest accrued but not due		-	-	-
Total (i + ii + iii)	1,28,19,41,899	-	-	1,28,19,41,899
Change in Indebtedness during the financial year				
Additions	71,81,80,043	-	-	71,81,80,043
Reduction	-	-	-	-
Net Change	71,81,80,043	-	-	71,81,80,043
Indebtedness at the end of the financial year				
i) Principal Amount	2,00,01,21,942	-	-	2,00,01,21,942
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i + ii + iii)	2,00,01,21,942	-	-	2,00,01,21,942

DIRECTORS' REPORT

VI REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole time director and/or Manager:

(Amount in Rs. Lacs)

Sl.No	Name of the MD/WTD/Manager	Particulars of Remuneration										
		Gross salary										
		Salary as per provisions contained in section 17(1) of the Income Tax, 1961.	Value of perquisites u/s 17(2) of the Income tax Act, 1961	Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961	Contribution to Provident Fund and Other	Stock option	Sweat Equity	Commission	as % of profit#	others (specify)	Total (A)*	Ceiling as per the Act
1	Harish Sheth	150.00	-	-	18.00	-	-	6.51	0.21	-	156.51	313.01
2	Udit Sheth	52.75	-	-	5.04	-	-	-	-	-	52.75	313.01
3	Shvetal Vakil	91.15	-	-	8.62	-	-	3.27	0.10	-	94.42	313.01
	Total										303.68	313.01

* Excluding contribution to Provident Fund

Profit calculated under Section 198 of the Companies Act, 2013

B. Remuneration to other directors:

Sl.	Name of the Directors	Particulars of Remuneration			
	Independent board Directors	Fee for attending committee meetings	Commission	Others please specify	Total
1	Arun Arora	1.60	5.68	-	7.28
2	Ashok Kumar Jha	0.80	5.68	-	6.48
3	Bhalchandra Naik	1.20	5.68	-	6.88
4	Pratap Merchant	0.40	5.68	-	6.08
5	Suhasini Sathe	0.80	5.68	-	6.48
	Other Non Executive Directors				
	Mr. Harshal Shah*	-	2.84	-	2.84
	Total (A)	303.68			
	Total (B)#	28.40			
	Total Managerial Remuneration	332.08			
	Overall Cieling as per the Act.	344.31			

*Mr. Harshal Shah resigned as a Director w.e.f. November 11, 2014.

Excludes sitting fees payable for attending Board and Committee meetings

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD					(Amount in Rs. Lacs)	
Sl. No.	Particulars of Remuneration		CEO	Company Secretary	CFO	Total
1	Gross Salary		150	11.30	40.34	201.64
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961.		-	-	-	-
	(b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961		-	-	-	-
	(c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961		-	-	-	-
2	Stock Option		-	-	-	-
3	Sweat Equity		-	-	-	-
4	Commission:		-	-	-	-
	- as % of profit		6.51	-	-	6.51
5	- Others, please specify		-	-	-	-
	Total		156.72	11.30	40.34	

VII PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES					
Type	Section of the Companies Act	Brief Description	Details of Penalty/Punishment/ Compounding fees imposed	Authority (RD/NCLT/Court)	Appeall made if any (give details)
A. COMPANY			Not Applicable		
		Penalty			
		Punishment			
		Compounding			
B. DIRECTORS			Not Applicable		
		Penalty			
		Punishment			
		Compounding			
C. OTHER OFFICERS IN DEFAULT			Not Applicable		
		Penalty			
		Punishment			
		Compounding			



CORPORATE GOVERNANCE REPORT

1. Philosophy

Corporate Governance is the framework of rules, principles and practices to ensure accountability, fairness, and transparency in a company's relationship with all its stakeholders such as the investors, customers, employees, government and the community. Corporate Governance encompasses a set of systems and practices to ensure that the Company's affairs are being managed in a manner which ensures accountability, transparency and fairness in conduct of the business operations. Corporate Governance includes the combination of voluntary practices and compliance with laws and regulations leading to effective control and management of the organisation. Good Corporate Governance leads to long-term shareholder value and enhances interests of all stakeholders.

The Company is committed to good corporate governance and ensures transparency in all its operations, timely disclosures and accurate dissemination of information, thereby enhancing shareholder value without compromising the compliance with laws and regulations.

Governance Structure

The Company's Governance Structure broadly comprises the Board of Directors and the Committees of the Board at the apex level and the Management structure at the operational level. This layered Structure brings about a harmonious blend in governance as the Board sets the overall corporate objectives and gives direction and freedom to the Management to achieve these corporate objectives within a given framework, thereby bringing about an enabling environment for value creation through sustainable profitable growth.

Board of Directors – The Board plays a pivotal role in ensuring that the Company runs on sound and ethical business practices and that its resources are utilized for creating sustainable growth, Stakeholders value and societal wealth. The Board operates within the parameters of applicable laws which enables it to discharge its fiduciary duties of safeguarding the interest of the Company, ensuring fairness in the decision making process, integrity and transparency in the Company's dealing with its Members and other stakeholders.

Committee of Directors – With a view to have a more focused attention on various facets of business and for better accountability, the Board has constituted the various committees viz., Audit Committee, Stakeholders' Relationship Committee, Nomination and Remuneration Committee, Finance / Operations Committee, Corporate Social Responsibility (CSR) Committee and Selection Committee. Each of these Committees has been mandated to operate within a given framework.

Management Structure – Management structure for running the business as whole is in place with appropriate delegation of powers and responsibilities to the functional heads. The Managing Director and Executive Directors are in overall control and responsible for day-to-day working of the Company. They give strategic direction, lay down policy guidelines and ensure implementation of the decisions of the Board of Directors and its various committees.

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

2. Board of Directors

The principal role of the Board of Directors as representatives of the shareholders, is to oversee the function of the Company and ensure that it continues to operate in the best interests of all stakeholders. The Board of Directors acknowledges that it has a fiduciary relationship and a corresponding duty towards the stakeholders to ensure that their rights are protected.

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 9 Directors of which 5 (Five) Directors are Independent, 1 (One) Director is Additional Director and 3 (Three) Directors are Executive.

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

CORPORATE GOVERNANCE REPORT

Category	Name of the Director
Executive Directors	
• Promoter Directors	1. Mr. Harish Sheth
	2. Mr. Udit Sheth
• Non Promoter Director	3. Mr. Shveta Vakil
	4. Mrs. Urja Shah*
Non-Executive Directors	
• Independent	5. Mr. Arun Arora
	6. Mr. Ashok Kumar Jha
	7. Mr. Bhalchandra Naik
	8. Mr. Pratap Merchant
	9. Mrs. Suhasini Sathe
• Non-Independent	10. Mr. Harshal Shah ^

* Mrs. Urja Shah was appointed w.e.f. November 11, 2014

^ Mr. Harshal Shah resigned w.e.f. November 11, 2014

Mr. Harish Sheth is the father of Mr. Udit Sheth and Mrs. Urja Shah. None of the other present directors are related to each other.

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

The Company has an Executive Chairman. According to Clause 49, in case a company does not have a regular Non-Executive Chairman, at least half of the Board should comprise of Independent Directors. Table given above shows that the Company is in compliance with the requirements.

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

Board Meetings / Procedure

During the financial year, four board meetings were held on May 30, 2014, August 5, 2014, November 11, 2014 and February 13, 2015. A separate meeting of the Independent directors was held on March 24, 2015.

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

B. Remuneration to other directors:

Sl.No	Name of the Directors	Particulars of Remuneration			
	Independent Directors	Fee for attending board committee meetings	Commission	Others, please specify	Total
1	Arun Arora	1.60	5.68	-	7.28
2	Ashok Kumar Jha	0.80	5.68	-	6.48
3	Bhalchandra Naik	1.20	5.68	-	6.88
4	Pratap Merchant	0.40	5.68	-	6.08
5	Suhasini Sathe	0.80	5.68	-	6.48
	Other Non Executive Directors Mr. Harshal Shah*	-	2.84	-	2.84
	Total (A)		303.68		
	Total (B)#		28.40		
	Total Managerial Remuneration		332.08		
	Overall Ceiling as per the Act.		344.31		

*Mr. Harshal Shah resigned as a Director w.e.f. November 11, 2014.

Excludes sitting fees payable for attending Board and Committee meetings

CORPORATE GOVERNANCE REPORT

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

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

The following table provides the attendance record at the Board Meeting and Annual General Meeting of the Company during the financial year 2014-15 and directorships, memberships and chairmanships in other public limited companies at the end of the financial year 2014-15:

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#	No. of shares Held
Mr. Harish Sheth	4	Present	1	1	-	5,91,731
Mr. Arun Arora	4	Absent	2	3	1	53,250
Mr. Ashok Kumar Jha	3	Absent	5	4	-	4,500
Mr. Bhalchandra Naik	4	Present	1	1	1	7,800
Mr. Harshal Shah*	2	Absent	-	-	-	
Mr. Pratap Merchant	3	Absent	4	3	1	4,500
Mrs. Suhasini Sathe	4	Absent	1	-	-	NIL
Mr. Shvetal Vakil	4	Absent	1	-	-	51,750
Mr. Udit Sheth	3	Absent	1	-	-	9,83,400
Mrs. Urja Shah**	2	N.A.	1	-	-	8,52,945

@ Including Directorship of Setco Automotive Limited.

Committees considered are Audit Committee and Stakeholders Relationship Committee including that of Setco Automotive Limited.

* Mr. Harshal Shah resigned as a Director w.e.f. November 11, 2014 and accordingly the attendance at the meetings is as on the date of resignation.

** Mrs. Urja Shah was appointed as an Additional Director w.e.f. November 11, 2014 and accordingly the attendance at the meetings is with effect from the date of her appointment.

Performance Evaluation of the Board

The Independent Directors of the Company evaluated the performance of the Non Independent Directors and the Chairman, who were evaluated on parameters such as level of engagement and contribution, independence of judgment, safeguarding the interest of the Company and its minority shareholders etc. The performance evaluation of the Independent Directors was carried out by the entire Board. The Directors expressed their satisfaction with the evaluation process.

(iii) Brief Profiles, other directorships and committee memberships etc. of Directors seeking appointment / re-appointment at the 32nd Annual General Meeting

Name of the Director	Mrs. Urja Shah
Date of Birth	November 11, 1975
Qualifications	Bachelors in Environmental Science and Masters in Environmental Policy from Duke University, USA; Certificate in International Development Studies from Duke University; Certificate in Financial Accounting and Marketing from Boston University, USA.
Brief Resume & Specialised Expertise	Mrs. Urja Shah has been the 'President – Corporate Affairs' effective from October 30, 2009. Mrs. Urja has been playing a very significant role in the Company's activities related to Corporate Social Responsibility.
No. of Shares held in the Company	8,52,945
Directorships in other Companies	1. Transstadia Capital Private Limited 2. Hrehan Venture Advisors Private Limited
Committee positions held*	Stakeholders' Relationship Committee of Setco Automotive Limited.

CORPORATE GOVERNANCE REPORT

Name of the Director	Mr. Shveta Vakil
Date of Birth	March 31, 1951
Qualifications	Bachelor's Degree from Mumbai University and Advance Management Programme from IIM, Ahmedabad
Brief Resume and Specialised Expertise	Mr. Vakil has over 40 years of diverse experience ranging from Greenfield projects, setting up JVs, strategizing M&As etc. He also has experience of setting up of export business of Agri Products.
No. of Shares held in the Company	51,750
Directorships in other Companies	1. Transstadia Technologies Pvt. Ltd 2. Transstadia Hospitality Pvt. Ltd 3. Transstadia (Ahmedabad) Pvt. Ltd 4. Transstadia Boxing India Pvt. Ltd
Committee positions held*	NIL

* Committees considered are Audit Committee and Stakeholders Relationship Committee including that of Setco Automotive Limited

3. Committees of Board of Directors

The Board of Directors presently has Six Committees viz., Audit Committee, Stakeholders Relationship Committee, Nomination and Remuneration Committee, Corporate Social Responsibility (CSR) Committee, Finance/ Operations Committee and Selection Committee. The composition of committees is in accordance with the Companies Act, 2013 and the Listing Agreement.

Audit Committee:

The Audit Committee inter-alia reviews financial statements, compliance with Accounting Standards and listing agreement with stock exchange and other legal requirements covering financial statements, related party transactions, 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 and terms of reference of Audit Committee are in accordance with the Companies Act, 2013 and Clause 49 of the Listing Agreement.

The Committee met four times during the financial year 2014-15 viz., May 30, 2014, August 5, 2014, November 11, 2014 and February 13, 2015. 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. Bhalchandra L. Naik	Independent Director	Chairman	4	4
Mr. Arun Arora	Independent Director	Member	4	4
Mr. Ashok Kumar Jha	Independent Director	Member	4	3
Mr. Harshal Shah*	Non-Executive Director	Member	4	2

* Mr. Harshal Shah resigned as a Director w.e.f. November 11, 2014. Only two meetings of the Audit Committee were held during his tenure in the financial year 2014-15.

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

The Statutory Auditors and Chief Financial Officer are invitees to the Audit Committee Meetings. The Company Secretary acts as the Secretary to the Committee.

Nomination and Remuneration Committee

The name of the Remuneration Committee has been changed to Nomination and Remuneration Committee as per the provisions of Companies Act, 2013. This Committee was constituted to consider / review the managerial remuneration.

The Committee performs functions enumerated in Clause 49 of the Listing Agreement and Schedule V of the Companies Act, 2013. The Committee inter-alia reviews as well as recommends to the Board the remuneration payable to Executive Directors, the remuneration package after considering the factors such as experience, expertise, position, responsibilities shouldered by the individual and leadership qualities, and the Committee also approves and oversees the operation of Employee Stock Option Plans.

CORPORATE GOVERNANCE REPORT

It comprises of three Directors all of them are independent. The composition of Nomination and Remuneration Committee is in accordance with Clause 49 of the Listing Agreement and the Companies Act, 2013.

The Committee met four times during the financial year 2014-15 viz. May 30, 2014, August 5, 2014, November 11, 2014 and February 13, 2015. 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. Arun Arora	Independent Director	Chairman	4	4
Mr. B. L. Naik	Independent Director	Member	4	4
Mr. Ashok Kumar Jha	Independent Director	Member	4	3

Remuneration Policy of the Company is appended as annexure 2 to the Directors' Report. The non-executive Directors are paid sitting fees as per the provisions of the Companies Act, 2013, the rules made there under and Articles of Association of the Company for attending the Board / Committee meetings.

The members of the Company at the 31st Annual General Meeting held on September 9, 2014 have 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 2014-15 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	6.51	--	174.51
Mr. Arun Arora	Independent Director	--	--	5.68	1.60	7.28
Mr. Ashok Kumar Jha	Independent Director	--	--	5.68	0.80	6.48
Mr. Bhalchandra Naik	Independent Director	--	--	5.68	1.20	6.88
Mr. Harshal Shah*	Non Executive Director	--	--	2.84	--	2.84
Mr. Pratap Merchant	Independent Director	--	--	5.68	0.40	6.08
Mrs. Suhasini Sathe	Independent Director	--	--	5.68	0.80	6.48
Mr. Shvetal Vakil	Executive Director	91.15	8.62	3.27	--	103.04
Mr. Udit Sheth	Joint Managing Director	52.75	5.04	--	--	57.79
Mrs. Urja Shah**	Additional Director	--	--	--	--	--

* Mr. Harshal Shah resigned as a Director, w.e.f. November 11, 2014

** Mrs. Urja Shah was appointed as an Additional Director w.e.f. November 11, 2014

Mr. Harshal Shah, Non-Executive Director, being relative of Mr. Harish Sheth and Mr. Udit Sheth, was not paid any sitting fees.

Stakeholders Relationship Committee

The name of the Shareholders / Investors Grievance Committee has been changed to Stakeholders Relationship Committee in line with the provisions of Companies Act, 2013. The Committee, inter-alia, oversees transfer of shares in physical form, transmission of shares, issue of duplicate share certificates, depository operations and compliances of regulatory provisions etc. and evaluates investor grievances redressal system.

The Stakeholders Relationship Committee comprises of 3 Directors, of which one is independent director, one executive director and one additional director. The Chairman of the committee is an Independent Director.

The Committee met four times during the financial year 2014-15 viz., May 30, 2014, August 5, 2014, November 11, 2014 and February 13, 2015. The detailed constitution and attendance at the committee meetings is as under:

Name of the Director	Category	Position	No. of meetings attended	
			held	attended
Mr. Arun Arora	Independent Director	Chairman	4	4
Mrs. Urja Shah*	Additional Director	Member	4	Nil
Mr. Harish Sheth	Chairman and Managing Director	Member	4	4
Mr. Harshal Shah**	Non Executive Director	Member	4	2

CORPORATE GOVERNANCE REPORT

- * Mrs. Urja Shah was inducted in the Committee as a member w.e.f. February 13, 2015. No meeting of the Stakeholders Relationship Committee were held during her tenure in the financial year 2014-15.
- * Mr. Harshal Shah resigned as a Director w.e.f. November 11, 2014. Only two meeting of the Stakeholders Relationship Committee were held during his tenure in the financial year 2014-15.

Mr. Naveen Manghani, Company Secretary is designated as the Compliance Officer of the Company.

The status of investor grievances received during the financial year 2014-15 is as follows:

No. of Complaints pending as on April 1, 2014	Nil
No. of Complaints / queries received during the year	66
No. of Complaints resolved during the year	66
No. of Complaints pending as on March 31, 2015	Nil

Finance / Operations Committee

The Finance / Operations Committee is empowered to borrow funds, invest surplus funds, decide / modify operations of bank accounts and other routine administrative and management functions.

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

The Committee met Five times during the financial year 2014-15.

Selection Committee

The Selection Committee has been constituted during the financial year 2013-14 to consider appointment of the Directors / relatives of Directors for place of profit, to recommend remuneration / perquisites payable to them and to review/ recommend / approve increment / revision in the remuneration / perquisites payable to them.

The Committee comprises of Mr. Arun Arora, Mr. Ashok Kumar Jha and Mr. B. L. Naik, Independent Directors and Mr. Pradip C. Shah, outside Expert.

Corporate Social Responsibility (CSR) Committee

The CSR Committee has been constituted during the financial year 2014-15, inter-alia, to formulate and recommend to the Board, a Corporate Social Responsibility Policy which shall define the activities to be undertaken by the Company, recommend the amount of expenditure to be incurred on the CSR activities, and monitor the Corporate Social Responsibility Policy of the company from time to time.

The Committee comprises of Mr. Udit Sheth, Joint Managing Director, Mrs. Urja Shah, Executive Additional Directors and Mr. Arun Arora and Mrs. Suhasini Sathe, Independent Directors.

The Committee met twice during the financial year 2014-15 viz. November 11, 2014 and February 13, 2015. The detailed constitution and attendance at the committee meetings is as under:

Name of the Director	Category	Position	No. of meetings attended	
			held	attended
Mr. Udit Sheth	Joint Managing Director	Chairman	2	2
Mr. Arun Arora*	Non Executive Independent	Member	2	1
Mrs. Suhasini Sathe	Non Executive Independent	Member	2	2
Mrs. Urja Shah*	Additional Director	Member	2	1

- * Mr. Arun Arora and Mrs. Urja Shah were inducted in the Committee as members w.e.f. November 11, 2014. Only one meeting of the CSR Committee was held during their tenure in the financial year 2014-15.

4. 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 website 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 information are immediately informed to the Stock Exchange before the same is communicated to general public through press releases, if any, and / or other communications.

CORPORATE GOVERNANCE REPORT

5. 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 or any other authority.

6. 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.

Clause 49 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:

- Non Executive Chairman's office: The Chairman of the Company is Executive Chairman and as such, this provision is not applicable.
- Shareholder Rights: 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.

7. Disclosure of materially significant Related Party Transactions

The Company did not enter into any materially significant transactions with Promoters, Directors or the Management, their subsidiaries or relatives etc., which were in conflict with the interest of the Company. Details of Related Party Transactions are provided in Note 29 of notes forming part of financial statements. Necessary approvals have been obtained wherever required.

8. Management Discussion and Analysis Report

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

9. Risk Management

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

10. 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 2014-15.

The declaration pursuant to Clause 49(II)(E) 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, 2015 is annexed to this Report.

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

11. Insider Trading:

The Company has also laid down a Code 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. The Company has amended and adopted the Code for Prevention of Insider Trading, 2015 as required under SEBI (Prohibition of Insider Trading) Regulations, 2015.

12. Whistle Blower Policy:

The Whistle Blower Policy of the Company, which also incorporates the vigil mechanism, has been framed by the Company. No personnel has been denied access to the audit committee of the Company.

13. General Body Meetings

I Details of last three Annual General Meetings held:

Financial Year	Venue	Day & Date	Time
2011-2012	Baroda – Godhra	Monday, September 17, 2012	3.00 p.m.
2012-2013	Highway, Kalol, 389330	Saturday, September 28, 2013	3.00 p.m.
2013-2014	District– Panchmahal, Gujarat.	Tuesday, September 9, 2014	12.30 p.m.

CORPORATE GOVERNANCE REPORT

ii. Special Resolutions passed during the last three years

Date of AGM	Section	Particulars of Special Resolution
September 17, 2012	1. 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
	2. 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, Joint Managing Director
September 28, 2013	1. 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
	2. Section 314(1B) of the Companies Act, 1956	Revision of remuneration payable to Mrs. Urja Shah, relative of Director
September 9, 2014	1. Sections 196, 197, 203 and Schedule V of Companies Act, 2013	Re-appointment of Mr. Harish Sheth as the Chairman and Managing Director
	2. Sections 196, 197 and Schedule V of Companies Act, 2013	Re-appointment of Mr. Udit Sheth as the Executive Director
	3. Sections 196, 197 and Schedule V of Companies Act, 2013	Re-appointment of Mr. Shvetal Vakil as the Executive Director
	4. Section 180(1)(c) of Companies Act, 2013	Increase in Borrowing Limits of the Company for an amount not exceeding Rs. 400 Crore over and above the aggregate of the paid-up capital and free reserves of the Company
	5. Section 180(1)(a) of Companies Act, 2013	Powers for creation of mortgages, charges, hypothecations etc. for an amount not exceeding Rs. 400 Crore over and above the aggregate of the paid-up capital and free reserves of the Company
Date of EGM	Section	Particulars of Special Resolution
Friday, June 5, 2015	1. Section 62(1)(b) of Companies Act, 2013 and provisions of the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014.	Approval of Setco Employee Stock Option Scheme, 2015 and Issue of Securities thereto.
	2. Section 62(1)(b) of Companies Act, 2013 and provisions of the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014.	Approval for extending benefits of Setco Employee Stock Option Scheme, 2015 to the employees of subsidiary company(ies)
	3. Section 62(1)(b) of Companies Act, 2013 and provisions of the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014.	Approval for extending benefits of Setco Employee Stock Option Scheme, 2015 to the employees of the holding company
	4. Section 188 of Companies Act, 2013.	Approval for payment of remuneration to Mr. Harshal Shah of such amount as may be determined by the Board of Directors from time to time subject to maximum of Rs. 7,50,000 per month for providing services as a member of the Advisory Board of the Company.
	5. Section 14 of the Companies Act, 2013.	Amendment of Article 80(a) of the Articles of Association.

CORPORATE GOVERNANCE REPORT

- iii. There were no resolutions passed through the Postal Ballot during the Financial Year 2014-15. None of the businesses proposed to be transacted at the ensuing Annual General Meeting require passing of resolution through postal ballot.

14. General Shareholder Information:

(i) 32nd Annual General Meeting

Day & date : Monday, September 28, 2015
Time : 3.00 p.m.
Venue : Vadodara – Godhra Highway, Kalol, District – Panchmahal, Pin Code – 389 330, Gujarat.

(ii) Financial Year : April 1, 2014 – March 31, 2015

(iii) Dates of Book Closure : September 21, 2015 - September 28, 2015

(iv) Dividend Payment Date : On or after September 29, 2015

(v) Listing on Stock Exchange : The Bombay Stock Exchange Limited

Stock Code : 505075

Demat ISIN in NSDL & CDSL : INE878E01013

(vi) Financial Calendar:

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

(vii) Market Price Data for Financial Year 2014-15

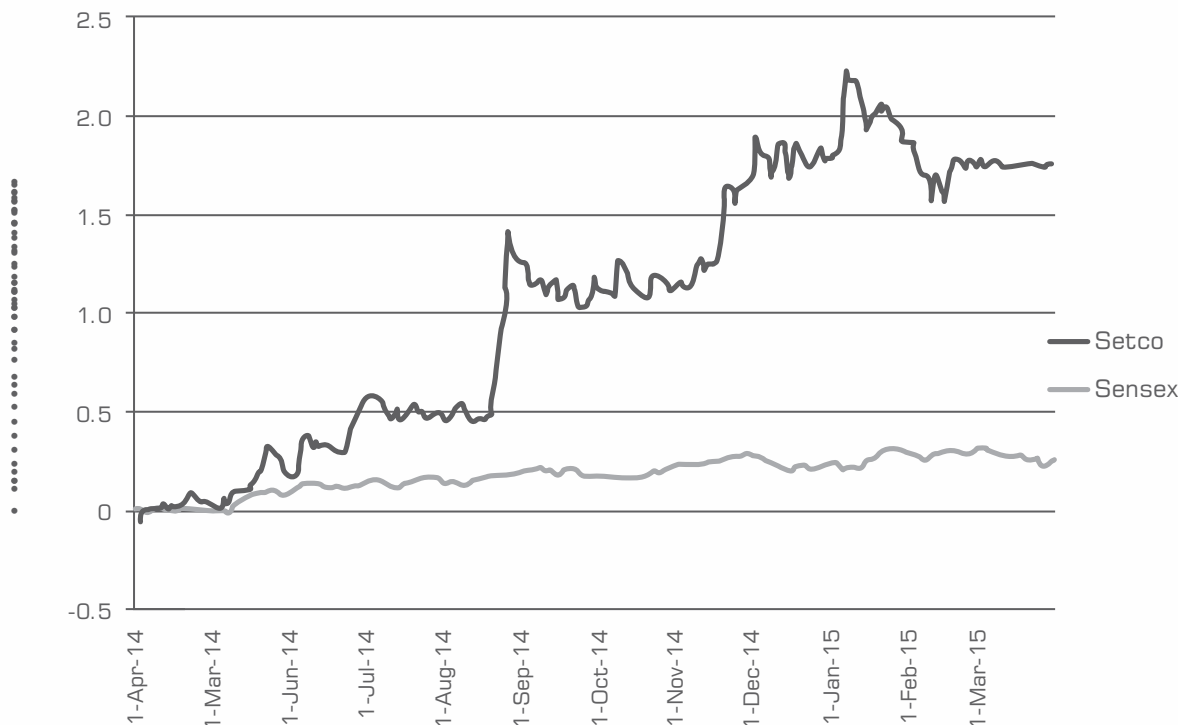
Month	Share Price (Rs.)		BSE Sensex Closing**
	High Price*	Low Price*	
April-14	96.90	71.10	22417.80
May-14	118.00	87.00	24217.34
June-14	136.00	97.20	25413.78
July-14	141.10	125.10	25894.97
August-14	220.00	123.00	26638.11
September-14	206.05	170.50	26630.51
October-14	202.50	177.15	27865.83
November-14	242.50	182.10	28693.99
December-14	264.90	228.80	27499.42
January-15	293.60	237.05	29182.95
February-15	260.00	221.30	29361.50
March-15	249.90	239.00	27957.49

* considered highest price and lowest price during the respective month

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

CORPORATE GOVERNANCE REPORT

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



(ix) Registrar and Share Transfer Agents

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

(x) Share Transfer System

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

The Company ensures that the Registrar processes 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 Stakeholders Relationship Committee of the Board of Directors of the Company at its meetings held periodically reviews the investors' grievances / correspondences received during the quarter and also ratifies transfers affected during the quarter.

CORPORATE GOVERNANCE REPORT

(xi) Distribution of Shareholding as on March 31, 2015

Distribution of Shareholding				
No. of Shares	Shareholders		Shares Held	
	No.	%	Shares	%
1 - 500	6547	87.89%	1069420	4.00%
501 - 1000	415	5.57%	308149	1.15%
1001 - 2000	212	2.85%	311124	1.16%
2001 - 3000	77	1.03%	194904	0.72%
3001 - 4000	36	0.48%	129839	0.48%
4001 - 5000	33	0.44%	151466	0.57%
5001 - 10000	48	0.64%	338973	1.26%
More than 10000	81	1.08%	24215460	90.62%
	7449	100.00%	26719335	100.00%

(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 confirms or rejects the request to the depositories.
- Upon confirmation, the Depository credits the shareholder's 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, 2015, 96.94% of Equity Shares (i.e. 2,59,01,960 Equity Shares) were held in dematerialized form and the rest in physical form. Trading in Company's equity shares is 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, 2015.

CORPORATE GOVERNANCE REPORT

(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 the Registrar & Share Transfer Agents of the Company, Link Intime India Private Limited for any query related to share transfers, dematerialization, transmissions, change of address, non-receipt of dividend or any other related queries.

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

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

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

Other useful information for Shareholders

Dividend: Electronic Clearing Services (ECS)/ National Electronic Clearing Services (NECS) facility. The dividend remittances to shareholders will happen through ECS/NECS as per the locations approved by RBI from time to time. If you are located at any of the ECS/ NECS centers and have not registered your ECS/NECS mandate, 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.

It may be noted that any dividend 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 125 of the Companies Act, 2013. 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
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
Final Dividend 2012-13	28.09.2013	28.10.2020
Final Dividend 2013-14	09.09.2014	09.09.2021
Interim Dividend 2014-15	11.11.2014	11.11.2021

Shareholders who have not yet encashed their dividend warrants for the previous years may approach with un-encashed dividend warrants to the Company, at its Corporate Office for revalidation / issue of duplicate dividend warrants.

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.

CORPORATE GOVERNANCE REPORT

ANNEXURE

Certificate pursuant to Clause 49(1)(E)

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)(E) 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, 2015.

Harish K. Sheth

Chairman & Managing Director

CORPORATE GOVERNANCE REPORT

ANNEXURE

Certificate for Corporate Governance

To

The Members of

Setco Automotive Limited

We have examined the compliance of conditions of Corporate Governance by Setco Automotive Limited ("the Company") for the year ended on March, 31, 2015 as stipulated in Clause 49 of the Listing Agreement of the said Company with stock exchange.

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 Corporate Governance as stipulated in the said clause. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the Clause 49 of the Listing Agreement.

We further state that our examination of 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 **P. P. SHAH & Co.**
Practicing Company Secretary

Pradip C. Shah
Partner
FCS - 1483
COP - 436

Place: Mumbai

Date: July 15, 2015

CORPORATE GOVERNANCE REPORT

ANNEXURE

Certification under Clause 49 of the listing agreement

We, Harish K. Sheth, Chairman and Managing Director and Vinay Shahane, 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, 2015 and that to the best of our knowledge and belief:-
 - (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - (ii) these statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- (b) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year, which are fraudulent, illegal or violative of the company's code of conduct.
- (c) We accept the responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of the internal control systems of the company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- (d) We have indicated to the auditors and the Audit committee:
 - (i) significant changes in internal control over financial reporting during the year;
 - (ii) significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
 - (iii) there were no instances of significant fraud.

Date: July 15, 2015

Place: Mumbai

Harish K. Sheth

Chairman & Managing Director

Vinay Shahane

Vice President – Finance



INDEPENDENT AUDITORS' REPORT

TO
THE MEMBERS OF
SETCO AUTOMOTIVE LIMITED

- **Report on the Financial Statements**

We have audited the accompanying standalone financial statements of SETCO AUTOMOTIVE LIMITED ("the Company"), which comprise the Balance Sheet as at 31 March 2015, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

- **Management's Responsibility for the Financial Statements**

The Company's Board of Directors is responsible for the matters in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone 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 principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes the maintenance of adequate accounting records in accordance with the provision of the Act for safeguarding of the assets of the company and for preventing and detecting the frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of internal financial control, that were operating effectively for ensuring the accuracy and completeness of the accounting records, 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

- **Auditors' Responsibility**

Our responsibility is to express an opinion on these standalone financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters, which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit in accordance with the Standards on Auditing specified under section 143 (10) of the Act. 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 financial control relevant to the Company's preparation of the financial statements that give true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operative effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by Company's Directors, 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 on the standalone financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone 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, of the state of affairs of the Company as at 31 March, 2015 and its profit and its cash flows for the year ended on that date.

- **Emphasis of Matter**

We draw attention to the following matter in the Notes to the financial statements:

Trade Payables, Trade Receivables and other debit and credit balances are subject to reconciliation and/or confirmation (Refer Note No. 34(i) of Financial Statements)

Our opinion is not modified in respect of this matter.

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

As required by the Companies (Auditor's Report) Order, 2015 ("the Order") issued by the Central Government of India in terms of Section 143 (11) of the Act, we give in the Annexure, a statement on the matters specified in paragraphs 3 and 4 of the said Order.

As required by Section 143 (3) of the Act, we report that:

- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- b) In our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
- c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules 2014.
- e) In our opinion, the matter described under the Emphasis of Matters paragraph above, prima facie, does not appear to have any adverse impact on the functioning of the Company.
- f) On the basis of the written representations received from the directors as on 31 March 2015 and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2015, from being appointed as a director in terms of Section 164 (2) of the Act.
- g) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies Act (Audit and Auditors) Rules 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in financial statements. (Refer Note No. 33 (B) of the Financial Statements).
 - ii. The Company did not have any long term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There has been no delay in transferring the amounts, required to be transferred to the Investor Education and Protection Fund by the Company.

For **MANESH MEHTA & ASSOCIATES**
Chartered Accountants
(Firm Registration No. 115832W)

(Manesh P. Mehta)
Partner
Membership No. 036032

Place: Mumbai
Date: 26th May, 2015



ANNEXURE TO INDEPENDENT AUDITORS' REPORT

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

1. In respect of its fixed assets:
 - a) 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 its assets. As informed, no material discrepancies were noticed on such verification.
2. In respect of its inventories:
 - a) According to the information and explanations given to us, inventories (excluding stocks with third parties) were physically verified during the year by the management at reasonable intervals.
 - b) According to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to size of the Company and the nature of its business.
 - c) In our opinion and according to the information and explanations given to us, the Company has maintained proper records of its inventories. No material discrepancies were noticed on physical verification of inventories.
3. According to the information and explanations given to us, the Company has not granted any Secured or Unsecured Loans to Companies, firms or other parties covered in the Register maintained under Section 189 of the Companies Act, 2013.
4. In our opinion and according to the information and explanations given to us, there is adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchase of fixed assets and sale of goods. The internal 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, the Company has not accepted any deposits, either under the directives issues by the Reserve Bank of India or within the meaning of section 73 to 76 of the Companies Act 2013 and the rules framed there under.
6. We have been informed that company is not required to maintain cost records u/s. 148 (1) of the Companies Act 2013.
7. 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, Value Added Tax, Central Sales Tax, Income Tax, Tax Deducted at Source, Wealth Tax, Service Tax, Custom Duty, Excise Duty and Cess with appropriate authorities though there have been few instances of delay in deposition in respect of Employees State Insurance, Income Tax, Wealth Tax, Custom Duty, Service Tax and Tax Deducted at Source. According to the information and explanations given to us, there are no disputed items outstanding for more than six months as of 31st March 2015.
 - (b) According to the information and explanations given to us and records of the Company examined by us, no amount has remained unpaid on account of any dispute as of 31st March 2015.
 - (c) According to the information and explanations given to us there has been no delay in transferring the amounts, required to be transferred to Investor Education and Protection Fund in accordance with the provisions of the Companies Act 1956 (1 of 1956) and rules made there under.

-
8. The company does not have accumulated losses as at 31st March 2015. The company has not incurred cash losses during the current year and in the immediately preceding financial year.
 9. 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 neither taken any loan from any financial institution nor issued any debentures.
 10. The Company has given guarantees for loans taken by its wholly owned ultimate foreign subsidiaries and Indian subsidiary 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.
 11. In our opinion and according to the information and explanations given to us, and examination of records of the company, the term loans availed by the Company during the year were applied for the purposes for which the loans were obtained.
 12. 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
 13. 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 (iii) (a) & (b) of the Companies (Auditor's Report) Order, 2015 are not applicable.

Place: Mumbai
Date: May 26, 2015

For **MANESH MEHTA & ASSOCIATES**
Chartered Accountants
(Firm Registration No. 115832W)

(Manesh P. Mehta)
Partner
Membership No. 036032

BALANCE SHEET

AS AT 31ST MARCH, 2015

(Rs.)

	Note No.	As at 31 st March, 2015		As at 31 st March, 2014	
EQUITY & LIABILITIES :					
Shareholders' Funds					
Share Capital	2	26,71,93,350	2,00,79,23,590	26,67,80,240	1,86,56,85,840
Reserves & Surplus	3	1,74,07,30,240		1,59,89,05,600	
Non-current Liabilities					
Long-Term Borrowings	4	79,23,89,211		20,80,23,474	
Deferred Tax Liabilities (Net)	5	8,96,70,316		8,09,64,000	
Long-Term Provisions	6	1,09,12,154		56,30,242	
Current Liabilities			89,29,71,681		29,46,17,716
Short-Term Borrowings	7	1,20,77,32,732		1,23,39,18,425	
Trade Payables	8	43,35,18,420		50,43,43,302	
Other Current Liabilities	9	20,34,99,786		14,63,15,396	
Short-Term Provisions	10	5,93,47,669		10,31,13,390	
		1,90,40,98,607		1,98,76,90,513	
TOTAL			4,80,49,93,878		4,14,79,94,069
ASSETS :					
Non Current Assets					
Fixed Assets	11		1,43,65,43,083		1,27,89,08,615
- Tangible Assets		1,24,77,95,721		1,11,94,18,093	
- Intangible Assets		10,13,23,473		8,37,21,657	
- Capital Work-in-Progress		45,61,151		7,42,440	
- Intangible Assets under Development		8,28,62,738		7,50,26,425	
Non-current Investments	12	81,96,49,783		62,90,49,783	
Long-term Loans & Advances	13	44,03,96,424		41,47,51,662	
Other Non Current Assets		-		-	
Current Assets			1,26,00,46,207		1,04,38,01,445
Current Investments		-		-	
Inventories	14	72,74,99,226		65,49,25,650	
Trade receivables	15	87,91,37,783		75,67,39,476	
Cash and Cash Equivalents	16	6,09,94,888		4,54,60,386	
Short-term Loans & Advances	17	44,07,72,691		36,81,58,497	
Other Current Assets		-		-	
			2,10,84,04,588		1,82,52,84,009
TOTAL			4,80,49,93,878		4,14,79,94,069

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 26, 2015

Harish Sheth
Chairman & Managing Director

Arun Arora
Director

Pratap Merchant
Director

Vinay Shahane
Vice President - Finance

For and on behalf of the Board

Udit Sheth
Executive Director

Ashok Kumar Jha
Director

Suhasini Sathe
Director

Naveen Manghani
Company Secretary

Place : Mumbai
Date : May 26, 2015

Shvetal Vakil
Executive Director

Bhalchandra Naik
Director

Urja Shah
Additional Director

STATEMENT OF PROFIT AND LOSS

FOR THE YEAR ENDED 31ST MARCH, 2015

(Rs.)

	Note No.	Year Ended 31 st March 2015	Year Ended 31 st March 2014
REVENUE :			
Revenue from Operations		4,86,43,79,395	3,49,35,71,453
Less: Excise Duty		28,30,31,420	20,57,13,258
Revenue from Operations (Net)	18	4,58,13,47,975	3,28,78,58,195
Other Income	19	9,07,41,684	13,20,40,890
Total Revenue		4,67,20,89,659	3,41,98,99,085
EXPENSES :			
Cost of Materials and Components consumed	20	2,74,14,20,269	2,01,15,72,796
Changes in Inventories of Finished Goods and Work in Progress (Increase)	21	(2,60,05,618)	(2,31,81,554)
Employee Benefit Expense	22	39,74,47,747	30,45,59,305
Finance Cost	23	23,43,38,478	20,22,15,211
Depreciation and Amortization Expenses		13,24,05,411	10,77,46,015
Less : Depreciation on Revaluation of Fixed Assets		-	(25,81,217)
Net Depreciation and Amortization Expenses	11	13,24,05,411	10,51,64,798
Other Expenses	24	91,02,67,479	65,30,01,674
Total Expenses		4,38,98,73,766	3,25,33,32,230
Profit/(Loss) before Exceptional Items and Tax		28,22,15,893	16,65,66,855
Exceptional Items	25	-	7,67,21,699
Profit Before Tax		28,22,15,893	24,32,88,554
Less : Tax Expenses			
- Current Tax		5,31,36,104	4,49,73,504
- Deferred Tax		87,06,316	2,12,55,000
MAT Credit Entitlement	26		
Previous Periods		(16,28,432)	(85,74,654)
Current Year		(94,24,987)	(4,33,47,930)
- Tax Adjustment for Earlier years		(37,00,978)	(30,26,658)
		4,70,88,023	1,12,79,262
Profit for the Period		23,51,27,870	23,20,09,292
Earnings Per Share (Face value of Rs. 10/- each)	27		
Before Considering Exceptional Items			
- Basic		8.81	5.82
- Diluted		8.81	5.82
After Considering Exceptional Items			
- Basic		8.81	8.70
- Diluted		8.81	8.70

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 26, 2015

Harish Sheth
Chairman & Managing Director

Arun Arora
Director

Pratap Merchant
Director

Vinay Shahane
Vice President - Finance

For and on behalf of the Board

Udit Sheth
Executive Director

Ashok Kumar Jha
Director

Suhasini Sathe
Director

Naveen Manghani
Company Secretary

Place : Mumbai
Date : May 26, 2015

Shveta Vakil
Executive Director

Bhalchandra Naik
Director

Urja Shah
Additional Director

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31ST MARCH, 2015

(Rs.)

	2015-2014	2013-2014
A. CASHFLOW FROM OPERATING ACTIVITIES		
Net Profit before tax	28,22,15,893	24,32,88,554
Adjustment for		
Depreciation	13,24,05,411	10,51,64,798
(Profit) on Sale of Fixed Assets	(8,890)	(7,66,59,886)
Unrealized Forex Exchange Loss / (Gain)	1,37,10,273	(1,75,73,651)
Interest Expense	23,43,38,478	20,22,15,211
Interest Income	(5,06,75,903)	(3,35,57,616)
Dividend Income	(2,87,10,000)	(2,87,11,800)
Miscellaneous Income	(38,64,166)	(53,29,541)
Corporate Tax	(4,94,35,126)	(4,19,46,846)
MAT Credit Entitlement	1,10,53,419	5,19,22,584
Employee Stock Options Cost	-	(1,46,600)
Operating Profit / (Loss) before Working Capital Changes and Other Changes	54,10,29,389	39,86,65,207
Trade Receivables	(12,90,31,621)	9,58,76,673
Inventories	(7,25,73,576)	(4,63,67,803)
Loans and Advances	(10,31,29,721)	(23,85,30,498)
Trade Payables	(7,20,17,693)	16,76,53,736
Other Liabilities	(6,28,16,854)	1,52,84,915
Working Capital Changes and Other Changes	(43,95,69,465)	(60,82,977)
Cash Flow Generated from Operations	10,14,59,924	39,25,82,230
Direct Taxes (Tax deducted at Source)	(10,13,383)	(15,79,017)
Net Cash Flow from Operating Activities	10,04,46,541	39,10,03,213
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(24,99,44,258)	(16,94,87,571)
Sale of Fixed Assets	76,56,941	14,47,66,188
Intangible Asset	(4,77,43,673)	(4,41,39,134)
Interest Income	5,06,75,903	3,35,57,616
Dividend Income	2,87,10,000	2,87,11,800
Margin Money with Bank	73,437	(73,437)
Sale of Investment	-	30,90,00,000
(Increase) in Investment	(19,06,00,000)	(45,49,50,000)
Net Cash Used in Investing Activities	(40,11,71,650)	(15,26,14,538)

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31ST MARCH, 2015

(Rs.)

	2015-2014	2013-2014
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Cash Credit	13,38,14,307	4,19,78,419
Proceeds from Short Term Loans	-	6,00,00,000
Proceeds from Term / Other Loans	72,78,54,000	16,74,25,000
Repayment of Short Term Loans	(16,00,00,000)	(16,00,00,000)
Repayment of Term Loans	(6,36,43,266)	(4,49,68,325)
Interest Paid	(23,43,38,478)	(20,22,15,211)
Miscellaneous Income	38,64,166	53,29,541
Proceeds from issue of Shares including Premium	34,15,181	2,08,907
Final Dividend & Dividend Distribution Tax	(4,82,38,145)	(8,27,11,679)
Interim Dividend & Dividend Distribution Tax	(4,80,67,155)	-
Dividend of Previous year including Tax thereon	-	(1,163)
Net Cash Flow from Financing Activities	31,46,60,610	(21,49,54,511)
Net Increase in Cash and Cash Equivalents (A + B + C)	1,39,35,501	2,34,34,164
Opening Cash and Cash Equivalents	4,05,46,951	1,71,12,787
Closing Cash and Cash Equivalents	5,44,82,452	4,05,46,951

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, as specified under section 133 of Companies Act, 2013, read with rule 7 of the Companies (Accounts) Rules, 2014.
2. Previous year's figures have been regrouped / restated / reclassified whenever necessary.
3. Purchase of Fixed Assets includes cost incurred on Capital Work-in-Progress.
4. Cash and Cash Equivalents includes cash on hand, cheques on hand and readily convertible 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 26, 2015

Harish Sheth
Chairman & Managing Director

Arun Arora
Director

Pratap Merchant
Director

Vinay Shahane
Vice President - Finance

For and on behalf of the Board
Udit Sheth
Executive Director

Ashok Kumar Jha
Director

Suhasini Sathe
Director

Naveen Manghani
Company Secretary

Place : Mumbai
Date : May 26, 2015

Shveta Vakil
Executive Director

Bhalchandra Naik
Director

Urja Shah
Additional Director



NOTES FORMING PART OF THE 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 carried at revalued amounts) on accrual basis and they are in consonance with generally accepted accounting principles in India and applicable Accounting Standards specified under section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014.

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

A. Fixed 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 directly attributable 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 directly attributable overheads. Capital work in progress comprises of the cost of fixed assets that are not yet ready for their intended use at the reporting date.
- ii. The Company estimates the useful lives for fixed assets as follows:

Asset Classification Useful Life

Buildings (Including Temporary Shed)	3-30 years
Plant & Machinery	1-15 years
Furniture & Fixtures	1-10 years
Office Equipments	2-5 years
Pollution Equipments	2-8 years
Computers	1-3 years
Electric Fittings	10 years
Vehicles	4-8 years

The Company believes that the useful lives as given above best represent the useful lives of these assets based on technical advice and is different from the useful lives as prescribed under Part C of Schedule II of the Companies Act, 2013.

B. Intangible Assets

Intangible assets are stated at cost of acquisition net of cenvat credit less accumulated amortization. Expenditure, 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".

1.4 Depreciation / Amortisation

- i. Depreciation is charged on straight-line method (SLM) and is based on useful lives of the assets as determined by external experts in accordance with requirements of Schedule II to the Companies Act, 2013. The additional charge of depreciation on account of revaluation is withdrawn from revaluation reserve and is credited to the General Reserve as per Guidance note on the provisions of Schedule II to the Companies Act, 2013 issued by The Institute of Chartered Accountants of India. Depreciation on additions during the year to fixed assets is charged on pro-rata basis.
- ii. Payments for Long Term leasehold land and expenses incurred for the development of such land are amortized 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.

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 cenvat credits availed on inputs) and net realizable value. Raw material, Stores and Packing material are valued on weighted average cost 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 net 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

- i. 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 by the Board.
- ii. Insurance Claims are accounted as and when admitted.
- iii. Other income is accounted on accrual basis except when the realization of such income is uncertain. Dividend income is accounted when right to receive the same 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 Selling/ Marketing Expenses

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

1.12 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 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 of incurrence.

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 Projected 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 compensated absences is provided for on the basis of actuarial valuation made at the end of

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

the financial year using Projected Unit Credit Method. The said liability is not funded.

1.13 Research & Development Expenses

- i. Revenue expenses pertaining to research activities are charged to statement of profit and loss under the respective heads of expenses.
- ii. Expenditure incurred on fixed assets used for R & D is capitalized under the head "Fixed Assets".
- iii. 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

- i. Provision for current tax is made for the amount of tax payable in respect of taxable income for the year under Income Tax Act, 1961. 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.

1.16 Provisions and Contingent Liabilities

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

1.17 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 Grants

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

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 2015

2 SHARE CAPITAL

2.1 Authorised, issued, subscribed and fully paid - up: (Rs.)

Particulars	31 st March 2015	31 st March 2014
Authorized Capital:		
5,00,00,000 (5,00,00,000) Equity Shares of Rs. 10 each	50,00,00,000	50,00,00,000
Issued, Subscribed and Fully Paid up Share Capital:		
2,67,19,335 (2,66,78,024) Equity Shares of Rs. 10 each	26,71,93,350	26,67,80,240

- 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 Board of Directors, in their meeting held on 11th November, 2014, declared an interim dividend of Rs. 1.50 per Share (Previous year Rs. NIL). Further, the board of directors in their meeting held on 26th May, 2015 have proposed final dividend of Rs. 1.50/- per share (Previous year Rs. 2.65/-) for financial year ended 31st March, 2015. The proposed final dividend is subject to the approval of the share holders at the ensuing Annual General Meeting. The total dividend appropriation for the year ended 31st March, 2015 would amount to approximately Rs. 9,63,05,300/- (Previous year Rs. 7,06,96,764/-) including corporate dividend tax of Rs. 1,61,68,372/- (Previous year Rs. 1,20,49,915/-).
- 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 st March 2015		31 st March 2014	
	Number	Rs.	Number	Rs.
Equity Shares				
As at the beginning of the year	2,66,78,024	26,67,80,240	2,66,72,113	26,67,21,130
Add : Share issued on exercise of employee stock options	41,311	4,13,110	5,911	59,110
	2,67,19,335	26,71,93,350	2,66,78,024	26,67,80,240
Less : Changes, if any during the year	-	-	-	-
Outstanding at the end of the year	2,67,19,335	26,71,93,350	2,66,78,024	26,67,80,240

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, 2015.

	31 st March '14 Numbe	31 st March '13 Numbe	31 st March '12 Number	31 st March '11 Number	31 st March '10 Number
Equity shares with voting rights					
Equity shares allotted as fully paid bonus shares by Capitalisation of Securities Premium & General Reserve	-	88,60,271	-	88,21,880	-

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

Name of Shareholders	31 st March 2015		31 st March 2014	
	Number of Equity shares	% Holding	Number of Equity shares	% Holding
Equity Shares of Rs. 10 each fully paid				
Setco Engineering Private Limited (Promoter Group)*	1,35,42,769	50.69	1,31,42,769	49.26
New Vernon Private Equity Limited	23,52,983	8.81	32,92,500	12.34

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 2015

2.5 Shares in respect of each class in the company held by Holding Company

(Rs.)

Name of Shareholders	31 st March 2015		31 st March 2014	
	Number of Equity shares	Rs.	Number of Equity shares	Rs.
Equity Shares of Rs. 10 each fully paid Setco Engineering Private Limited (Promoter Group)*	1,35,42,769	13,54,27,690	-	-

*with the acquisition of further shares of the company by Setco Engineering Private Limited (Promoter Group Company), the Company has become subsidiary of Setco Engineering Private Limited w.e.f. 27th August, 2014.

2.6 For details of shares reserved for issue under the Employee Stock Option Plan (ESOP) of the company, refer note 43.

3 RESERVE & SURPLUS

(Rs.)

Particulars	31 st March 2015	31 st March 2014
(i) Capital Reserve		
a) On forfeiture of Shares	21,000	21,000
b) Cash Subsidy	30,00,000	30,00,000
Total	30,21,000	30,21,000
(ii) Revaluation Reserve		
As per Last Balance Sheet	28,32,68,112	28,58,49,329
Less : Transferred to Statement of Profit and Loss	-	25,81,217
Less : Transferred to General Reserve	29,11,739	-
Total	28,03,56,373	28,32,68,112
(iii) Securities Premium Reserve		
As per Last Balance Sheet	1,58,17,513	1,53,87,960
Add: Received during the year on exercise of Employee Stock Options	30,02,070	4,29,553
Total	1,88,19,583	1,58,17,513
(iv) Employee Stock Options Outstanding		
As per Last Balance Sheet	-	2,01,087
Less : Transferred to Securities Premium on exercise of Employee Stock Options	-	(2,01,087)
Total	-	-
(v) General Reserve		
As per Last Balance Sheet	18,91,37,761	16,41,37,761
Add : Transferred from Revaluation Reserve	29,11,739	-
Add : Transferred from Statement of Profit and Loss	-	2,50,00,000
Total	19,20,49,500	18,91,37,761
(vi) Surplus in Statement of Profit and Loss:		
As per Last Balance Sheet	1,10,76,61,214	98,33,64,764
Add : Profit for the year	23,51,27,870	23,20,09,292
Less : Appropriations		
Interim Dividend	(4,00,57,925)	-
Proposed Final Dividend	(4,00,79,003)	(7,06,96,764)
Total Dividend	(8,01,36,928)	(7,06,96,764)
Corporate Dividend Tax	(1,61,68,372)	(1,20,14,915)
Dividend of Previous year including Tax thereon	-	(1,163)
Transfer to General Reserve	-	(2,50,00,000)
Total	1,24,64,83,784	1,10,76,61,214
Total (I to VI)	1,74,07,30,240	1,59,89,05,600

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 2015

4 LONG TERM BORROWINGS

	31 st March 2015	31 st March 2014
Term Loans		
From Banks		
Secured	35,48,89,211	20,80,23,474
Unsecured	-	-
From other parties		
Secured	-	-
Unsecured	-	-
Total (A)	35,48,89,211	20,80,23,474
Other Loans		
From Banks		
Secured	43,75,00,000	-
Unsecured	-	-
Total (B)	43,75,00,000	-
Total (A+B)	79,23,89,211	20,80,23,474
The above amount includes		
Secured Borrowings	79,23,89,211	20,80,23,474
Unsecured Borrowings	-	-
- Indian Rupee Term Loan from Bank of Baroda is repayable in 16 quarterly installments each of Rs. 46,87,500/- to be repaid by May, 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.		
- Indian Rupee Term Loan from Bank of Baroda is repayable in 16 quarterly installments each of Rs. 2,40,00,000/- to be repaid by August, 2019. 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 Corporate Loan from Bank of Baroda is repayable in 16 quarterly installments each of Rs. 3,12,50,000/- to be repaid by August, 2019. 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 and personal guarantee of Mr. Harish Sheth & Mr. Udit Sheth.		
- Indian Rupee Term Loan from ICICI Bank is repayable in 16 quarterly installments each of Rs. 62,50,000/- to be repaid by January, 2020. 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.		

5 DEFERRED TAX LIABILITIES (NET)

(Rs.)

Particulars	31st March, 15	31st March, 14
Timing differences related to Fixed Assets	26,19,32,000	23,82,00,000
Net Deferred Tax Liability	8,96,70,316	8,09,64,000
Total provision made in Statement of Profit and Loss	87,06,316	2,12,55,000

6 LONG TERM PROVISIONS

(Rs.)

Particulars	31st March, 15	31st March, 14
Provision for Employee Benefits		
Provision for Gratuity	17,42,852	-
Provision for Compensated Absences	91,69,302	56,30,242
Total	1,09,12,154	56,30,242

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 2015

7 SHORT TERM BORROWINGS

(Rs.)

Particulars	31st March, 15	31st March, 14
Loans repayable on demand:		
Working Capital Loan from Banks		
Secured	1,20,77,32,732	1,07,39,18,425
Unsecured -	16,00,00,000	-
Total	1,20,77,32,732	1,23,39,18,425

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 is from ICICI Bank Rs. Nil (Rs. 10,00,00,000/-) and is Guaranteed by Chairman & Managing Director of the Company.

8 TRADE PAYABLES

(Rs.)

Particulars	31st March, 15	31st March, 14
Micro, Small and Medium Enterprises (MSME)	7,39,65,903	10,19,03,958
Others	35,95,52,517	40,24,39,344
Total	43,35,18,420	50,43,43,302

The information has been determined to the extent such parties could be identified on the basis of the information available with the company regarding the status of suppliers under MSME.

Interest paid/payable to the enterprises registered under MSME is Rs. NIL (Rs. NIL).

9 OTHER CURRENT LIABILITIES

(Rs.)

Particulars	31st March, 15	31st March, 14
Other Liabilities		
Payable towards Statutory Liabilities	4,58,29,168	4,10,63,991
Payable to Employees	1,08,15,073	2,88,08,152
Current Maturities of Term / Other Loans (Refer Note No. 4)	12,92,50,000	4,84,82,832
Interest accrued and due	15,09,140	24,31,311
Unpaid/Unclaimed Dividend *	65,12,436	48,39,998
Deposits from Customers	60,00,000	90,00,000
Other Payable	-	16,59,908
Creditors for Capital Expenditure	35,83,969	1,00,29,204
Total	20,34,99,786	14,63,15,396

*There are no amounts due for payment to the Investor Education and Protection Fund u/s. 125 of Companies Act, 2013 at the year end.

10 SHORT TERM PROVISIONS

(Rs.)

Particulars	31st March, 15	31st March, 14
Provision for Employee Benefits		
Provision for Gratuity	43,71,208	40,14,635
Provision for Compensated Absences	36,02,212	14,13,572
Others		
Proposed Final Dividend	4,00,79,003	7,06,96,764
Corporate Tax on Dividend	81,59,142	1,20,14,915
Provision for Taxation (Net of Advance Tax Paid)	31,36,104	1,49,73,504
Total	5,93,47,669	10,31,13,390

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 2015

11. FIXED ASSETS

(Rs.)

Sr. Particulars		Gross Block				Depreciation				Net Block	
Sr. No.		Cost as on 01.04.2014	Additions for the year	Adjustment for the year	Cost as on 31.03.2015	Up to 01.04.2014	Additions for the year	Adjustment for the year	Up to 31.03.2015	As on 31.03.2015	As on 31.03.2014
1	2	3	4	5	6	7	8	9	10	11	12
A Tangible Assets											
01	Free Hold Land	20,68,39,600	-	-	20,68,39,600	-	-	-	-	20,68,39,600	20,68,39,600
02	Lease Hold Land	3,93,34,994	-	-	3,93,34,994	18,73,835	4,37,055	-	23,10,890	3,70,24,104	3,74,61,155
03	Buildings	38,21,15,201	3,57,58,365	-	41,78,73,566	3,95,41,487	1,36,02,623	-	5,31,44,110	36,47,29,456	34,25,73,714
04	Plant & Machinery	81,64,46,250	18,38,98,371	(84,85,719)	99,18,58,902	37,59,06,438	7,99,42,949	(8,88,520)	45,49,60,867	53,68,98,035	44,05,39,812
05	Furniture & Fixtures	2,20,41,323	17,23,157	-	2,37,64,480	84,79,158	14,84,232	-	99,63,390	1,38,01,090	1,35,62,165
06	Office Equipments	1,23,22,467	25,06,252	-	1,48,28,719	28,23,541	21,79,706	-	50,03,247	98,25,472	94,98,926
07	Pollution Equipments	2,77,500	-	-	2,77,500	1,08,028	22,179	-	1,30,207	1,47,293	1,69,472
08	Computers	3,40,99,808	52,78,685	(60,980)	3,93,17,513	1,99,77,701	58,96,099	-	2,58,73,800	1,34,43,713	1,41,22,107
09	Electric Fittings	4,56,63,052	1,09,51,231	-	5,66,14,283	79,17,292	40,21,990	(10,127)	1,19,29,155	4,46,85,128	3,77,45,760
10	Vehicles	2,52,12,246	60,09,486	-	3,12,21,732	83,06,868	25,13,034	-	1,08,19,902	2,04,01,830	1,69,05,378
Sub Total (Tangible Assets)		1,58,43,52,441	24,61,25,547	(85,46,699)	1,82,19,31,289	46,49,34,348	11,00,99,867	(8,98,647)	57,41,35,568	1,24,77,95,721	1,11,94,18,093
B Intangible Assets											
01	Goodwill	19,61,719	-	-	19,61,719	19,61,719	-	-	19,61,719	-	-
02	Product Development	11,96,59,158	3,41,01,500	-	15,37,60,658	4,70,44,629	1,39,31,750	-	6,09,76,379	9,27,84,279	7,26,14,529
03	Technical Know how	27,75,310	-	-	27,75,310	27,75,310	-	-	27,75,310	-	-
04	Computer Software	4,60,93,528	58,05,860	-	5,18,99,388	3,49,86,400	83,73,794	-	4,33,60,194	85,39,194	1,11,07,128
05	Web Site Development	5,63,988	-	-	5,63,988	5,63,988	-	-	5,63,988	-	-
Sub Total (Intangible Assets)		17,10,53,703	3,99,07,360	-	21,09,61,063	8,73,32,046	2,23,05,544	-	10,96,37,590	10,13,23,473	8,37,21,657
C Intangible Asset Under Development											
(Product Development)		7,50,26,425	4,19,37,813	(3,41,01,500)	8,28,62,738				-	8,28,62,738	7,50,26,425
D Capital Work in Progress :											
Capital Work in Progress		7,42,440	38,18,711	-	45,61,151	-	-	-	-	45,61,151	7,42,440
Total D		7,42,440	38,18,711	-	45,61,151	-	-	-	-	45,61,151	7,42,440
Grand Total (A + B + C+D)		1,83,11,75,009	33,17,89,431	(4,26,48,199)	2,12,03,16,241	55,22,66,394	13,24,05,411	(8,98,647)	68,37,73,158	1,43,65,43,083	1,27,89,08,615
Previous Year :		1,68,87,91,862	31,53,55,875	17,29,72,728	1,83,11,75,009	44,76,57,635	10,77,46,015	31,37,256	55,22,66,394	1,27,89,08,615	

Note:

- (1)-A. During the year, the company based on external technical evaluation, reassessed the remaining useful lives of fixed assets from 1st April, 2014. Accordingly the useful lives of Fixed assets required a change from previous estimates. W.e.f 1st April, 2014, the company has charged depreciation based on the revised useful lives of fixed assets. The estimated lives of assets adopted are different from those prescribed under schedule II of the act and have been determined based on technical advice obtained from external experts.
- (1)-B. Had the company continued with previously assessed useful lives, charged of depreciation would have been higher by Rs. 16,49,393/- for the financial year ended 31st March, 2015.
- (2) The Gross Block of Fixed Assets include Rs. 28,58,49,329/- on account of revaluation of Land & Buildings as at 31.03.2013 based on report issued by the External Valuers. Consequent to the said revaluation, there is additional charge of depreciation of Rs. 29,11,739/- in current year; the equivalent amount thereof has been withdrawn from revaluation reserve and credited to the general reserve. Hitherto, additional charge of depreciation on account of revaluation (Previous Year : Rs. 25,81,217/-) was being recouped from revaluation reserve and credited to the statement of profit & loss. The said change is made as per guidance note on the provisions of the schedule II to the Companies Act, 2013 issued by the Institute of Chartered Accountants of India.
- (3) Additions include interest on borrowing of Rs. 52,70,178/- (Previous Year Rs. 13,83,118/-) in accordance with accounting standard - 16 - 'Borrowing Costs'.
- (4) Product development being of technical nature, auditors have relied on the management representation.
- (5) Adjustment in 'Intangible Asset Under Development' represents transfer to 'Product Development' under the head Intangible Assets, of those items whose commercial production has commenced during the year.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 2015

12 NON CURRENT INVESTMENT (Long Term)

(Rs.)

Particulars	31 st March 2015	31 st March 2014
12.1 Trade Investment (unquoted)		
Investment in Holding Company (At Cost):		
i) 4,03,50,000 (NIL) 9% 15 years Non Cumulative Compulsorily Redeemable Preference Share of Rs.10/- each fully paid of Setco Engineering Private Limited (Refer Note No. 2.5)	40,35,00,000	-
Investment in Subsidiary Companies (At Cost) :		
i) 8,00,000 (8,00,000) Equity Shares of £ 1 each fully paid up of wholly owned ultimate foreign subsidiary - Setco Automotive UK Limited (UK)	6,48,40,000	6,48,40,000
ii) 1,28,778 (1,28,778) Equity Shares of MUR 100 each fully paid up of wholly owned foreign subsidiary - WEW Holdings Limited (Mauritius)	1,90,80,525	1,90,80,525
iii) 2,15,014 (2,15,014) 0% Redeemable Preference Shares of MUR 100 each fully paid up of wholly owned foreign subsidiary - WEW Holdings Limited (Mauritius)	3,16,79,008	3,16,79,008
iv) 2,52,05,000 (Nil) Equity Share of Rs.10/- each fully paid up of Subsidiary - Lava Cast Private Limited (Refer Note No. 12.3 & 12.4)	25,20,50,000	-
Investment in other related entities (At Cost) :		
i) 9,70,000 (9,70,000) Equity Share @ Rs. 50/- each fully paid up of SE Transstadia Private Limited	4,85,00,000	4,85,00,000
ii) Share Application Money towards 1,78,45,000 Equity Shares of Rs. 10/- each of Lava Cast Private Limited	-	17,84,50,000
iii) NIL (2,86,50,000) 9% 15 years Non Cumulative Compulsorily Redeemable Preference Share of Rs. 10/- each fully paid of Setco Engineering Private Limited (Refer Note No. 2.5)	-	28,65,00,000
Non Trade Investment (unquoted) (At Cost) :		
i) 10 (10) Equity Shares of Rs. 25/- each of Kalol Urban Co.op.Bank Limited	250	250
Total	81,96,49,783	62,90,49,783

- 12.2 Investments in other related entities, Subsidiary/Joint Venture have been made in terms of investment limits approved by Board of Directors of the company from time to time.
- 12.3 The Company has entered into a joint venture agreement with Lingotes Especiales, Spain to establish a Foundry Project in Lava Cast Private Limited. The Company holds 72.95% Equity shares as on 31st March, 2015 in this joint venture and accordingly Lava Cast Private Limited has been reported as subsidiary company in financial statements.
- 12.4 As per Legal Experts' opinion obtained by the Company on its investment (along with Corporate Guarantee extended to the Bankers of investee company), Lava Cast Private Limited qualifies to be treated as both, Subsidiary and Joint Venture for legal purposes and the Company's exposure in Lava Cast Private Limited is in compliance with the provisions of Sections 185 & 186 of the Companies Act, 2013 and relevant Rules prescribed thereunder.
- 12.5 For Detailed Investment Strategies Refer Note No. 44.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 2015

13 LONG TERM LOANS AND ADVANCES

(Rs.)

Particulars	31 st March 2015	31 st March 2014
Unsecured, considered good		
Capital Advances	5,62,09,907	7,67,65,329
Other Deposits	1,26,31,398	1,30,32,877
MAT Credit Entitlement	19,41,06,125	16,29,52,706
Loans And Advances to related parties		
Unsecured, considered good	17,74,48,994	16,20,00,750
Total	44,03,96,424	41,47,51,662

14 INVENTORIES

(Rs.)

Particulars	31-Mar-15	31-Mar-14
Raw Materials	31,98,77,329	28,43,62,480
Work-in-Progress	13,71,39,735	14,32,17,475
Finished Goods (includes Sales-in-transit Rs. 2,65,35,212/- (Previous year Rs. 1,12,56,855/- Refer Note No. 28)	19,92,86,855	16,62,35,069
Stores & Packing Materials	6,97,28,861	5,86,75,752
Scrap	14,66,446	24,34,874
Total	72,74,99,226	65,49,25,650

15 TRADE RECEIVABLES

(Rs.)

Particulars	31-Mar-15	31-Mar-14
Debts outstanding for a period exceeding six months		
Unsecured		
Considered Good	7,04,87,134	9,34,00,190
Considered Doubtful	22,47,822	-
	7,27,34,956	9,34,00,190
Less : Provision for Doubtful Debts	22,47,822	-
	7,04,87,134	9,34,00,190
Other Debts (Unsecured and Considered Good)	80,86,50,649	66,33,39,286
Total	87,91,37,783	75,67,39,476

16 CASH AND CASH EQUIVALENTS

(Rs.)

Particulars	31-Mar-15	31-Mar-14
Cash and Cash Equivalents		
Cash Balances	25,81,498	27,39,703
Bank Balances	4,97,36,689	2,82,62,248
Fixed Deposit Account (On Margin Account)	80,267	-
Cheques on Hand	20,83,998	95,45,000
Total	5,44,82,452	4,05,46,951
Others:-		
Fixed Deposit Account (On Margin Account)	-	73,437
Unpaid/Unclaimed Dividend	65,12,436	48,39,998
Total	6,09,94,888	4,54,60,386

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 2015

17 SHORT TERM LOANS AND ADVANCES

(Rs.)

Particulars	31-Mar-15	31-Mar-14
Loans And Advances to related parties		
Unsecured, considered good		
Setco Automotive (NA) Inc.	-	3,54,05,524
Setco Automotive (UK) Limited	18,64,87,221	12,65,51,345
Western Engineering Works	7,78,09,391	4,42,64,542
Transstadia Technologies Private Limited	-	20,83,998
SE Transstadia Private Limited	1,26,62,928	2,04,33,211
Advances recoverable in cash or kind		
Prepaid Expenses	1,00,92,056	93,61,300
Advance for Goods & Services	9,65,26,412	6,17,90,608
Other Loans And Advances		
MAT Credit Entitlement	-	2,01,00,000
Balance with Central Excise	22,30,386	51,56,071
Employees Advances	16,38,753	13,70,217
Other Receivables	-	2,96,549
Statutory Dues Receivable - VAT	3,96,43,961	2,52,96,020
- Excise	83,09,970	23,27,828
- Service Tax	43,58,230	91,33,838
- Income Tax	10,13,383	45,87,446
Total	44,07,72,691	36,81,58,497

18 REVENUE FROM OPERATIONS (NET)

(Rs.)

Particulars	Year ended 31-Mar-15	Year ended 31-Mar-14
Sales of Finished Goods	5,16,89,59,617	3,74,80,95,694
Less : Sales in Transit	3,18,80,276	1,38,47,921
Less : Sales Taxes & VAT	27,26,99,946	24,06,76,320
Total	4,86,43,79,395	3,49,35,71,453
Less : Excise Duty	28,30,31,420	20,57,13,258
Total	4,58,13,47,975	3,28,78,58,195

19 OTHER INCOME

(Rs.)

Particulars	Year ended 31-Mar-15	Year ended 31-Mar-14
Lease Rent	24,000	55,600
Dividend - Holding Company	2,87,10,000	2,87,11,800
Profit on Sale of Fixed Assets (Net)	8,890	-
Interest Income - Subsidiary	4,91,36,560	3,29,36,449
- Others	15,39,343	6,21,167
Miscellaneous Income - Subsidiary	38,64,166	53,29,541
- Others	41,559	29,04,723
Foreign Exchange Gain/(Loss) (Net)	48,46,521	5,99,65,126
Sundry Balances Written back	25,70,645	13,31,797
Insurance Claim Received	-	1,84,687
Total	9,07,41,684	13,20,40,890

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 2015

20 COST OF MATERIALS AND COMPONENTS CONSUMED

(Rs.)

Particulars	Year ended 31-Mar-15	Year ended 31-Mar-14
Opening Stock	28,43,62,480	27,61,43,739
Add : Purchases (Net)	2,84,72,20,267	2,06,66,71,198
Less : Closing Stock	31,98,77,329	28,43,62,480
Less : Sales of Manufacturing Scrap	7,02,85,149	4,68,79,661
Total	2,74,14,20,269	2,01,15,72,796

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

(Rs.)

Particulars	Year ended 31-Mar-15	Year ended 31-Mar-14
Opening Stock :		
Finished Goods	15,49,78,214	13,53,25,080
Work- in -Progress	14,32,17,475	12,90,16,948
Goods-in-Transit	1,12,56,855	2,37,60,321
Scrap	24,34,874	6,03,515
	31,18,87,418	28,87,05,864
Closing Stock :		
Finished Goods	16,83,25,062	15,49,78,214
Work -in -Progress	13,71,39,735	14,32,17,475
Goods-in-Transit	3,09,61,793	1,12,56,855
Scrap	14,66,446	24,34,874
	33,78,93,036	31,18,87,418
Increase in Inventories Total	(2,60,05,618)	(2,31,81,554)

22 EMPLOYEE BENEFITS

(Rs.)

Particulars	Year ended 31-Mar-15	Year ended 31-Mar-14
Salaries, Wages and Bonus	35,05,93,504	26,67,63,774
Contribution to Employees welfare funds	2,53,89,927	2,07,10,804
Staff Welfare expenses	2,14,64,316	1,70,84,727
Total	39,74,47,747	30,45,59,305

Including managerial remuneration of Rs. 2,72,42,000/- (Previous year Rs. 1,66,24,500/-) net of Rs. 71,95,000/- (Previous year Rs. 48,74,500/-) charged to Related Entity.

23 FINANCE COST

(Rs.)

Particulars	Year ended 31-Mar-15	Year ended 31-Mar-14
Interest Expense	22,46,39,920	19,43,29,486
Other Financial Charges	96,98,558	78,85,725
Total	23,43,38,478	20,22,15,211

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 2015

24 OTHER EXPENSES

(Rs.)

Particulars	Year ended 31-Mar-15	Year ended 31-Mar-14
Stores and Tools Consumed	9,19,71,423	6,86,25,162
Carriage Inward	6,54,67,446	4,36,57,535
Power and Fuel	5,50,46,635	4,25,51,938
Jobwork Charges	7,78,33,034	4,51,35,999
Repairs and Maintenance to Machineries	1,11,47,597	98,38,425
Repairs to Building	26,56,256	5,78,709
Other Repairs	2,31,08,106	1,53,16,898
Factory Expenses	51,27,611	58,56,838
Rent	1,57,44,154	1,37,73,141
Rates and Taxes	20,34,771	19,75,552
Insurance	74,17,271	55,64,598
Conveyance	1,65,50,193	1,43,95,760
Travelling Expenses	4,56,55,537	3,49,27,220
Legal and Professional Charges	4,80,64,594	4,57,05,157
Statutory Auditors' Remuneration	25,00,000	20,00,000
Printing and Stationary	42,01,033	29,08,940
Communication Expenses	55,45,209	43,35,843
Books, Subscription and Membership	8,16,019	5,42,139
Directors' Sitting Fees	4,80,000	3,40,000
Commission to Non Executive Directors	31,30,000	19,50,000
Office Expenses	25,65,223	19,19,408
Corporate Social Responsibility Expenses	61,15,909	-
General Expenses	2,86,94,060	1,95,21,936
Advertisement Expenses	3,61,177	15,00,845
Marketing and Sales Promotion	7,76,58,854	6,27,61,823
Discount, Commisison and other Expenses on Sales	15,73,79,731	11,31,48,397
Doubtful Debts	22,47,822	-
Packing and Forwarding Expenses	14,43,99,663	8,62,63,825
Sundry Balance Written off (Net)	47,99,674	80,50,187
Loss/(Profit) on Sale of Fixed Asset	-	61,813
Excise Duty on Finished Goods Stock *	15,48,477	(2,06,414)
Total	91,02,67,479	65,30,01,674

* Indicates difference between Excise Duty on Opening Stock and Closing Stock of Finished Goods.

* Indicates difference between Excise Duty on Opening and Closing Stock of Finished Goods.

25 EXCEPTIONAL ITEMS

Exceptional Items of Rs. NIL (Previous year Rs. 7,67,21,699/- represents gain recognized on sale of Land to related party.)

26 MAT CREDIT

During the year, company has recognized MAT Credit of Rs. 94,24,987/- for current financial year (Previous year Rs. 4,33,47,930/-) and Rs. 16,28,432/- (Previous year Rs. 85,74,654/-) in respect of previous periods and same is shown as adjustment from the current tax amount in the statement of profit and loss.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 2015

27 EARNING PER SHARE

(Rs.)

Particulars	Current Year	Previous Year
Profit available to Equity Shareholders after Tax (Before Exceptional Items)	23,51,27,870	15,52,87,593
Profit available to Equity Shareholders after Tax (After Exceptional Items)	23,51,27,870	23,20,09,292
Weighted Average Number of Equity Shares of Rs. 10/- each		
Basic	2,66,90,364	2,66,76,750
Diluted	2,66,90,364	2,66,76,750
Earnings Per Share in Rs. :		
Before Considering Exceptional Items		
Basic	8.81	5.82
Diluted	8.81	5.82
After Considering Exceptional Items		
Basic	8.81	8.70
Diluted	8.81	8.70

28 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. 3,18,80,276/- (Rs. 1,38,47,921/-). 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. 2,65,35,212/- (Rs. 1,12,56,855/-) is shown under the head "Finished Goods" in Note 14 under the head "Inventories".

29 RELATED PARTY DISCLOSURES AS PER ACCOUNTING STANDARD - 18 "RELATED PARTY TRANSACTIONS"

A. Names of Related Parties and Nature of Relationship :

Sr. No.	Name of the Related Party	Relationship
1	Setco Engineering Private Limited	Holding Company
2	Setco Automotive (UK) Limited UK	Wholly Owned Ultimate Foreign Subsidiary Companies
3	Setco Automotive N.A. Inc. (USA)	
4	WEW Holdings Limited, Mauritius	
5	Lava Cast Private Limited	Subsidiary Company
6	Shri Harish Sheth	Key Managerial Personnel *
7	Shri Shvetal Vakil	
8	Shri Udit Sheth	
9	Shri Vinay Shahane	
10	Shri Naveen Mangani	
11	Western Engineering Works	Enterprises over which Key Managerial Personnel are able to exercise significant influence
12	SE Transstadia Private Limited	
13	Transstadia (Ahmadabad) Private Limited	
14	Transstadia Technologies Private Limited	
15	Transstadia Play sport Private Limited	
16	Transstadia Sport Sciences Private Limited	
17	Transstadia Capital Private Limited	
18	Transstadia Boxing India Private Limited	
19	Transstadia Holdings Private Limited	
20	Setco Holdings Private Limited	

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 2015

Sr. No.	Name of the Related Party	Relationship
21	Transstadia hospitality Private Limited	
22	Urdit Exports	
23	Setco Foundation	
24	Shri Harshal J. Shah (Resigned as Non-Executive Director w.e.f. 11.11.2014)	Relatives of key managerial personnel
25	Smt. Urja Shah (Appointed as Additional Director w.e.f. 11.11.2014)	

* The Company has designated Managing Director, Chief Financial Officer & Company Secretary as Key Managerial Personnel for the purposes of Section 203 of Companies Act, 2013.

B. Transactions with Related Parties :

(Rs.)

Nature of Transaction	Current Year	Previous Year
A) Transactions with Holding Company :		
Investment	11,70,00,000	-
Dividend Income	2,87,10,000	-
Dividend Paid	5,62,02,491	-
B) Transactions with Wholly Owned Subsidiaries :		
Export	20,45,91,859	13,86,42,242
Import	16,49,406	2,88,215
Expenditure including Capital items (Net)	5,35,41,642	5,43,37,340
Interest Income	4,91,36,560	3,29,36,449
Others Income	38,64,166	53,29,541
Outstanding at Year End :		
Investment	11,55,99,533	11,55,99,533
Loans & Advances	36,39,36,214	32,39,57,619
Amount Receivable	20,87,58,523	15,68,58,998
Amount Payable	3,01,78,023	4,17,63,291
C) Transactions with Subsidiary :		
Investment	7,36,00,000	-
Outstanding at Year End :		
Investment	25,20,50,000	-
D) Transactions with Enterprises over which Key Managerial Personnel are able to exercise significant influence :		
Investments including Share Application (Net)	-	14,59,50,000
Expenditure Recovered	1,79,87,296	1,66,24,807
Dividend Income	-	2,87,11,800
Marketing Commission Paid	6,16,54,832	6,19,70,600
Dividend Paid	13,69,500	3,57,02,838
Setco Foundation (CSR Activity)	30,00,000	9,00,000
Outstanding at Year End :		
Amount Receivable	9,04,72,319*	6,67,81,750*

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 2015

Nature of Transaction	Current Year	Previous Year
E) Transactions with Key Managerial Personnel and their relatives :		
Managerial Remuneration (Directors)	3,44,37,000	2,14,99,000
(Excluding Commission to Non-Executive Directors)		
Dividend Paid	1,23,95,499	89,73,761
Remuneration of other Key Managerial Personnel	52,61,194	-
Others :		
Relative of Key Managerial Personnel	21,43,000	26,88,000
Outstanding at Year End :		
Amount Payable	20,53,000	32,52,837

* The Commission paid/payable to the Firm (in which two Directors of the Company are interested) is approved as per the provisions of Section 188 of the Companies Act, 2013. The Commission payable in respect of Sales for the F.Y. 2013-14 has been accounted during the year under review. Advance of Rs. 7,78,09,391/- (Rs. 4,42,64,541/-) paid to the said firm during the year against the commission is to be adjusted against Commission to be determined on approval of accounts for the year ended 31st March, 2015 as per consistent policy followed by the Company from year to year.

30 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. (Rs.)

Sr. No.	Name of the Company	As at 31.03.2015	As at 31.03.2014	Maximum Balance during 2014-2015	Maximum Balance during 2014-2014
1	Setco Automotive (UK) Limited UK	21,50,85,850	22,13,41,800	22,13,41,800	22,13,41,800
2	(Wholly Owned Ultimate Foreign Subsidiary)				

31 SEGMENT INFORMATION

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

32 PAYMENT to AUDITORS

(Rs.)

Particulars	Current Year	Previous Year
a) As Auditors		
Statutory Audit Fees	25,00,000	20,00,000
Tax Audit Fees	5,00,000	2,00,000
Total	30,00,000	22,00,000

33 CONTINGENT LIABILITIES & COMMITMENTS

A. Contingent Liabilities :

- Guarantees given by the bank on behalf of the Company Rs. 1,07,93,861/- (Rs. 45,17,390/-).
- Guarantee given for £ 1.40 million (£ 1.40 million) to ICICI Bank Limited, U.K. for Wholly Owned Ultimate Foreign Subsidiary's credit facilities Rs. 13,04,66,000/- (Rs. 14,05,32,000/-).
- Guarantee given for \$ 0.65 million (\$ 0.65 million) to ICICI Bank Limited, Singapore for Wholly Owned Ultimate Foreign Subsidiary's credit facilities Rs. 4,09,69,500/- (Rs. 3,92,27,500/-).
- Guarantee given for \$ 4.000 million (\$ 4.000 million) to Bank of Baroda, New York, USA for Wholly Owned Ultimate Foreign Subsidiary's credit facilities Rs. 25,21,20,000/- (Rs. 24,14,00,000/-).
- Guarantee given for Rs. 1,17,05,00,000/- (Rs. Nil) to Bank of Baroda, Mumbai, India, for subsidiary's credit facilities.
- Warranty Claims raised by Customer but not acknowledged Rs. 1,84,41,563/- (Rs. 1,09,61,258/-).
- Sales tax demand under dispute Rs. Nil (Rs. 22,77,634/-).

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 2015

B. Note on Pending Litigation :

- i) The Pollution Control Department had filed a Civil / Criminal case against the Company and all the Directors in 1993. The Civil matter was disposed in favour of the Company.

In criminal matter against the Company and the Directors, Hon. High Court had quashed the case against all the Nominee Directors. The case will now proceed against the Company and the Managing Director in Local Court.

- ii) "The Company had filed a case against a competitor for cancellation of registration of design granted by Controller of Patents and Designs in Kolkata High Court. In view of the settlement of differences under a consent terms, the said case became infructuous, and the process of withdrawal of the case is under process. "

The Company's Management does not reasonably expect that these cases when ultimately concluded / adjudicated will have any material or adverse effect on the Company's results of the Operations or financial condition.

C. Commitments :

- i) Estimated amount of contracts remaining to be executed on capital account and not provided for Rs. 5,97,37,347/- (Rs. 12,76,56,891/-).

34 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.
- ii) In the opinion of the management, current and non-current assets are recoverable in the normal course of business.

35 RAW MATERIALS & COMPONENTS CONSUMED

(Rs.)

Sr. No.	Particulars	Current Year Value	Previous Year Value
1	Steel Strips	49,99,09,466	36,46,39,758
2	Springs	36,44,07,335	28,67,69,568
3	Ceramic Buttons	62,02,59,602	51,91,20,418
4	Castings	78,68,27,637	52,53,85,892
5	Other Components	54,03,01,378	36,25,36,821
	Total	2,81,17,05,418	2,05,84,52,457
	Less : Sales of Manufacturing Scrap	7,02,85,149	4,68,79,661
	Total	2,74,14,20,269	2,01,15,72,796

36 STOCK OF WORK-IN-PROGRESS

(Rs.)

Particulars	Current Year Value	Previous Year Value
Components for Clutch Driven Plate	6,96,68,128	8,27,07,270
Components for Clutch Cover Assly	5,29,39,154	4,50,47,283
Components for Release Bearing Assly	78,43,694	99,03,144
Other Components	66,88,759	55,59,778
Total	13,71,39,735	14,32,17,475

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 2015

37 STOCK AND TURNOVER

(Rs.)

Particulars	Opening Stock	Closing Stock	Sales
Clutch Driven Plate	7,36,74,939	7,38,99,765	2,49,37,80,249
	(5,18,03,923)	(7,36,74,939)	(1,65,30,25,661)
Clutch Cover Assy.	5,02,41,361	6,16,67,833	2,12,58,76,677
	(4,32,92,587)	(5,02,41,361)	(1,64,14,79,342)
Others Components	3,10,61,914	3,27,57,464	54,93,02,691
	(4,02,28,570)	(3,10,61,914)	(45,35,90,691)
Total *	15,49,78,214	16,83,25,062	5,16,89,59,617
	(13,53,25,080)	(15,49,78,214)	(3,74,80,95,694)

* Excluding Sales in Transit Effect.

38 CIF VALUE OF IMPORTS

(Rs.)

Particulars	Current Year	Previous Year
Raw Materials, Components & Spares Parts	71,41,09,116	51,07,03,620
Capital Goods	-	7,10,75,438
Total	71,41,09,116	58,17,79,058

39 (i) EXPENDITURE IN FOREIGN CURRENCY :

(Rs.)

Particulars	Current Year	Previous Year
Technical Fees (Intangible Assets Under Development)	4,19,37,814	4,09,24,925
Market Research / Marketing Expenses	3,15,00,968	3,71,68,288
Travelling Expenses	26,89,995	34,27,926
Commission paid	1,79,861	8,07,547
Other Expenses	57,45,205	62,30,680
Total	8,20,53,843	8,85,59,366

(ii) REMITTANCE OF DIVIDEND IN FOREIGN CURRENCY :

(Rs.)

Particulars	Current Year	Previous Year
Number of Persons	2	2
Number of Shares	2,998	2,998
Amount in Rupees		
Final Dividend (F.Y. : 2013-14)	7,945	7,945
Interim Dividend (F.Y. : 2014-15)	4,497	-

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

The Consumption of Raw Materials & Components includes consumption of Imported Components Rs. 75,95,03,767/- (Rs. 62,25,20,292/-) which is 27.70% (30.95%) in total consumption.

41 EARNINGS IN FOREIGN CURRENCY

(Rs.)

Particulars	Current Year	Previous Year
Exports of Goods at FOB value	32,13,16,350	27,56,84,727
Interest from Foreign subsidiary	4,91,36,560	3,29,36,449
Other income from Foreign subsidiary	38,64,166	53,29,541
Total	37,43,17,076	31,39,50,717

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 2015

42 EMPLOYEE BENEFITS

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

i) Defined Contribution Plans

An amount of Rs 2,53,89,927/- (Rs. 2,07,10,804/-) (Provident Fund & ESIC) is recognized as an expense and included in Note 22 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	2,80,93,982	2,51,34,368
Interest Cost	24,20,087	20,07,725
Current Service Cost	32,42,821	29,72,340
Benefit Paid	(4,40,690)	(6,95,288)
Actuarial (Gain)/Loss on obligation	14,74,972	(13,25,163)
Closing defined benefit obligation	3,47,91,172	2,80,93,982

FAIR VALUE OF PLAN ASSETS

(Rs.)

	Current Year	Previous Year
Opening fair value of Plan assets	2,40,79,347	1,98,01,075
Expected Return on Plan assets	22,28,879	18,90,687
Contributions made by the employer during the year	31,55,223	31,08,408
Benefit Paid	(4,40,690)	(6,95,288)
Actuarial Gain/(Loss) on Plan assets	5,857	(25,535)
Expenses deducted from fund	(3,51,504)	-
Closing fair value of plan assets	2,86,77,112	2,40,79,347

Note : The Plan assets comprise insurer managed funds for which details of portfolio are not available.

AMOUNT RECOGNISED IN THE BALANCE SHEET

(Rs.)

	Current Year	Previous Year
Defined Benefit Plan - Gratuity (Funded)		
Present value of funded obligation	(2,86,77,112)	(2,40,79,347)
Present value of non-funded obligation	(61,14,060)	(40,14,634)
Total Obligation	(3,47,91,172)	(2,80,93,982)
Fair Value of Plan Assets at the end of the year	2,86,77,112	2,40,79,347
Net Asset / (Liability) included under the head Long Term Provisions (Note 6) & Short Term Provisions (Note 11)	(61,14,060)	(40,14,634)

EXPENSES RECOGNISED IN THE PROFIT & LOSS STATEMENT

(Rs.)

	Current Year	Previous Year
Current Service Cost	32,42,823	29,72,340
Interest Cost on Benefit obligation	24,20,087	20,07,725
Expected Return on Plan Assets	(22,28,879)	(18,90,687)
Net actuarial (Gain) or Loss recognized during the year	14,69,115	(12,99,628)
Expenses deducted from fund	3,51,504	-
Amount Included in Note 22 – "Employee Benefits"	52,54,650	17,89,750

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 2015

BALANCE SHEET RECONCILIATION

(Rs.)

	Current Year	Previous Year
Opening Net Liability	40,14,634	53,33,293
Expense as above	52,54,650	17,89,750
Contributions made during the year	(31,55,223)	(31,08,408)
Liability recognized in Balance Sheet	61,14,060	40,14,634

THE PRINCIPAL ACTUARIAL ASSUMPTION USED IN DETERMINING GRATUITY AND LONG TERM COMPENSATED ABSENCES :

	Current Year	Previous Year
Mortality Table	2006-08 (Ultimate)- Indian Assured Lives Mortality	2006-08 (Ultimate)- Indian Assured Lives Mortality
Discount rate	7.80%	9.10%
Estimated future salary growth	6.00%	7.00%
Expected rate of return on plan assets (Applicable to Gratuity only)	8.50%	9.00%
Attrition Rate	3% at younger ages reducing to 1% at older ages	3% at younger ages reducing to 1% at older ages
Valuation Method	Projected Unit Credit Method	Projected Unit Credit Method

Note : The estimates of future salary increase considered in actuarial valuation, takes account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

Amounts of the Current and Previous four periods in respect of Gratuity are as follows :

Particulars	As on 31st March 2015	As on 31st March 2014	As on 31st March 2013	As on 31st March 2012	As on 31st March 2011
Defined benefit obligation	3,47,91,172	2,80,93,982	2,51,34,368	1,92,51,190	1,50,50,740
Plan Assets	2,86,77,112	2,40,79,347	1,98,01,075	1,56,51,705	1,27,09,452
Surplus/(Deficit)	(61,14,060)	(40,14,634)	(53,33,293)	(35,99,485)	(23,41,288)

Table of Experience Adjustments*

(Rs.)

	Current Year	Previous Year
Defined Benefit Obligation	3,47,91,172	2,80,93,982
Plan Assets	2,86,77,112	2,40,79,347
Surplus / (Deficit)	(61,14,060)	(40,14,634)
Experience Adjustments on Plan Liabilities	1,82,022	11,33,953
Actuarial Loss /(Gain) due to change in assumptions	12,92,950	(24,59,116)
Experience Adjustments on Plan Assets	(5,857)	25,535
Net Actuarial Loss / (Gain) for the year	14,69,115	(12,99,628)

*In the absence of availability of relevant information of prior years (other than reported as above), experience adjustments on plan assets and liabilities thereof have not been furnished.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 2015

43 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	46,279	93	01.12.2011 – 30.11.2012
01.12.2010	Grant 1	45,971	93	01.12.2012 – 30.11.2013
01.12.2010	Grant 2	38,591	124	01.12.2011 – 30.11.2012
01.12.2010	Grant 2	38,591	124	01.12.2012 – 30.11.2013
01.12.2010	Grant 2	38,568	124	01.12.2013 – 30.11.2014
TOTAL		2,08,000		

Information in respect of options outstanding as at March 31, 2015

Particulars	March 31, 2015			March 31, 2014
	Grant 1	Grant 2	Total	
Revised Exercise Price pursuant to Bonus issue	Rs. 62	Rs. 82.67		
Revised Options Outstanding at the beginning of the year	Nil	47,312	47,312	82,945
Add:- Option granted during the year	Nil	Nil	Nil	Nil
Forfeited/Expired during the year	Nil	6,001	6,001	29,722
Exercised during the year	Nil	41,311	41,311	5,911
Option Outstanding at end of Year	Nil	Nil	Nil	47,312

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 final 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 of directors. Dividend on subsequently allotted equity shares is accounted under "Appropriations" as 'Dividend of Previous year including tax thereon'.

44 Investment Strategies :

Over a period, considering the Company's growth prospects and overall economic scenario from time to time, necessitating building strength to withstand the challenges, the Company initiated/followed strategies to integrate, expand the base and diversify. In the process, the Company not only invested in Capex, but also ventured into inorganic developments by investments made into subsidiaries/joint ventures and related entities. These investments may not directly give returns in short term on year to year basis but will contribute to the Company, long term enduring benefits which will be reflected in growth in top and bottom line of the company.

- 1) Rs. 5,07,59,533/- Invested in equity and preference share of WEW Holdings Limited (Mauritius) a Wholly Owned Ultimate Foreign subsidiary to oversee global investments.
- 2) Rs. 6,48,40,000/- Invested in Equity shares of Setco Automotive (UK) Limited a Technical know How and development Hub of the group and Brand owner (LIPE) for the Company's products in domestic and international market.
- 3) Rs. 25,20,50,000/- Invested in Equity shares of Lava Cast Private Limited a Subsidiary established as a backward integration project to augment the supply of critical casting components. The Company has entered in to joint venture agreement with Lingotes Especiales to carry out said economic activity.
- 4) Rs. 4,85,00,000/- Invested in Equity shares of SE Transstadia Private Limited, a Unique and State of the Art Sports Infrastructure Project with the latest modern Technology, a first of its kind project in India.
- 5) Rs. 40,35,00,000/- Invested in preference shares of Setco Engineering Private Limited, predominantly an Investment Company. The said Investment in Preference Shares has yielded reasonable tax free returns to the company on year to year basis.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 2015

45 Corporate Social Responsibility Expenditure :

- a) Gross amount required to be spent by the Company during the year : Rs. 59,15,024/-
b) Amount spent during the year on :

	In Cash	Yet to be paid in Cash	Total
(i) Construction/ acquisition of any Assets	-	-	-
(ii) On purposes other than (i) above *	61,15,909	-	61,15,909

* Includes Contribution to a trust controlled by the Company (Setco Foundation) in relation to CSR Expenditure : Rs. 30,00,000/-

46 Research & Development

In year 2012-2013 the company had 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 of expenditure incurred during financial year 2014-2015 are as under : (Rs.)

Particulars	Current Year			Previous Year
	Approved (DSIR) R&D Expenditure	Other R & D Expenditure	Total	Amount
Capital Expenditure	21,04,571	-	21,04,571	6,26,42,635
Revenue Expenditure	2,90,41,231	77,40,838	3,67,82,069	2,35,38,353
Total R&D Expenditure	3,11,45,802	77,40,838	3,88,86,640	8,61,80,988

47 During the year, the company has made contribution of Rs. 35,00,000/- to Bhartiya Janta Party (Political Party).

48 Prior Period Expenses of Rs. 51,08,348/- (Rs. 30,70,377/-) has been recognised under relevant heads in Statement of Profit & Loss.

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**

Chartered Accountants
(Firm Registration No. : 115832W)

Manesh P. Mehta
Partner
Membership No. : 036032
Place : Mumbai
Date : May 26, 2015

Harish Sheth
Chairman & Managing Director

Arun Arora
Director

Pratap Merchant
Director

Vinay Shahane
Vice President - Finance

For and on behalf of the Board

Udit Sheth
Executive Director

Ashok Kumar Jha
Director

Suhasini Sathe
Director

Naveen Manghani
Company Secretary

Place : Mumbai
Date : May 26, 2015

Shvetal Vakil
Executive Director

Bhalchandra Naik
Director

Urja Shah
Additional Director



INDEPENDENT AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

TO

THE MEMBERS OF
SETCO AUTOMOTIVE LIMITED

- **Report on the Consolidated Financial Statements**

We have audited the accompanying consolidated financial statements of SETCO AUTOMOTIVE LIMITED ("the Holding Company") and its subsidiaries (collectively referred to as "the Group"), comprising of the Consolidated Balance Sheet as at March 31, 2015, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as "Consolidated Financial Statements").

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

The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act 2013 (hereinafter referred to as "the Act") 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 specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules 2014. The respective Board of Directors of the Companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting the frauds and other irregularities; the selection and application of appropriate accounting policies, making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting

records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error; which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding company, as aforesaid.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143 (10) of the Act. 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 financial control relevant to the Holding Company's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether The Holding Company has an adequate internal financial controls system over financial reporting in place and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

INDEPENDENT AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in sub-paragraph (b) of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our qualified audit opinion on the Consolidated Financial Statements.

Basis for Qualified Opinion

In the absence of relevant information in the accounts of wholly owned ultimate foreign subsidiaries of the Holding company, about the stocks lying with the said 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" specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules 2014. (Refer Note No. 29(ii) - "Notes forming part of Financial Statements"). This matter was also qualified in our report on consolidated financial statements for the year ended 31st March 2014.

Qualified Opinion

Except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph above. 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 auditors on the financial statements of the subsidiaries, the aforesaid consolidated 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 of the Consolidated state of affairs of the Group as at 31st March 2015, and its Consolidated Profit and its Consolidated Cash Flows for the year ended on that date.

Emphasis of Matters

- (a) Attention is invited to Note No. 33 (i) "Trade Receivables and Payables" of "Notes forming part of Consolidated Financial Statements" stating that in respect of Holding Company, Trade Payables, Trade Receivables and other debit and credit balances are subject to reconciliation and / or confirmation. In respect of Indian subsidiary company, Trade payables, Creditors for Capital Expenditure and Capital Advances are subject to reconciliation and / or confirmation.
- (b) Attention is invited to Note No. 37 - "Notes forming part of Consolidated Financial Statements" stating that disclosures in respect of Materials & Components Consumption, Inventories, Deferred Tax Liabilities, 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 wholly owned ultimate foreign subsidiaries.
- (c) In forming our opinion on the consolidated financial statements, we have relied upon management's presentation & classification of amounts as per requirements of Schedule III of the Act in respect of wholly owned ultimate foreign subsidiaries.

Our opinion is not qualified in respect of these matters.

Other Matters

- a) Financial statements of the Indian subsidiary, which reflect total assets of Rs. 11013.70 lacs as at 31st March 2015, total revenues of Rs. 8.94 lacs and net cash outflows amounting to Rs. 46.41 lacs for the year ended on that date, in which the share of loss (net) of the Group is Rs.53.21 lacs have been audited by us.

We did not audit the financial statements of wholly owned ultimate foreign subsidiaries, whose financial statements reflect total assets of Rs.10506.03 lacs as at 31st March 2015, total revenues of Rs.8733.94 lacs and net cash inflows amounting to Rs.99.69 lacs for the year ended on that date, as considered in the consolidated financial statements. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, is based solely on the reports of the other auditors.

Report on Other Legal and Regulatory Requirements:

- 1 As required by the Companies (Auditor Report) Order, 2015 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, based on the comments in the auditors reports of the Holding Company and its subsidiary company incorporated in India, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable and relevant.
- 2 As required by Section 143(3) of the Act, we report that:
 - (a) We have sought and, except for the possible effect of the matters described in paragraph "Basis for Qualified Opinion" above, obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.

INDEPENDENT AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

- (b) In our opinion, except for the effect of the matters described in paragraph - "Basis for Qualified Opinion" above, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.
- (c) The consolidated Balance Sheet, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
- (d) In our opinion, except for the effect of the matters described in the "Basis for Qualified Opinion" paragraph above, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act read with Rule 7 of the Companies (Accounts) Rules 2014.
- (e) The matters described in the "Basis for Qualified Opinion" and "Emphasis of matters" paragraphs above, in our opinion, prima facie, do not appear to have any adverse effect on the functioning of the Group.
- (f) On the basis of the written representations received from the directors of the Group Companies incorporated in India as on 31st March 2015 and taken on record by the Board of Directors of the Holding Company and subsidiary company incorporated in India, none of the directors of the Group's companies incorporated in India is disqualified as on 31st March, 2015 from being appointed as a director in terms of Section 164 (2) of the Act.
- (g) The qualification relating to the maintenance of accounts and other matters connected therewith are as stated in the "Basis for Qualified Opinion" paragraph above.

With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules 2014, in our opinion and to the best of our information and according to the explanations given to us:

- i. The Group has disclosed the impact of pending litigations on its financial position in consolidated financial statements (Refer Note No. 32(B) of the Consolidated Financial Statements.)
- ii. The Group did not have any long term contracts including derivative contracts for which there were any material foreseeable losses:
- iii. There has been no delay in transferring the amounts, required to be transferred to the Investor Education and Protection Fund by the Group.

Place: Mumbai
Date: May 26, 2015

For **MANESH MEHTA & ASSOCIATES**
Chartered Accountants
(Firm Registration No. 115832W)

(Manesh P. Mehta)
Partner
Membership No. 036032



SETCO AUTOMOTIVE LIMITED ANNEXURE TO INDEPENDENT AUDITORS' REPORT

(Referred to in paragraph under the heading "Report on Other Legal and Regulatory Requirements" of our report of even date as applicable to the Group Companies incorporated in India)

1. In respect of its fixed assets:
 - a) The Group Companies have 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 Group Companies, which in our opinion, is reasonable having regard to the size of the Group Companies and the nature of its assets. As informed, no material discrepancies were noticed on such verification.
2. In respect of its inventories:
 - a) According to the information and explanations given to us, inventories (excluding stocks with third parties) were physically verified during the year by the management of Group Companies at reasonable intervals.
 - b) According to the information and explanations given to us, the procedures of physical verification of inventories followed by the management of Group Companies are reasonable and adequate in relation to size of the Group Companies and the nature of its business.
 - c) In our opinion and according to the information and explanations given to us, the Group Companies have maintained proper records of its inventories. No material discrepancies were noticed on physical verification of inventories.
3. According to the information and explanations given to us, the Group Companies have not granted any Secured or Unsecured Loans to Companies, firms or other parties covered in the Register maintained under Section 189 of the Companies Act, 2013.
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 Group Companies and the nature of its business with regard to purchase of fixed assets and sale of goods. The internal control system with regard to inventory management including purchase of inventory needs to be further strengthened in the case of Holding Company. 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, the Group Companies have not accepted any deposits, either under the directives issues by the Reserve Bank of India or within the meaning of section 73 to 76 of the Companies Act 2013 and the rules framed there under.
6. We have been informed that Group Companies are not required to maintain cost records u/s. 148 (1) of the Companies Act 2013.
7. According to the information and explanations given to us and on the basis of our examination of books of account:
 - (a) The Group Companies have been generally regular in depositing undisputed statutory dues including Provident Fund, Employees State Insurance, Value Added Tax, Central Sales Tax, Income Tax, Tax Deducted at Source, Wealth Tax, Service 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, Employees State Insurance, Income Tax, Wealth Tax, Custom Duty, Service Tax and Tax Deducted at Source. According to the information and explanations given to us, there are no undisputed items outstanding for more than six months as of 31st March 2015.

-
- (b) According to the information and explanations given to us and records of the Group Companies examined by us, no amount has remained unpaid on account of any dispute as of 31st March 2015.
- (c) According to the information and explanations given to us there has been no delay in transferring the amounts, required to be transferred to Investor Education and Protection Fund in accordance with the provisions of the Companies Act 1956 (1 of 1956) and rules made there under.
8. The Group Companies as a whole do not have accumulated losses as at 31st March 2015. The Group Companies as a whole have not incurred cash losses during the current year and in the immediately preceding financial year.
9. In our opinion and according to the information & explanations given to us, the Group Companies have not defaulted in repayment of dues with regard to loans obtained from banks. The Group Companies have neither taken any loan from any financial institution nor issued any debentures.
10. The Holding Company has given guarantees for loans taken by its wholly owned ultimate foreign subsidiaries and Indian subsidiary 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 Group Companies.
11. In our opinion and according to the information and explanations given to us, and examination of records of the Group Companies, the term loans availed by the Group Companies during the year were applied for the purposes for which the loans were obtained.
12. To the best of our knowledge and belief and according to the information and explanations given to us, no fraud on or by the Group Companies was noticed or reported during the year.
13. In our opinion and as per the information and explanations given to us, the nature of the Group Companies' business/activities during the year is such that clauses (iii) (a) & (b) of the Companies (Auditor's Report) Order, 2015 are not applicable.

For **MANESH MEHTA & ASSOCIATES**
Chartered Accountants
(Firm Registration No. 115832W)

(Manesh P. Mehta)
Partner
Membership No. 036032

Place: Mumbai
Date: May 26, 2015

CONSOLIDATED BALANCE SHEET

AS AT 31st MARCH, 2015

(Rs.)

	Note No.	As at 31st March, 2015		As at 31st March, 2014	
EQUITY & LIABILITIES :					
Shareholders' Funds					
Share Capital	2	26,71,93,350	2,02,31,27,914 9,28,43,687	26,67,80,240	1,89,45,99,272
Reserves & Surplus	3	1,75,59,34,564		1,62,78,19,032	
Minorities Interests					
Non-current Liabilities					
Long-term Borrowings	4	1,52,18,63,275	1,62,22,54,209	21,11,12,115	29,00,13,574
Deferred Tax Liabilities (Net)	5	8,94,78,780		7,32,71,217	
Long-term Provisions	6	1,09,12,154		56,30,242	
Current Liabilities					
Short-term Borrowings	7	1,52,78,22,076	2,24,44,73,294	1,56,67,61,182	2,32,01,14,759
Trade Payables	8	41,30,88,105		47,05,66,062	
Other Current Liabilities	9	24,39,43,284		17,72,77,641	
Short-term Provisions	10	5,96,19,829		10,55,09,874	
TOTAL			5,98,26,99,104		4,50,47,27,605
ASSETS :					
Non Current Assets	11		2,67,18,97,395		1,57,70,96,667
Fixed Assets					
- Tangible Assets		1,53,19,99,433		1,25,51,49,819	
- Intangible Assets		31,77,47,913		24,61,77,983	
- Capital Work-in-Progress		68,59,26,646		7,42,440	
- Intangible Assets under Development		8,28,62,738		7,50,26,425	
- Pre-Operative Expenses		5,33,60,665		-	
Non-current Investments	12	45,20,00,250		51,34,50,250	
Long-term Loans & Advances	13	36,02,87,929		25,27,50,912	
Other Non Current Assets	14	1,23,13,337		-	
Current Assets			82,46,01,516		76,62,01,162
Current Investments		-		-	
Inventories	15	1,31,12,95,016		1,19,31,88,810	
Trade receivables	16	78,01,88,751		69,89,94,798	
Cash and Cash Equivalents	17	10,70,70,536		5,75,00,582	
Short-Term Loans & Advances	18	28,76,45,890		21,17,45,586	
Other Current Assets		-		-	
			2,48,62,00,193		2,16,14,29,776
TOTAL			5,98,26,99,104		4,50,47,27,605

Notes including Significant Accounting Policies are an integral part of the financial statements: 1 to 39

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 26, 2015

Harish Sheth
Chairman & Managing Director

Arun Arora
Director

Pratap Merchant
Director

Vinay Shahane
Vice President - Finance

For and on behalf of the Board

Udit Sheth
Executive Director

Ashok Kumar Jha
Director

Suhasini Sathe
Director

Naveen Manghani
Company Secretary

Place : Mumbai
Date : May 26, 2015

Shveta Vakil
Executive Director

Bhalchandra Naik
Director

Urja Shah
Additional Director

CONSOLIDATED STATEMENT OF PROFIT AND LOSS

FOR THE YEAR ENDED 31st MARCH, 2015

(Rs.)

	Note No.	Year Ended 31st March 2015	Year Ended 31st March 2014
REVENUE :			
Revenue from Operations		5,52,53,92,668	4,10,49,16,104
Less: Excise Duty		28,30,31,420	20,57,13,258
Revenue from Operations (Net)	19	5,24,23,61,248	3,89,92,02,846
Other Income	20	4,43,86,295	9,41,80,992
Total Revenue		5,28,67,47,543	3,99,33,83,839
EXPENSES :			
Cost of Materials and Components consumed	21	2,95,29,29,352	2,21,03,33,843
Changes in Inventories of Finished Goods and Work in Progress (Increase)	22	(2,60,05,618)	(2,31,81,554)
Employee Benefit Expense	23	59,91,25,672	52,17,38,345
Finance Cost	24	26,31,54,504	23,37,25,634
Depreciation and amortization expenses		15,89,76,213	14,05,27,742
Less : Depreciation on Revaluation of Fixed Assets		-	(46,29,872)
Net Depreciation and amortization expenses	11	15,89,76,213	13,58,97,870
Other Expenses	25	1,07,76,74,478	81,28,64,700
Total Expenses		5,02,58,54,601	3,89,13,78,839
Profit/(Loss) before Exceptional Items and Tax		26,08,92,941	10,20,05,000
Exceptional Items	26	-	7,67,21,699
Profit Before Tax		26,08,92,941	17,87,26,699
Less:- Tax Expenses			
Current Tax		5,31,36,104	4,49,79,029
Deferred Tax		1,63,92,915	64,36,670
MAT Credit Entitlement	27		
Previous Periods		(16,28,432)	(85,74,654)
Current Year		(94,24,987)	(4,33,47,930)
Tax adjustment for Earlier years		(37,00,978)	(30,26,658)
		5,47,74,622	(35,33,543)
Profit for the period before adjustment for minority interests		20,61,18,319	18,22,60,242
Less :- Share of profit (loss) transferred to minority interests		(6,20,313)	-
Profit for the period after adjustment for minority interests		20,67,38,632	18,22,60,242
Earnings Per Share (Face value of Rs.10/- each)	28		
Before Considering Exceptional Items			
- Basic		7.75	3.96
- Diluted		7.75	3.96
After Considering Exceptional Items			
- Basic		7.75	6.83
- Diluted		7.75	6.83

Notes including Significant Accounting Policies are an integral part of the financial statements: 1 to 39

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 26, 2015

Harish Sheth
Chairman & Managing Director

Arun Arora
Director

Pratap Merchant
Director

Vinay Shahane
Vice President - Finance

For and on behalf of the Board
Udit Sheth
Executive Director

Ashok Kumar Jha
Director

Suhasini Sathe
Director

Naveen Manghani
Company Secretary
Place : Mumbai
Date : May 26, 2015

Shveta Vakil
Executive Director

Bhalchandra Naik
Director

Urja Shah
Additional Director

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 31st MARCH, 2015

(Rs.)

	2014-2015	2013-2014
A CASHFLOW FROM OPERATING ACTIVITIES		
Net Profit before tax	26,08,92,941	17,87,26,699
Adjustment for		
Depreciation	15,89,76,213	13,58,97,870
Loss/(profit) on Sale of Fixed Assets	(19,48,165)	(7,68,54,163)
Unrealized Forex Exchange Gain/Loss	1,40,44,504	(1,75,73,651)
Interest Expense	26,31,54,504	23,37,25,634
Interest Income	(15,39,344)	(6,21,167)
Dividend Income	(2,87,10,000)	(2,87,11,800)
Corporate tax	(4,94,35,126)	(4,19,52,371)
MAT Credit Entitlement	1,10,53,419	5,19,22,584
Employee Stock Options Cost	-	(1,46,600)
Operating Profit / (Loss) before Working Capital Changes and Other Changes	62,64,88,947	43,44,13,035
Trade Receivables	(8,78,27,267)	10,25,66,554
Inventories	(11,81,06,206)	(8,21,45,160)
Loans and Advances	(18,86,42,317)	(5,57,14,882)
Trade Payables	(5,86,70,768)	15,26,93,808
Other Liabilities	(3,82,29,720)	1,76,03,823
Working Capital Changes and Other Changes	(49,14,76,279)	13,50,04,143
Cash Flow Generated from Operations	13,50,12,668	56,94,17,178
Direct Taxes (Tax deducted at Source)	(10,13,383)	-
Net Cash Flow from Operating Activities	13,39,99,285	56,94,17,178
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(1,14,67,87,986)	(17,70,94,650)
Sale of Fixed Assets	96,58,134	15,02,11,079
Intangible Asset	(11,09,76,388)	(6,12,73,232)
Adjustment in Depreciation Reserve	-	(51,71,178)
Interest Income	15,39,344	6,21,167
Dividend Income	2,87,10,000	2,87,11,800
Margin Money with Bank	(1,97,08,156)	(73,437)
Sales of Investment	-	30,90,00,000
Decrease/(Increase) in Investment	6,14,50,000	(45,49,50,000)
Net Cash Used in Investing Activities	(1,17,61,15,052)	(21,00,18,451)

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 31ST MARCH, 2015

(Rs.)

	2014-2015	2013-2014
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Cash Credit	12,10,60,895	5,09,36,971
Proceeds from Short Term Loans		6,00,00,000
Proceeds from Term/Other Loans	1,45,48,58,280	16,74,25,000
Repayment of Short Term Loans	(16,00,00,000)	(16,00,00,000)
Repayment of Term Loans	(8,14,92,327)	(7,98,39,260)
Proceeds from share issued to Minorities	9,34,64,000	
Interest Paid	(26,31,54,504)	(23,37,25,633)
Proceeds from issue of share including Premium	34,15,181	2,08,907
Dividend & Dividend Distribution Tax	(4,82,38,145)	(8,27,11,679)
Interim Dividend & Dividend Distribution Tax	(4,80,67,155)	-
Dividend of Previous year including Tax thereon	-	(1,163)
Net Cash Flow from Financing Activities	1,07,18,46,225	(27,77,06,857)
D Impact of Exchange Fluctuation on the Cashflow	1,07,72,237	(5,67,73,879)
Net Increase in Cash and Cash Equivalents (A + B + C+D)	4,05,02,696	2,49,17,992
Opening Cash and Cash Equivalents	5,25,87,147	2,76,69,156
Closing Cash and Cash Equivalents	9,30,89,843	5,25,87,147

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 , as specified u/s 133 of Companies Act 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014.
2. Previous year's figures have been regrouped / restated / reclassified wherever necessary.
3. Cash and Cash Equivalents includes cash on hand, cheques on hand and readily convertible deposit accounts held with scheduled banks.
4. Purchase of Fixed Assets, inter alia, includes cost of Capital work in progress and pre operating expenses.

Notes including Significant Accounting Policies are an integral part of the financial statements: 1 to 39

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 26, 2015

Harish Sheth
Chairman & Managing Director

Arun Arora
Director

Pratap Merchant
Director

Vinay Shahane
Vice President - Finance

For and on behalf of the Board

Udit Sheth
Executive Director

Ashok Kumar Jha
Director

Suhasini Sathe
Director

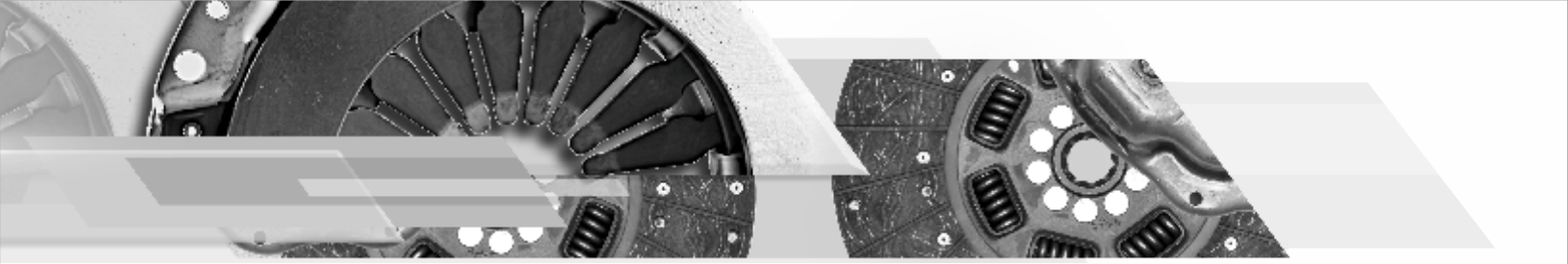
Naveen Manghani
Company Secretary

Place : Mumbai
Date : May 26, 2015

Shvetal Vakil
Executive Director

Bhalchandra Naik
Director

Urja Shah
Additional Director



NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2015

1. SIGNIFICANT ACCOUNTING POLICIES

1.1 Basis of Preparation of Consolidated Financial Statements

The Financial Statements of Indian parent company and its Indian subsidiary company are prepared under historical cost convention (Except for certain fixed assets which are stated at revalued amounts) on accrual basis and they are in consonance with generally accepted accounting principles in India and applicable Accounting Standards specified under section 133 of Companies Act 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014. The financial statements of wholly owned ultimate foreign subsidiaries have been prepared in accordance with generally accepted accounting principle of their respective country of incorporation or International Financial Reporting Standards.

1.2 Principles of Consolidation

The consolidated financial statements relate to Setco Automotive Ltd ("the Company") and its subsidiary companies. The consolidated financial statements have been prepared on following basis:

- a) The consolidated financial statements are based on the audited accounts of the company and the audited accounts of the subsidiaries of the same reporting date.
- b) The financial statements of the company and its subsidiary companies are combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, incomes and expenses, after fully eliminating significant intra group balances and intra group transactions in accordance with Accounting Standard (AS) 21 – "Consolidated Financial Statements".
- c) In case of foreign subsidiaries, being non-integral foreign operations, revenue items are converted at the average rate prevailing during the year. All assets and liabilities are converted at rates prevailing at the end of the year. Any exchange difference arising on consolidation is accumulated under "Foreign

Currency Translation Reserve."

- d) 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 financial statements.
- e) Impact of variation accounting policies followed by the foreign subsidiaries to comply with local regulations relating to amortization of some intangible assets, and treatment of foreign exchange fluctuations have not been considered in this consolidation being unascertained.
- f) Minority Interests' share of net profit of consolidated subsidiaries for the year is identified and adjusted against the income of the group in order to arrive at the net income attributable to shareholders of the company.
- g) Minority Interests' share of net assets of consolidated subsidiaries is identified and presented in the consolidated balance sheet separate from liabilities and the equity of the company's shareholders.

1.3 Other Investments

Investments other than in subsidiaries have been accounted as per Accounting standard (AS)-13 on "Accounting for Investments".

1.4 Goodwill

Goodwill appearing in one of the wholly owned ultimate foreign subsidiary's books is tested annually for impairment, if any event occurs or circumstances change that more likely than not would indicate the carrying amount may be impaired. As of 31st March, 2015, goodwill is not considered to be impaired.

1.5 Other significant accounting policies

These are set out under "Significant Accounting Policies" as given in the Company's separate standalone financial statements.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST March 2015

2 SHARE CAPITAL

2.1 Authorized, Issued, Subscribed and Fully paid - up: (Rs.)

Particulars	31 st March 2015	31 st March 2014
Authorised Capital:		
5,00,00,000 (5,00,00,000) Equity Shares of Rs. 10 each	50,00,00,000	50,00,00,000
Issued, Subscribed and Fully Paid up Share Capital:		
26719335 (26678024) Equity Shares of Rs. 10 each	26,71,93,350	26,67,80,240

- 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.
- b. The company declares and pays dividends in Indian rupees. The Board of Directors, in their meeting held on 11th November, 2014, declared an interim dividend of Rs. 1.50 per Share (Previous year Rs. NIL). Further, the board of directors in their meeting held on 26th May, 2015 have proposed final dividend of Rs. 1.50/- per share (Previous year Rs. 2.65/-) for financial year ended 31st March, 2015. The proposed final dividend is subject to the approval of the share holders at the ensuing Annual General Meeting. The total dividend appropriation for the year ended 31st March, 2015 would amount to approximately Rs. 9,63,05,300/- (Previous year Rs. 7,06,96,764/-) including corporate dividend tax of Rs. 1,61,68,372/- (Previous year Rs. 1,20,49,915/-).
- 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 year

Particulars	31 st March 2015		31 st March 2014	
	Number	Rs.	Number	Rs.
Equity Shares				
As at the beginning of the year	2,66,78,024	26,67,80,240	2,66,72,113	26,67,21,130
Add : Share issued on exercise of employee stock options	41,311	4,13,110	5,911	59,110
	2,67,19,335	26,71,93,350	2,66,78,024	26,67,80,240
Less : Changes, if any during the year	-	-	-	-
Outstanding at the end of the year	2,67,19,335	26,71,93,350	2,66,78,024	26,67,80,240

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, 2015.

	31 st March '14	31 st March '13	31 st March '12	31 st March '11	31 st March '10
	Number	Number	Number	Number	Number
Equity shares with voting rights					
Equity shares allotted as fully paid bonus shares by Capitalisation of Securities Premium & General Reserve	-	88,60,271	-	88,21,880	

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

Name of Shareholders	31 st March 2015		31 st March 2014	
	Number of Equity shares	% Holding	Number of Equity shares	% Holding
Equity Shares of Rs. 10 each fully paid				
Setco Engineering Private Limited (Promoter Group)*	1,35,42,769	50.69	1,31,42,769	49.28
New Vernon Private Equity Limited	23,52,983	8.81	32,92,500	12.34

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 2015

2.5 Shares in respect of each class in the company held by Holding Company

Name of Shareholders	31 st March 2015		31 st March 2014	
	Number of Equity shares	% Holding	Number of Equity shares	% Holding
Equity Shares of Rs. 10 each fully paid				
Setco Engineering Private Limited (Promoter Group)*	1,35,42,769	13,54,27,690	-	-

* with the acquisition of further shares of the company by Setco Engineering Private Limited (Promoter Group Company), the group companies as a whole has become subsidiaries of Setco Engineering Private Limited w.e.f. 27th August, 2014.

2.6 For details of shares reserved for issue under the Employee Stock Option Plan (ESOP) of the company, refer note 33.

3 RESERVE & SURPLUS

(Rs.)

Particulars	31 st March 2015	31 st March 2014
(i) Capital Reserve		
a) On forfeiture of Shares	21,000	21,000
b) Cash Subsidy	30,00,000	30,00,000
Total	30,21,000	30,21,000
(ii) Revaluation Reserve		
As per Last Balance Sheet	29,66,81,744	30,13,11,617
Less : Transferred to Statement of Profit and Loss	3,06,781	46,29,872
Less : Transferred to General Reserve	29,11,739	-
Total	29,34,63,224	29,66,81,744
(iii) Securities Premium Reserve		
As per Last Balance Sheet	1,58,17,513	1,53,87,960
Add : Received during the year on exercise of employee stock options	30,02,070	4,29,553
Total	1,88,19,583	1,58,17,513
(iv) Employee Stock Options outstanding		
As per Last Balance Sheet	-	2,01,087
Less:- Transferred to Securities Premium on exercise of Employee Stock Options	-	(2,01,087)
Total	-	-
(v) General Reserve		
As per Last Balance Sheet	18,90,59,755	16,40,59,755
Add : Transferred from Revaluation Reserve	29,11,739	-
Add : Transferred from Statement of Profit and Loss	2,50,00,000	-
Total	19,19,71,494	18,90,59,755
(vi) Foreign Currency Translation Reserve	3,08,58,385	1,61,78,254
(vii) Surplus in Statement of Profit and Loss:		
As per Last Balance Sheet	1,10,70,60,766	1,03,25,13,366
Add : Profit for the year	20,67,38,632	18,22,60,242
Less : Appropriations		
Interim Dividend	(4,00,57,925)	-
Proposed Final Dividend	(4,00,79,003)	(7,06,96,764)
Total Dividend	(8,01,36,928)	(7,06,96,764)

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 2015

Particulars	31 st March 2015	31 st March 2014
Corporate Dividend Tax	(1,61,68,372)	(1,20,14,915)
Dividend of Previous year including Tax thereon	-	(1,163)
Transfer from Revaluation Reserve	3,06,781	-
Transfer to General Reserve	-	(2,50,00,000)
Total	1,21,78,00,879	1,10,70,60,766
Total (i to vii)	1,75,59,34,564	1,62,78,19,032

4 LONG TERM BORROWINGS

(Rs.)

Particulars	31 st March 2015	31 st March 2014
Term Loans		
From Banks		
Secured	1,08,43,63,275	21,11,12,115
Unsecured	-	-
From other parties		
Secured	-	-
Unsecured	-	-
Total (A)	1,08,43,63,275	21,11,12,115
Other Loans		
From Banks		
Secured	43,75,00,000	-
Unsecured	-	-
Total (B)	43,75,00,000	-
Total (A+B)	1,52,18,63,275	21,11,12,115
The above amount includes		
Secured Borrowings	1,52,18,63,275	21,11,12,115
Unsecured Borrowings	-	-

- "Indian Rupee Term Loan from Bank of Baroda is repayable in 16 quarterly installments each of Rs. 46,87,500/- to be repaid by May, 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."
- "Indian Rupee Term Loan from Bank of Baroda is repayable in 16 quarterly installments each of Rs. 2,40,00,000/- to be repaid by August, 2019. 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 Corporate Loan from Bank of Baroda is repayable in 16 quarterly installments each of Rs. 3,12,50,000/- to be repaid by August, 2019. 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 and personal guarantee of Mr. Harish Sheth & Mr. Udit Sheth."
- Indian Rupee Term Loan from ICICI Bank is repayable in 16 quarterly installments each of Rs. 62,50,000/- to be repaid by January, 2020. 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 \$ vehicle term loans from Ford Motor Credit is to be repaid in 60 monthly installment each of \$ 1066/- to be repaid by August, 2019. The loan is secured by first pari passu charge on vehicles
- Indian Rupee Term Loan of Rs. 110.05 Crores is sanctioned by Bank of Baroda. The Term Loan is repayable in 24 quarterly installments each of Rs. 458.54 Lacs, commencing from March, 2017 to be repaid by March, 2023. The loan is secured by way of equitable mortgage of factory land and building & hypothecation of Plant & Machinery & other movable fixed assets of the company & further secured by corporate guarantee of parent company, M/s. Setco Automotive Limited.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 2015

5 DEFERRED TAX LIABILITIES (NET) (Rs.)

Particulars	31 st March 2015	31 st March 2014
Net deferred tax liability	8,94,78,780	7,32,71,217

6 LONG TERM PROVISIONS (Rs.)

Particulars	31 st March 2015	31 st March 2014
Provision for employee benefits		
Provision for Gratuity	17,42,852	-
Provision for Compensated Absences	91,69,302	56,30,242
Total	1,09,12,154	56,30,242

7 SHORT TERM BORROWINGS (Rs.)

Particulars	31 st March 2015	31 st March 2014
Loans repayable on demand:		
Working Capital Loan from Banks		
- Secured	1,52,78,22,076	1,40,67,61,182
- Unsecured	-	16,00,00,000
Total	1,52,78,22,076	1,56,67,61,182

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 is from ICICI Bank Rs.Nil (Rs.16,00,00,000/-) and is Guaranteed by Chairman & Managing Director of the Company.

8 TRADE PAYABLES (Rs.)

Particulars	31 st March 2015	31 st March 2014
Micro, Small and Medium Enterprises (MSME)	7,39,65,903	10,19,03,958
Others	33,91,22,202	36,86,62,104
Total	41,30,88,105	47,05,66,062

The information has been determined to the extent such parties could be identified on the basis of the information available with the company regarding the status of suppliers under MSME.

Interest paid/payable to the enterprises registered under MSME is Rs. NIL (Rs. NIL).

9 OTHER CURRENT LIABILITIES (Rs.)

Particulars	31 st March 2015	31 st March 2014
Other Liabilities		
Payable towards Statutory liabilities	4,62,55,228	4,18,00,005
Payable to Employees	1,51,90,169	3,50,25,440
Current Maturities of Term/Other Loans (Refer Note no.4)	13,00,73,237	6,91,83,786
Interest accrued and due	74,64,641	57,39,300
Unpaid/Unclaimed Dividend *	65,12,436	48,39,998
Deposits from Customers	60,00,000	90,00,000
Other Payable	-	16,59,908
Creditors for Capital Expenditure	3,24,47,573	1,00,29,204
Total	24,39,43,284	17,72,77,641

*There are no amounts due for payment to the investor education and protection fund u/s.125 of companies act, 2013 at the year end.

10 SHORT TERM PROVISIONS (Rs.)

Particulars	31 st March 2015	31 st March 2014
Provision for Employee Benefits		
Provision for Gratuity	43,71,208	40,14,635
Provision for compensated absences	36,02,212	14,13,572
Others		
Proposed Final Dividend	4,00,79,003	7,06,96,764
Corporate Tax on Dividend	81,59,142	1,20,14,915
Provision for Taxation (Net of Advance Tax Paid)	34,08,264	1,73,69,988
Total	5,96,19,829	10,55,09,874

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 2015

11 (Rs.)

Sr. No.	PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
		Cost as on 01.04.2014	Additions for the year	Adjustment for the year	Cost as on 31.03.2015	Up to 01.04.2014	Additions for the year	Adjustment for the year	Up to 31.03.2015	As on 31.03.2015	As on 31.03.2014
		3	4	5	6	7	8	10	11	12	13
A	Tangible Assets										
01	Free Hold Land	23,87,18,920	15,39,893	14,48,93,160	38,51,51,973	-	-	-	-	38,51,51,973	23,87,18,920
02	Lease Hold Land	3,93,34,994	-	-	3,93,34,994	18,73,835	4,37,055	-	23,10,890	3,70,24,104	3,74,61,159
03	Building	48,49,89,333	4,47,44,471	(14,81,453)	52,82,52,351	6,80,08,087	1,71,19,286	(4,24,948)	8,47,02,425	44,35,49,927	41,69,81,246
04	Plant & Machinery	91,87,76,186	18,72,65,640	(95,75,298)	1,09,64,66,538	45,72,14,205	8,38,38,714	(20,59,372)	53,89,93,548	55,74,72,991	46,15,61,981
05	Furniture & Fixtures	2,23,27,838	17,23,157	(21,270)	2,40,29,724	86,29,653	14,84,232	(11,172)	1,01,02,712	1,39,27,012	1,36,98,185
06	Office Equipments	1,66,17,987	25,06,252	1,77,840	1,93,02,079	71,19,061	21,79,706	1,77,840	94,76,607	98,25,472	94,98,926
07	Pollution Equipments	2,77,500	-	-	2,77,500	1,08,028	22,179	-	1,30,207	1,47,293	1,69,472
08	Computers	6,46,73,606	62,31,475	(8,79,236)	7,00,25,845	4,62,60,471	95,58,238	(9,57,423)	5,48,61,285	1,51,64,560	1,84,13,135
09	Electric Fittings	4,56,63,052	1,09,51,231	-	5,66,14,283	79,17,292	40,21,990	(10,127)	1,19,29,155	4,46,85,128	3,77,45,760
10	Vehicle	2,98,84,722	73,61,438	1,93,446	3,74,39,607	89,83,687	33,72,370	32,575	1,23,88,683	2,50,50,974	2,09,01,035
	Sub Total (Tangible Assets)	1,86,12,64,138	26,23,23,558	13,33,07,199	2,25,68,94,895	60,61,14,319	12,20,33,770	(32,52,627)	72,48,95,462	1,53,19,99,433	1,25,51,49,819
B	Intangible Assets										
01	Goodwill	7,83,86,179	-	31,64,070	8,15,50,249	19,61,719	-	-	19,61,719	7,95,88,530	7,64,24,460
02	Product Development	11,96,59,158	3,41,01,500	-	15,37,60,658	4,70,44,629	1,39,31,750	-	6,09,76,379	9,27,84,279	7,26,14,529
03	Technical Know how	8,98,20,230	5,28,65,460	(64,62,090)	13,62,23,610	2,85,10,071	1,07,48,160	(27,46,429)	3,65,11,802	9,97,11,808	6,13,10,159
04	Computer Software	4,60,93,528	58,59,860	-	5,19,53,388	3,49,86,400	83,77,739	-	4,33,64,139	85,89,249	1,11,07,128
05	Web Site Development	5,63,988	-	-	5,63,988	5,63,988	-	-	5,63,988	-	-
06	Startup Costs	10,84,56,963	1,03,13,255	94,12,001	12,81,82,220	8,37,35,256	38,84,794	34,88,122	9,11,08,172	3,70,74,048	2,47,21,707
	Sub Total (Intangible Assets)	44,29,80,046	10,31,40,075	61,13,991	55,22,34,113	19,68,02,063	3,69,42,443	7,41,693	23,44,86,199	31,77,47,913	24,61,77,983
	Grand Total (A + B)	2,30,42,44,184	36,54,63,633	13,94,21,191	2,80,91,29,008	80,29,16,382	15,89,76,213	(25,10,934)	95,93,81,661	1,84,97,47,347	1,50,13,27,802
C	Intangible Assets under Development (Product Development)										
		7,50,26,425	4,19,37,813	(3,41,01,500)	8,28,62,738	-	-	-	-	8,28,62,738	7,50,26,425
	Pre-Operative Expenses	(0)	3,40,85,692	1,92,74,973	5,33,60,665	-	-	-	-	5,33,60,665	(0)
	Grand Total (A + B + C)	2,37,92,70,609	44,14,87,138	12,45,94,664	2,94,53,52,411	80,29,16,382	15,89,76,213	(25,10,934)	95,93,81,661	1,98,59,70,750	1,57,63,54,227
	Previous Year	(2,09,44,46,754)			(2,09,44,46,754)			-		(2,09,44,46,754)	2,09,44,46,754
D	Capital Work in Progress										
	Capital Work in Progress	7,42,440	68,51,84,206	-	68,59,26,646	-	-	-	-	68,59,26,646	7,42,440
	Total D	7,42,440	68,51,84,206	-	68,59,26,646	-	-	-	-	68,59,26,646	7,42,440
	Grand Total (A+B+C+D)	2,38,00,13,049	1,12,66,71,344	12,45,94,664	3,63,12,79,057	80,29,16,382	15,89,76,213	(25,10,934)	95,93,81,661	2,67,18,97,396	1,57,70,96,667

Note: Adjustments for the year include net impact of foreign exchange fluctuation of Rs. 37,22,536 (Previous Year Rs. 3,85,21,781). Adjustment in gross block for the year includes opening balance of gross block of following fixed Assets of the Indian subsidiary (Lava Cast Private Ltd., Indian Company become subsidiary of the Company w.e.f.22.05.2014).

Opening Gross Block of fixed Assets of Indian Subsidiary	Amount Rs.
Land	14,58,66,220
Computer	53,338
Pre-Operative Expenses	1,92,79,973
Total Opening Gross Block of Fixed Assets	16,51,94,531

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 2015

12 NON CURRENT INVESTMENT (Long Term)

(Rs.)

Particulars	31 st March 2015	31 st March 2014
12.1 Trade Investment (unquoted)		
Investment in Holding Company (At Cost) :		
i) 4,03,50,000 (Nil) 9% 15 years Non Cumulative Compulsorily Redeemable Preference Share of Rs. 10/- each fully paid of Setco Engineering Private Limited (Refer Note No. 2.5)	40,35,00,000	-
Investment in other related entities (At Cost) :		
i) 9,70,000 (9,70,000)Equity Share @ Rs.50/- each fully paid up of SE Transstadia Private Limited	4,85,00,000	4,85,00,000
ii) Share Application Money towards 1,78,45,000 Equity shares of Rs. 10 each of Lava Cast Private Limited	-	17,84,50,000
iii) NIL (2,86,50,000) 9% 15 years Non Cumulative Compulsorily Redeemable Preference Share @ Rs. 10/- each fully paid of Setco Engineering Private Limited (Refer Note No. 2.5)	28,65,00,000	-
Non Trade Investment (unquoted) (At Cost) :		
i) 10 (10) Equity Shares of Rs. 25/- each of Kalol Urban Co.op.Bank Limited	250	250
Total	45,20,00,250	51,34,50,250

12.2 Investments in other related entities have been made in terms of investment limits approved by Board of Directors of the company from time to time.

13 LONG TERM LOANS AND ADVANCES

(Rs.)

Particulars	31 st March 2015	31 st March 2014
Unsecured, considered good		
Capital Advances	15,35,30,406	7,67,65,329
Other Deposits	1,26,51,398	1,30,32,877
MAT Credit Entitlement	19,41,06,125	16,29,52,706
Total	36,02,87,929	25,27,50,912

14 OTHER NON CURRENT ASSETS

(Rs.)

Particulars	31 st March 2015	31 st March 2014
Fixed Deposit Account (On Margin Account)	1,23,13,337	-

15 INVENTORIES

(Rs.)

Particulars	31 st March 2015	31 st March 2014
Total	1,31,12,95,016	1,19,31,88,810

16 TRADE RECEIVABLES

(Rs.)

Particulars	31 st March 2015	31 st March 2014
Debts outstanding for a period exceeding six months		
Unsecured		
Considered good	7,04,87,134	9,34,00,190
Considered Doubtful	22,47,822	-
	7,27,34,956	9,34,00,190
Less : Provision for Doubtful Debts	22,47,822	-
	7,04,87,134	9,34,00,190
Other Debts (Unsecured and considered good)	70,97,01,617	60,55,94,608
Total	78,01,88,751	69,89,94,798

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 2015

17 CASH AND CASH EQUIVALENTS

(Rs.)

Particulars	31 st March 2015	31 st March 2014
Cash and Cash Equivalents		
Cash Balances	31,01,665	30,04,213
Bank Balances	8,78,23,913	4,00,37,933
Fixed Deposit Account (On Margin Account)	80,267	-
Cheques on Hand	20,83,998	95,45,000
Total	9,30,89,843	5,25,87,147
Others		
Fixed Deposit Account (On Margin Account)	74,68,256	73,437
Unpaid/Unclaimed Dividend	65,12,436	48,39,998
Total	10,70,70,536	5,75,00,582

18 SHORT TERM LOANS AND ADVANCES

(Rs.)

Particulars	31 st March 2015	31 st March 2014
Loans And Advances to related parties		
Unsecured, considered good		
Western Engineering Works	7,78,09,391	4,42,64,541
Transstadia Technologies Private Ltd.	-	20,83,998
SE Transstadia Private Ltd.	1,26,62,928	2,04,33,211
Advances recoverable in cash or kind		
Prepaid Expenses	1,07,78,478	1,36,03,886
Advance for Goods & Services	9,84,79,192	6,30,91,981
Other Loans And Advances		
MAT Credit Entitlement	-	2,01,00,000
Balance with Central Excise	1,54,78,488	51,56,071
Employees Advances	16,38,753	13,70,217
Other Deposits	87,665	-
Other Receivables	1,39,883	2,96,549
Statutory dues receivable -VAT	4,55,46,997	2,52,96,020
- Excise	1,95,25,884	23,27,828
- Service Tax	44,84,848	91,33,838
- Income Tax	10,13,383	45,87,446
Total	28,76,45,890	21,17,45,586

19 REVENUE FROM OPERATIONS (NET)

(Rs.)

Particulars	Year ended 31 st March 2015	Year ended 31 st March 2014
Sales of Finished Goods	5,82,99,72,889	4,35,94,40,345
Less:-Sales in Transit	3,18,80,276	1,38,47,921
Less:- Sales Taxes & VAT	27,26,99,946	24,06,76,320
Total	5,52,53,92,667	4,10,49,16,104
Less:- Excise Duty	28,30,31,420	20,57,13,258
Total	5,24,23,61,247	3,89,92,02,846

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 2015

20 OTHER INCOME

(Rs.)

Particulars	Year ended 31 st March 2015	Year ended 31 st March 2014
Lease Rent	9,17,921	55,600
Dividend - Holding Company	2,87,10,000	2,87,11,800
Profit on Sale of Fixed Assets	19,48,165	1,94,277
Interest Income	15,39,344	6,21,167
Miscellaneous Income	39,16,123	31,21,953
Foreign Exchange Gain/(Loss) (Net)	47,84,097	5,99,59,712
Sundry Balances Written back	25,70,645	13,31,797
Insurance Claim Received	-	1,84,687
Total	4,43,86,295	9,41,80,992

21 COST OF MATERIALS AND COMPONENTS CONSUMED

(Rs.)

Particulars	Year ended 31 st March 2015	Year ended 31 st March 2014
COST OF MATERIALS AND COMPONENTS CONSUMED	2,95,29,29,352	2,21,03,33,843

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

(Rs.)

Particulars	Year ended 31 st March 2015	Year ended 31 st March 2014
Increase in Inventories	(2,60,05,618)	(2,31,81,554)
Total	(2,60,05,618)	(2,31,81,554)

23 EMPLOYEE BENEFITS

(Rs.)

Particulars	Year ended 31 st March 2015	Year ended 31 st March 2014
Salaries, Wages and Bonus	49,98,50,855	42,64,39,121
Contribution to Employees welfare funds	7,54,08,037	7,59,00,637
Staff Welfare expenses	2,38,66,780	1,93,98,588
Total	59,91,25,672	52,17,38,345

24 FINANCE COST

(Rs.)

Particulars	Year ended 31 st March 2015	Year ended 31 st March 2014
Interest Expense	25,25,72,002	22,52,60,043
Other Financial Charges	1,05,82,503	84,65,592
Total	26,31,54,504	23,37,25,634

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 2015

25 OTHER EXPENSES

(Rs.)

Particulars	Year ended 31 st March 2015	Year ended 31 st March 2014
Stores and Tools Consumed	10,93,74,442	8,71,36,880
Carriage Inward	8,78,00,010	6,12,57,953
Power and Fuel	7,19,15,846	5,87,64,351
Jobwork Charges	7,78,33,034	4,51,35,999
Repairs and Maintenance to Machinaries	1,62,35,117	1,60,72,011
Repairs to Building	38,08,252	36,61,968
Other Repairs	2,32,95,927	1,53,16,898
Factory Expenses	1,11,86,233	1,21,66,664
Rent	1,57,44,154	1,37,73,141
Rates and Taxes	1,05,77,185	1,06,32,586
Insurance	1,33,86,299	1,21,64,543
Conveyance	1,65,50,193	1,43,95,760
Travelling Expenses	5,48,73,945	4,78,48,366
Legal and Professional Charges	5,87,09,654	5,32,00,482
Statutory Auditors' Remuneration	36,22,946	29,87,911
Printing and Stationary	53,75,882	38,24,940
Communication Expenses	93,34,116	81,60,471
Books, Subscription and Membership	8,16,019	5,42,139
Directors' Sitting Fees	4,80,000	3,40,000
Commission to Non Executive Directors	31,30,000	19,50,000
Office Expenses	30,71,325	26,25,953
Corporate Social Responsibility Expenses	62,84,716	-
General Expenses	4,32,67,724	3,62,53,417
Advertisement Expenses	47,07,876	56,86,131
Marketing and Sales Promotion	8,46,96,557	6,85,42,117
Discount, Commissions and other Expenses on Sales	16,60,98,845	11,71,26,278
Doubtful Debts	22,47,822	-
Packing and Forwarding Expenses	16,66,34,259	10,48,10,575
Sundry Balance Written off (Net)	50,67,626	86,31,767
Loss/(Profit) on Sale of Fixed Asset	-	61,813
Excise Duty on Finished Goods Stock *	15,48,477	(2,06,414)
Total	1,07,76,74,478	81,28,64,700

* Indicates difference between Excise Duty on Opening Stock and Closing Stock of Finished Goods

26 EXCEPTIONAL ITEMS

Exceptional Items of Rs. NIL (Previous year Rs. 7,67,21,699/-) represents gain recognized on sale of Land to related party.

27 MAT CREDIT

During the year, company has recognized MAT Credit of Rs. 94,24,987/- for current financial year (Previous year Rs. 4,33,47,930/-) and Rs. 16,28,432/- (Previous year Rs. 85,74,654/-) in respect of previous periods and same is shown as adjustment from the current tax amount in the statement of profit and loss.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 2015

28 EARNING PER SHARE

(Rs.)

Particulars	Current Year	Previous Year
Profit available to Equity Shareholders after Tax and Minority Interest (Before Exceptional Items)	20,67,38,632	10,55,38,543
Profit available to Equity Shareholders after Tax and Minority Interest (After Exceptional Items)	20,67,38,632	18,22,60,242
Weighted Average Number of Equity Shares of Rs. 10/- each		
Basic	2,66,90,364	2,66,76,750
Diluted	2,66,90,364	2,66,76,750
Earnings Per Share in Rs.:		
Before Considering Exceptional Items		
Basic	7.75	3.96
Diluted	7.75	3.96
After Considering Exceptional Items		
Basic	7.75	6.83
Diluted	7.75	6.83

29 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 3,18,80,276 /- (Rs. 1,38,47,921/-). 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 2,65,35,212 /- (Rs. 1,12,56,855/-) is included in Note 15 under the head "Inventories".
- In the absence of information in accounts of wholly owned ultimate foreign subsidiaries about the stocks on hand out of intercompany transactions, the unrealized profit on such stocks, if any, is unascertained and not eliminated.

30 Details of Subsidiaries

Sr. No.	Names of Subsidiaries with country of incorporation	Percentage of Voting Power	Financial Year
i	Setco Automotive (UK) Limited – UK (SAUL)	20% by Setco Automotive Ltd. 80% by WEW Holding Limited	April to March
ii	Setco Automotive (N.A.) Inc. – U.S.A. (SANAI) (Wholly owned Subsidiary of Setco Automotive (UK) Ltd.)	100%	April to March
iii	WEW Holding Limited Mauritius - (WEW) (Wholly owned subsidiary of Setco Automotive Ltd. India)	100%	April to March
iv	Lava Cast Private Limited - (India) (Partly owned subsidiary of Setco Automotive Ltd. India)	72.95%	April to March

31 SEGMENT INFORMATION

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

32 CONTINGENT LIABILITIES & COMMITMENTS

A. Contingent Liabilities:-

- Guarantees given by the bank on behalf of the Company Rs. 1,07,93,861 (Rs. 45,17,390).
- Guarantees given by subsidiary's bank on behalf of the subsidiary, Lava Cast Pvt. Ltd. Rs.6,69,57,837 (Rs. Nil).
- Letters of Credit issued by subsidiary's bank on behalf of the Subsidiary, Lava Cast Pvt. Ltd. Rs. 6,20,59,327 (Rs. Nil)
- Guarantee given for £ 1.40 million (£ 1.40 million) to ICICI Bank Limited, U.K. for Wholly Owned Ultimate Foreign Subsidiary's credit facilities Rs. 13,04,66,000 (Rs. 14,05,32,000).

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 2015

- v) Guarantee given for \$ 0.65 million (\$ 0.65 million) to ICICI Bank Limited, Singapore for Wholly Owned Ultimate Foreign Subsidiary's credit facilities Rs. 4,09,69,500/- (Rs. 3,92,27,500/-).
- vi) Guarantee given for \$ 4.000 million (\$ 4.000 million) to Bank of Baroda, New York, USA for Wholly Owned Ultimate Foreign Subsidiary's credit facilities Rs.252,120,000 (Rs. 241,400,000).
- vii) Guarantee given for Rs. 1,170,500,000 (Rs. Nil) to Bank of Baroda, Mumbai, India, for subsidiary's credit facilities.
- viii) Warranty Claims raised by Customer but not acknowledged Rs. 18,441,563 (Rs. 10,961,258).
- ix) Sales tax demand under dispute Rs. Nil (Rs. 2,277,634).

B. Note on Pending Litigation:-

- i) The Pollution Control Department had filed a Civil / Criminal case against the Company and all the Directors in 1993. The Civil matter was disposed in favour of the Company.

In criminal matter against the Company and the Directors, Hon. High Court had quashed the case against all the Nominee Directors. The case will now proceed against the Company and the Managing Director in Local Court.

- ii) The Company had filed a case against a competitor for cancellation of registration of design granted by Controller of Patents and Designs in Kolkata High Court. In view of the settlement of differences under a consent terms, the said case became infructuous, and the process of withdrawal of the case is under process.

The Company's Management does not reasonably expect that these cases when ultimately concluded / adjudicated will have any material or adverse effect on the Company's results of the Operations or financial condition.

C. Commitments:-

- i) Estimated amount of contracts remaining to be executed on capital account and not provided for Rs.21,38,33,460/- (Rs. 127,656,891).

33 TRADE RECEIVABLES & PAYABLES

- i) In respect of Hodling company, 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 respect of Indian subsidiary, Trade Payable, Creditors for capital expenditure and Capital advances are subject to reconciliation and/or confirmation.
- ii) In the opinion of the management, current and non-current assets are recoverable in the normal course of business.

34 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	46,279	93	01.12.2011 – 30.11.2012
01.12.2010	Grant 1	45,971	93	01.12.2012 – 30.11.2013
01.12.2010	Grant 2	38,591	124	01.12.2011 – 30.11.2012
01.12.2010	Grant 2	38,591	124	01.12.2012 – 30.11.2013
01.12.2010	Grant 2	38,568	124	01.12.2013 – 30.11.2014
	TOTAL	2,08,000		

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 2015

Information in respect of options outstanding as at March 31, 2015

Particulars	March 31, 2015			March 31, 2014
	Grant 1	Grant 2	Total	
Revised Exercise Price pursuant to Bonus issue	Rs. 62	Rs. 82.67		
Revised Options Outstanding at the beginning of the year	Nil	47,312	47,312	82,945
Add:- Option granted during the year	Nil	Nil	Nil	Nil
Forfeited/Expired during the year	Nil	6,001	6,001	29,722
Exercised during the year	Nil	41,311	41,311	5,911
Option Outstanding at end of Year	Nil	Nil	Nil	47,312

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 final 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 of directors. Dividend on subsequently allotted equity shares is accounted under "Appropriations" as 'Dividend of Previous year including tax thereon'.

35 Research & Development

In year 2012-2013 the company had 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 of expenditure incurred during financial year 2014-2015 are as under : (Rs.)

Particulars	Current Year			Previous Year
	Approved (DSIR) R&D Expenditure	Other R & D Expenditure	Total	Amount
Capital Expenditure	21,04,571	-	21,04,571	6,26,42,635
Revenue Expenditure	2,90,41,231	77,40,838	3,67,82,069	2,35,38,353
Total R&D Expenditure	3,11,45,802	77,40,838	3,88,86,640	8,61,80,988

36 During the year, the company has made contribution of Rs.35,00,000/- to Bhartiya Janta Party (Political Party).

37 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 aggregate amounts only on the basis of information available from wholly owned ultimate foreign subsidiaries.

38 Figures in brackets represent previous year's figures.

39 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**

Chartered Accountants
(Firm Registration No. : 115832W)

Manesh P. Mehta
Partner
Membership No. : 036032
Place : Mumbai
Date : May 26, 2015

Harish Sheth
Chairman & Managing Director

Arun Arora
Director

Pratap Merchant
Director

Vinay Shahane
Vice President - Finance

For and on behalf of the Board

Udit Sheth
Executive Director

Ashok Kumar Jha
Director

Suhasini Sathe
Director

Naveen Manghani
Company Secretary

Place : Mumbai
Date : May 26, 2015

Shveta Vakil
Executive Director

Bhalchandra Naik
Director

Urja Shah
Additional Director



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