

### Annexure I

# Statement on Impact of Audit Qualifications (for audit report with modified opinion) submitted along with Annual Audited Financial Results – (Standalone and Consolidated separately)

#### Statement on Impact of Audit Qualifications for the financial year ended March 31, 2016 [Consolidated] [See Regulation 33/52 of the SEBI (LODR) (Amendment) Regulations, 2016] 1. SI Particulars **Audited Figures Adjusted Figures** No. (as reported before adjusting reported after for qualifications) adjusting for (Rs. in lacs) qualifications) Turnover / Total Income 1. 56368 N.A 54163 2. **Total Expenditure** N.A 3. Net Profit / (Loss) 2320 N.A Earnings per share 1.74 N.A 4. 5. **Total Assets** 74017 N.A 6. **Total Liabilities** 52598 N.A 7. Net Worth 21419 N.A 8. Any other financial item(s) (as felt

## II. Audit Qualification (each audit qualification separately)

by

the

## a. Details of Audit Qualification

appropriate

management)

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. 28(ii) - "Notes forming part of Consolidated Financial Statements"). This matter was also qualified in our report on consolidated financial statements for the year ended 31st March, 2015.

- Type of Audit Qualification: Qualified Opinion / Disclaimer of opinion / Adverse Opinion
- Frequency of qualification: Whether appeared first time/ repetitive / since how long continuing - (since FY -2007-08)

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REGISTERD OFFICE: VADDDARA GODHRA HIGHWAY, KALOL (PMS) - 389 330 , GWARAT, INDIA PHONE: +91 (0) 2676 - 305600 FAX: +91 (0) 2676 - 235524

WEB: www.setcoauto.com

E-MAIL: contact@setcoauto.com



Man	agement's views: N.A	where the impact is quantified by the Auditor,
e. For A	Audit Qualification(s) whe	ere the impact is not quantified by the Auditor:
(i)	Management's estimation Impact cannot be estimated	ation on the impact of audit qualification: mated
(ii)	In view of the accoun	able to estimate the impact, reasons for the same: Iting method followed by subsidiaries, it is very difficul egate the stock from different sources and work out it
(iii)	Auditors' Comments The Company needs t	on (i) or (ii) above: to take effective steps to resolve the matter.
Signatories:		W
	The	B L Naik
Harish Shetl Chairman & DIN: 014344	Managing Director	Audit Committee Chairman
		For M/s Manesh Mehta & Associates
	WHENLY	Chartered Accountants
	1/3/ MILLIAN	Firm Registration No:115832W
AP!	MUM BARK DEL	BAI S
Vinay Shaha	BARG DEL	BAI E
Vinay Shaha Chief Finance	DEL DEL	TBAI E WAND
Chief Finance	ane cial Officer	Manesh-Mehta, Partner
Chief Financ	ane cial Officer	Manesh Mehta, Partner



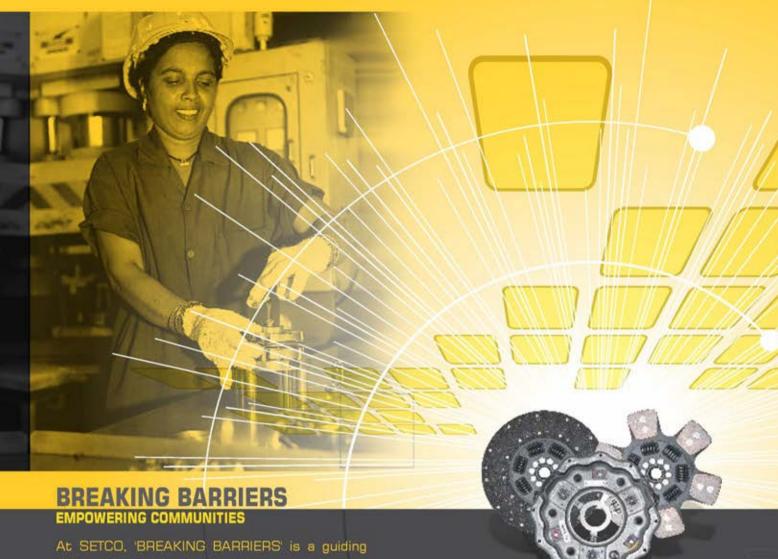


33rd Annual Report 2015-16



BREAKING BARRIERS EMPOWERING COMMUNITIES





At SETCO, 'BREAKING BARRIERS' is a guiding philosophy. It is the foundation of our culture and core values. It inspires and motivates us. To break free of all the restraining limitations to reach our full potential across all business functions in order to maximise value for the shareholders; because SETCO strongly believes that it does not operate in a vacuum. After all, sustainable value growth directly reflects our own development as an organisation.

We are an integral part of the society; hence, our Corporate Social Responsibility isn't an after-thought too. SETCO aims to make a meaningful difference to the society by being the change

agent; going beyond supporting good causes, and exert a positive influence. While most CSR programs still struggle to break the mould of 'charity'; our programme gets the employees excited to break barriers and participate in empowering communities.

With this annual report we aim to bring focus on this issue; to sensitise readers as well as re-dedicate ourselves to the cause.



## CORPORATE

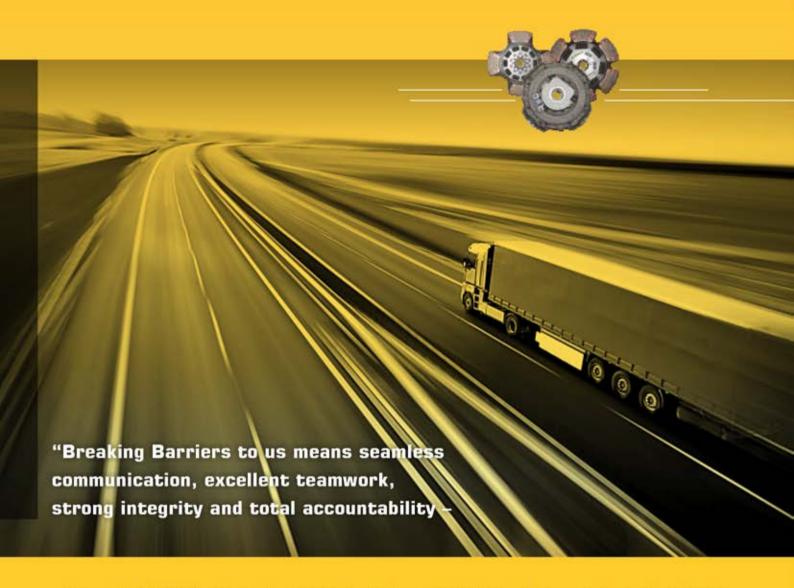
Introduction	02
Corporate Information	03
Factsheet	05
Key Milestones	06
Products at a Glance	08
5-Year Financial Snapshots	10
Total Quality Management	12
Clutch Ranges for Global Commercial Vehicle Market	13
Chairman & Managing Director's Message	14
Customer Service	18
Human Resources	19
Manufacturing & R&D	20
Domestic Market	22
Global Market	24
Corporate Social Responsibility	26

## Forward-looking Statement

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.

## **STATUTORY**

Board of Directors	30
Management Discussion & Analysis	32
Directors' Report	36
Corporate Governance Report	60
Auditors' Report	75
Balance Sheet	82
Profit & Loss Account	83
Cash Flow Statement	84
Standalone Accounts	86



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 success story over the last decade reflects our willingness to adapt and evolve.

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

Shvetal Vakil - Executive Director

Urja Shah - Executive Director

Arun Arora - Independent Director

Ashok Jha - Independent Director

Bhalchandra Naik - Independent Director

Pratap Merchant - Independent Director

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

## 33rd Annual General Meeting

Date: 29th September, 2016

Day : Thursday

Place: Vadodara-Godhra Highway, Kalol,

District: Panchmahal, Pin Code - 389 330

Gujarat, India



## Manufacturing Units

### Setco India

(1) Vadodara-Godhra Highway, Kalol, Dist. Panchmahal, Pin Code 389 330, Gujarat

(2) Siterganj, Dist.: Udham Singh Nagar,

Pin Code 262 405, Uttarakhand

## Subsidiaries

## Lava Cast Private Ltd

Alindra (Village) Vadodra-Godhra Highway, Kalol Dist.: Panchmahal, Pin Code – 389 330, Gujarat, India

#### Setco Automotive (UK) Ltd

York Avenue, Haslingden, Lancashire, United Kingdom BB4 4HU

## Setco Automotive (NA) Inc

565 Hwy. 77, Paris, Tennessee 38242

## Registered Office

Vadodara-Godhra Highway, Kalol, Dist.: 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

## 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: investor.relations@setcoauto.com







100 Most Influential Global HR Professionals



50 Most Influential HR Tech Leaders

Harish Sheth CMD - Setco Automotive Limited The Machinist Super Entrepreneur for 2016



# 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 90% of MHCV 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. Corporate office at Mumbai, Maharashra, India

## Products

Clutch Products & Systems, Hydraulics (pressure converters)



## Listing Information

Listed on:

1) National Stock Exchange of India Ltd.

Symbol: SETCO

Bombay Stock Exchange Stock code: 505075

www.setcoauto.com

## Our Strength

Globally 1200 People

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

Sales Offices : Austria | Mexico | Serbia

## Our Brands

Corporate Brand



CSR Brand



Product Brands



# Key Milestones



Commercial production

. . .

Commenced exports

1999-2000

■ Crossed Rs. 100 million turnover mark

2000-01

1995-96

- 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 Gujerat 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 Uttarekhend (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

- Group 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



# Products

# At a Glance



15.5 Inch Angular Spring Twin Clutch



170mm Single Diaphragm Spring



280mm Single Diaphragm Spring



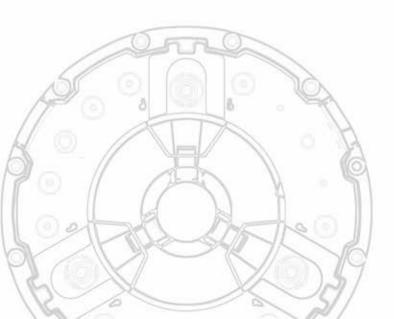
310mm Single Diaphragm Spring



330mm Single Direct Pressure Coil Spring

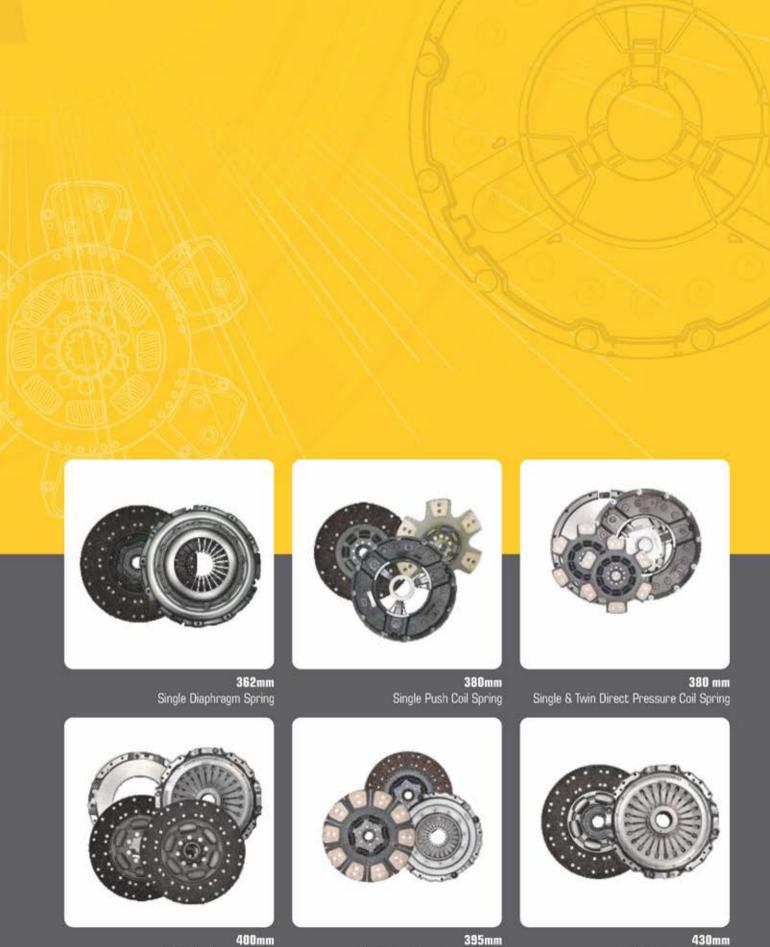


352mm Single & Twin Direct Pressure Coil Spring





**Hydraulics Pressure Converter** 

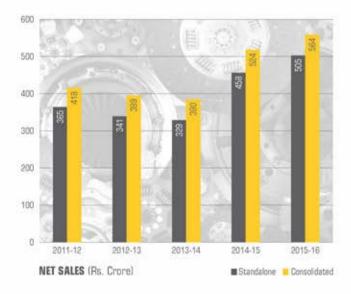


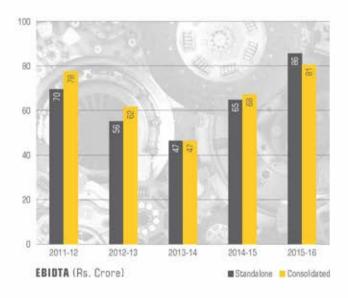
Single Push Diaphragm Spring

Twin Diaphragm Spring

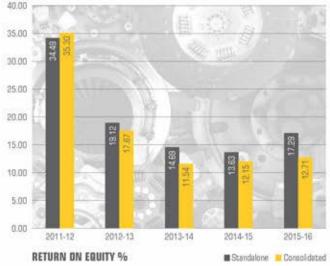
Single Diaphragm Spring

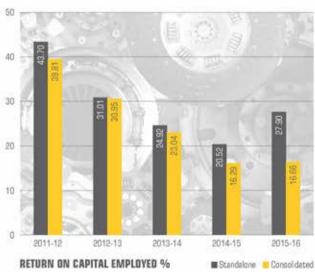












# Total Quality

# Management



**BUSINESS EXCELLENCE** 

**CUSTOMER SATISFACTION** 

Customer-Driven Systems and Processes
Employee Commitment and Involvement
Supplier Satisfaction
Environmental Consciousness

TOP MANAGEMENT
COMMITMENT AND INVOLVEMENT



# Clutch Ranges for Global Commercial Vehicle Market



































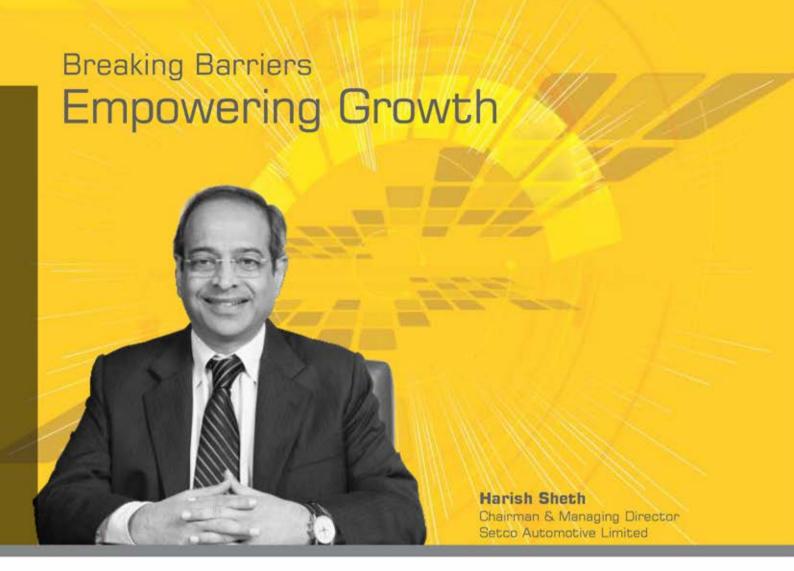
= VE COMMERCIAL VERICLES =





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





Dear Stakeholder.

'Breaking Barriers' is a theme adopted by SETCO for the next three years with the basic rationale that to achieve our growth targets we will have to break barriers across segments, products and geographies while internally looking at better operating efficiencies. The team is committed to growth and profitability. This theme should further fortify our culture and core values. To break free of all the restraining limitations to reach our full potential across all business functions in order to maximise value for the shareholders. The year 2015-16 has been a watershed year for your Company. Last year, MHCV sector grew by almost 20% after the de-growth witnessed in 2012-13 and 2013-14. With the new investment in infrastructure and good monsoon, which will kick-start the economy, it is expected that this growth will continue in the coming years, also. Your Company has reported annual growth in operating income of 10.3%, thus crossing the major milestone of Rs. 500 Cr. in the process. This has resulted in growth of 33% in EBIDTA and 42% in Profit after Tax.

Your Company has established itself as a strong player in all business segments commanding a leadership position in the OEM segment with an expanding customer base / product line. It has established itself as a

dominant player in the replacement market with deeper penetration. Expanding international business opportunities will further consolidate Company's position. Overall, wide customer acceptance and strengths in multiple business segments would ensure growth in sales as well as profitability.

The Company's OEM sales continued its growth witnessed in the previous year and is likely to consolidate further in the coming years. Being a market leader in the domestic MHCV clutch segment, catering to around 90% of domestic OEM demand, it has protected its market share over the years, by capturing new customers and by introduction of new products meeting new Euro / Bharat norms for continuously upgraded emission standards. According to the 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 at CAGR of 16.9% and India will be second largest manufacturer in the world. The Company believes that the OEM segment will continue to register a growth of 15-18% even in coming years.

The independent aftermarket (IAM) grew by 6% compared to the previous year while IAM has established itself as a profitable and strong segment, touching a turnover of Rs. 100 Cr. in its second full year of operations. The muted global market situation resulted in lower exports during the year registering a decline of 25%. The Company is strengthening its international market focus by new markets, new products and a larger sales team by having a set up in the Middle East to cater to the Middle East and African markets. These efforts towards expansion of customer / market base are expected to yield results from second half of FY 16-17. Our clutches for Light Commercial Vehicles (LCV) have been accepted by OE Customers and we expect LCV business to add substantially to growth. The Company has started development of clutches for tractors also, which has vast potential in OEM and Aftermarket segments. In the coming years, it will have big impact on the Company's growth, in terms of sales and profits.

Now that Goods & Service Tax (GST) legislation has been passed, the implementation is expected to have an overall impact by better allocation of resources; with improving efficiency of domestic production. Increase in exports are likely to improve overall growth. As per estimates from the National Council of Applied Economic Research (NCAER), growth could increase by 0.9% to 1.7%. It is expected to be largely positive for demand, as it will lead to a 10-17% fall in prices, assuming an 18% GST rate.

According to industry sources, though the entire Europe contributed around 36% of India's total auto parts exports in FY 2015-16, the United Kingdom had only 5% of the total exports share. Hence, Britain's exit from European Union is not likely to have a large impact on the exports. Statistics continue to side with your Company's core competencies in terms of market performance and growth aspiration, and the fundamental urge to excel compels us to evolve and reach out to





the market 'on time'. With its core ethos aligned with the national ambition of 'Make in India', your Company excels at export competitiveness through market strategy and strategic alliances.

The Company's strategy of continuously upgrading of technology and expansion of capacity has ensured sustained high growth and consolidated its market leadership position. SETCO will continue increasing its capacity by ~25% year-on-year to meet its growth objectives. The state-of-the-art Research and Development Centre, recognized by DSIR (Govt. of India), 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.

Due to stringent quality requirement, we have been facing shortage of castings for the last few years. This has also hampered our growth. Further, our requirements in the coming years for casting will increase, with the development of farm tractor clutches and the growing market in MHCV sector. To be able to cater to this, we have set up Lava Cast Pvt. Ltd., a fully machined foundry joint venture with a leading Spanish foundry giant 'Lingotes Especiales SA'. This project, set up at total cost of around Rs. 180 Cr. has commenced commercial production from April 2016. This strong base would help the Company in achieving its growth targets. Company's product range / quality will be further strengthened with the help of supplies from Lava Cast. With a capacity of 30000 MT p.a., it will also cater to demand from other domestic as well as international customers. The Company's in-house facility for manufacture of Diaphragm Springs with investment of around As. 20 Cr. has become operational and will result in import substitution of a critical component, which thus will contribute to sustained cost benefits.

Your Company has always believed and is known for its focus on Human Capital Management and concentrated efforts across recruitment, performance management, team building and training. The Company has always preferred transparent and easily approachable work culture. Employee empowerment has shown benefits and the barriers of stereotypes have been broken to encourage new ideas and encourage ownership driven culture. Strong team bonding has been ensured through participation in various employee related surveys & awards and employee focused activities at the office as well as at the manufacturing facilities.

Over and above the profits and growth, your Company has always believed that it is an integral part of the society; hence, SETCO aims to make a meaningful difference to the society by being the change agent; going beyond supporting good causes and exert a positive influence. Continuing long term efforts towards social upliftment, SETCO has never looked back when it comes to its Corporate Social Responsibility

(CSR). SETCO Foundation has achieved remarkable progress in the areas of child development, women's empowerment and education. Your Company's CSR activities, jointly with government's Integrated Child Development Scheme, are focused to ensure that every child and woman has full access to proper healthcare, nutrition, education and an opportunity for growth. Prime beneficiaries of the programme are Pregnant and Nursing mothers, Adolescent girls and Children in the age of 0-6 years old. It covers over 1800 children and over 200 pregnant mothers. It has significantly brought down the levels of malnutrition in the area to below 10% as compared to national average of around 45%. CSR activities also focus on sports as a tool to bring about personal and community development.

Finally, your Company thanks its customers, suppliers, lenders and employees and most importantly its shareholders for their unstinted support. We will continue to strive towards our collective growth aspirations. "Breaking Barriers to us means seamless communication, excellent teamwork, strong integrity and total accountability – and on these four pillars we are building the future"

At SETCO we will continue to hone a growth oriented mindset to reach new markets, segments and products in our strategic space while ensuring we employ cost management strategies to build a highly profitable and vibrant organization.

Harish Sheth
Chairman & Managing Director
Setco Automotive Limited
DIN: 01434459



# Enhancing Experience



# CUSTOMER FRIENDLY SUPPORT INNOVATIVE POSITIVE PRECISE TIMELY

What is Customer Care and why is it important? It is the support one offers to its customers that helps them have an easy and enjoyable experience. It's more than just providing answers; it's an important part of the promise the brand makes to its customers. It's easier retaining existing customers than finding new ones. Today, consumer expectations are high and they are quick to share negative experiences online; it's true as dissatisfied customers churn and bed-mouth. The products and services one offers are only as good as the service one backs them with. Customer support is a major driver of customer experience, but only if one expands the role of support team beyond the purely reactive role and break taboos towards enhancing experience. And it's critical to the success of business. By making every touch point great doesn't just make customers love you; it ensures that bottom line benefits.

With a similar view point, your Company has been able to differentiate from the competition by the proactive and value building activities of the service department. All the new products are tested in the field to analyse their performance under real life conditions over and above the normal lab validation and testing. As an on-going activity, Company conducted field tests for various products in domestic as well as international markets. Based on the feedback received, changes - wherever required were made in the design, so that the commercial launch is free of all teething problems.

The service team also gathers intelligence of competitor products with a view to understand their performances vis-à-vis our products. In one such exercise, we were able to convince a customer of our product superiority with the help of the data generated and the risks associated with the addition of a new source for a small saving. Such activities

also give the Company valuable insights on how our products can be improved further, as and when required. The service team also interacts with the customer to understand customer feedback and performance issues. These findings are internally communicated to a CFT comprising Manufacturing. GA and Design on a regular basis so that the failures are analysed and necessary improvements implemented in the shortest possible time thereby enhancing our product offering.

On a regular basis, your Company carries out training programs for the OEM network on servicing and troubleshooting for the maintenance of our clutch systems. This has been an ongoing activity over the years and thus has an annual calendar with the OE customers to train their network on servicing and maintenance of our clutch systems. During the year, the Company conducted 104 workshop training sessions with OEM clients and trained 650 of their personnel. In the last quarter, Company also started a major initiative to train the service team and dealership network of a major OEM player for servicing and maintenance of our clutches. The plan is to train and reach out to maximum network of service offices. engineers, workshops and service training centres (STC). This activity will continue in the next year also. Besides this, the service team conducts new and refresher training courses for the local garages too. During the year the Company trained 463 local garages. Given the high turnover ratio of skilled manpower at our customer ends and their dealerships, the Company has to continue to do this activity round the year. The positive side is that when trained and skilled personnel leave a dealership, they either join another dealership or set up their own garage. Knowledge of SETCO 'LIPE' clutch is thus carried forward with them thereby pays back the training cost one way or another.

# **Building Capacity**

What comes to mind when one hears the phrase 'human resources'? A team, who handles all personnel files, ensures everyone got their pay-checks and benefits, processes performance reviews, and handles conflicts and serves a primary administrative purpose. Today, the role of HR has matured to a much more complex and dynamic one. Its about augmenting human capacity individually and as a team while ensuring a joyful culture of growth and excellence.

SETCO perceives its people as assets whose current value can be measured and whose future value can be enhanced through investment; because we believe that only vibrant and progressive intellectual capital drives excellence. The Company's core values reflect in its team of well-qualified and experienced professionals from the Industry at various business functions across hierarchy, in addition to the new inducted talent at the beginners' level. SETCO has a transparent work culture with easy approachability. The idea is to empower everyone to take decisions in their respective fields so that they are always a cut above where their skills sets are adding value to the organization across departments and regions.

At the centre of all excellence lies the core of human capital of SETCO, which works towards breaking all barriers and promoting new ideas. A people driven organisation like SETCO, gains its competitive advantage by gaining out of this collective intellectual excellence and adhering to international parameters. Some of the challenges an organisation faces today are talent retention, building a talent pipeline and sustain and increase motivational levels. To address these issues, the Company organised a plethora of employee engagement activities and engaged the workforce. These activities will foster team bonding and help create a positive environment.

With employees' well-being at heart, the Company started various initiatives during the fiscal of 2015-16. Some of the noteworthy initiatives by the Company towards employee engagement are as mentioned below:

- The Company took a step forward to gauge and enhance employee engagement and satisfaction, by participating in a prestigious survey 'GREAT PLACE TO WORK' Trust Index Survey, during the month of October 2015, conducted by Great Place to Work Institute", India. The survey mainly focused on employee satisfaction, work culture and engagement and gave the Company pointers towards credibility, respect, fairness, pride and camaraderie as perceived by employees. The feedback received by us through the survey report will help us in taking appropriate steps to make SETCO a great place to work.
- The Company participated in the ACMA HR Excellence Award - 2015 which provided an opportunity to showcase its work on the HR front. SETCO's application was shortlisted for site diagnosis by highly experienced assessors nominated by ACMA. The feedback will help the Company in taking appropriate steps in improving HR practices.

- SETCO believes that a healthy lifestyle is extremely essential for employee's well-being. With this as a guiding light the Company took a step towards healthy lifestyle and started yoga classes at the Kalol Plant and Corporate Office. It conducts two batches—in the morning and in the evening at the Corporate Office, where the employees can choose to attend any batch as per their convenience, while at the Kalol Plant only morning sessions are held.
- The Company has a special employee-driven committee that focuses on activities like birthday celebrations, festive celebrations, etc. During Christmas, the entire office was decorated in festive colours with a Christmas tree and one of the employees dressed as Santa Claus distributed gifts. On the occasion of Diwali, the committee had arranged a Karaoke singing competition amongst the employees. The best dressed male and female employees were awarded. Dussera celebration witnessed a special Bollywood dialogues quiz amongst the employees. The 'Fun committee' enhances celebrations at SETCO Corporate office by such creative initiatives.
- A team of proactive members 'Change Agents' with a motto of 'It's time to change let's take the ownership', have been formed to solve critical issues of every department which are faced frequently and adversely affecting their productivity.
- The Kalol Plant employees participated under SETCO Group banner in the Vadodara Marathon in February, 2016. In all, total of 106 employees registered for the event. All the participants were given fitness training for marathon daily so that they could participate efficiently in the marathon.
- SETCO Team at Kalol plant organised competition for its employees in the poster making, quiz, slogan and essay writing on a theme 'Safety' along with a cricket tournament where seven teams participated. They have also started a counseling program for the workers on discipline and punctuality and have ensured that the Canteen has light music in the background during breakfast and lunchtime to create a soothing atmosphere.
- A new initiative for rewards & recognition was launched to recognise and reward employees for their extra efforts towards the betterment of the organisation. With a view of succession planning, the Company is also in the process of identifying a second line for key positions towards creating a future ready organisation. With an aim of breaking the stereotypes and promoting new ideas, SETCO tries to catalyse them to take up higher responsibilities and thus has initiated skill development towards bringing a positive change in them.

The efforts at SETCO are continuous towards its team, and the expectations are set towards transparency.





In this section we will attempt to delineate the relationship between manufacturing and R&D, while ensuring that both departments while working independently have intertwined fates. While the Company has a production pressure to deliver over 1.5 million clutches per annum, every clutch produced has to be better than the previous one. Each clutch produced has to have an exacting standard to ensure the best \$/mile output. While we do this we also have to ensure that the clutch unlike many other parts is a complicated proprietary part in the vehicle. It's a 10 hour labour job to replace this product, and hence the manufacturer must ensure that vehicle downtime is reduced while ensuring that in varying global operating conditions, the product is designed appropriately to suit various customer needs and habits.

At Setco Automotive, embracing efficiencies has always been an ongoing effort. The market has been demanding, putting pressure on costs, as well as efficiencies. With these pressures increasing year on year, particularly as new OEM brands have entered the market, bringing with them competition while forcing every one in the component sector to improve.

At SETCO we have always invested to ensure that we are constantly reducing our time-lines from drawing to delivery. Your Company has a Govt. of India recognized R&D center from the Directorate of Science & Industrial Research (DSIA). This R&D center is complemented by a strong set up at its UK subsidiary to ensure that the Company is well aware of the latest developments in UK & Europe. Together the teams work towards ensuring that the clutch is optimally built for various operating conditions in a time-bound manner, with a key focus on NVH (Noise Vibrations Harmonics). The Company has heavily invested in both endurance and performance testing labs to ensure continuous improvement programs are in the Company.

On the 'build' side SETCO is a vertically integrated manufacturing Company. The Company has trained manpower working across all its facilities and has highly adaptable modern assembly lines. To ensure cost efficiencies and timely delivery the Company manufactures everything in-house excepting of friction material and coil springs. To outline the manufacturing setup: -

- a) modern machine shop
- b) high-tonnage press shop
- c) heat treatment & surface treatment plants
- d) integrated automated foundry for grey and SG iron
- e) tool maintenance setup

SETCO was dependent on the overseas suppliers for both design solutions, as well as procurement of these. Design capabilities were developed to compliment the manufacturing facility. This decision will help SETCO become self-relient, reduce the design & development time and produce reliable products at a cost advantage.

The fund for R&D comes largely from the profits that a Company invests back into its business. Thus, the available cash flow of a manufacturing Company is closely linked to its ability to conduct R&D as well as make capital investments. process through which R&D promotes economic prosperity is complex and multi-faceted. First, there are direct benefits to the Company from its R&D investment. Second, other companies derive benefits from the R&D of the innovating Company in a 'spill-over' effect. Third, the feedback from R&D and its 'spill-over's improves other products. processes, and distribution networks. Fourth, one industry's investment has a beneficial effect on other industries and the economy as a whole. 'Spill-over' effects are increased through sales transactions and knowledge transfers when the parties involved are interdependent.

Never satisfied with its offerings, your Company has always believed in breaking set moulds for the



process of continuous innovation. The four manufacturing facilities of SETCO are strategically located not only due to the geographical advantage. but because they are also considered as hubs of innovations; for product, process and technology innovations. The R&D facility of SETCO is unique because it channelises knowledge and engineering wisdom to converge into technological innovation, design efficiency, improved performance, testing capabilities, cost effectiveness and quality assurance: in short come up with most viable solution to the industry specific needs. Continuous focus on making the products and processes better and ensuring synergy across all the lines is what enables the Company to grow Year-on-Year. This all-encompassing approach to deriving exacting performance enables reduction of probable customer complaints. New product developments will play a key role in Company's growth plans.

At SETCO we understand that 100% focus on quality assurance is a prime key to success. In line with SETCO's group philosophy of constant endeavour, the efforts undertaken to improve quality have been sustained over the years. Plants continue to be TS/OHSAS/EMS certified. Adding value to our existing efforts on adherence to quality

standards is our VDA 6.3 certified plant at Kalol. One more feather to our QA cap is the citation at the VECV Vendor Meet wherein VECV adjudged our efforts by recognising with best system supplier citation. Our QA efforts ensure we hold the market confidence and lead by example.

Foraying into the newer markets with new products has been driving innovation and the cutting edge at the R&D hub. SETCO till now focussed on clutches for commercial vehicles only. Farm equipment business was left out. SETCO has planned to enter this market with full range of clutches. SETCO's foray into the Farm Tractor market has geared up R&D think tank to develop and model future forward farm tractor clutches which are intended to be launched soon. Design and development capabilities have been built. The clutches are under various phases of design, development and testing. Required capacity planning is in advance stage of implementation.

We strongly believe that this seamless working between Manufacturing and R&D will ensure that products are developed in a time-bound manner, while making sure that they are designed for production thus reducing costs, increasing efficiencies and becoming more conscious towards the environment.









#### THE DOMESTIC DE-MARKET SCENARIO

The Company in its relentless and confident stride continues breaking new grounds for its future growth in the domestic market. During the year, the Company has been nominated by the second largest truck manufacturer - Ashok Leyland, to supply cover assemblies for their entire range of Medium & Heavy Vehicles. The new cover assembly replaces their existing cover assembly designed by them that has been in use for over 30 years. Earlier, only the disc was being supplied and now with this development, SETCO has become a full-system OE supplier for Ashok Leyland. This business was won despite stiff competition from other global players; once again demonstrating the competitive strength of your Company in the domestic market. This new business is expected to annually add approximately Rs. 2500 lakhs to the Company topline in this segment, SETCO products have qualified for BS IV norms with all its customers, thus protecting its total share of business till 2020 when the BS VI norms are expected to come in to force.

Improvement in macro-economic factors have led to revival in fortunes of M&HCV industry in last eighteen months. The current growth cycle of CV market is expected to continue in near future, mainly driven by upgradation in emission norms, opening of mining sector and expected legislative changes about life of vehicles. Besides maintaining business share with existing customers, expansion of product range and addition of new customers shall help keep the Company maintain its numero uno position in the market.

Over and above this the Company is now on track to introduce clutches for the farm-tractor segment. This process with add a new sector the Company's

growth which will further get fortified through growth in the domestic aftermarket as well as the overseas market.

## THE DOMESTIC AFTER-MARKET SCENARIO

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 replacements. The poor condition of roads, poor driving habits and overloading consequently increases wear and tear of clutches in the commercial vehicles in India. In a business such as clutch being cost effective is not the only important thing. With commercial vehicles constantly turning around for maximising use, a reliable transmission is necessary. The role of a clutch is similar to that of a 'fuse' in the system which is designed to fail and preventing damage to drive train components. Clutch replacement is a time consuming, technical job. The Company, market leaders, provides good parts, good service and timely delivery in whichever market we operate in. Company's aftermarket

business has two segments. Sales through the service & spare sales network of OE customers (OES) and sales through an independent network of distributors/dealers and local garages in 'LIPE' brand Independent Aftermarket (IAM). The OES business primarily focuses on the younger vehicles (up to 5 years), while the IAM business focuses on older vehicles (more than 5 years). This ensures a deeper penetration and availability with meaningful offerings to the customers at different stages of the vehicle life. Presence in both these segments ensures that our clutches are used in the entire vehicle lifecycle after the first ownership cycle; from the OEM stage through its entire aftermarket life, providing the owner a true "LIPE for LIFE" experience.

By involving all partners in distribution chain, including the retailers, mechanics and garage owners as well as service technicians enables the Company not only to strengthen its brand image but also enables the partners to upgrade their skills and knowledge of the product and technology.



Mr. Harish Sheth, CMD giving Lifetime Achievement award to Mr. Z Poomkudy - IAM Distributor Tamilnadu & Kerala

## THE INTERNATIONAL BUSINESS

After the strident march across the Indian subcontinent, your Company is into the international market. The world has already started witnessing its high performance and zero-error clutches made using precision technology. With the intent of spearheading the Indian dream of offering the most efficient clutch systems in the most economically feasible manner to the end users worldwide, the Company shaped its UK facility. Setco Automotive UK Limited delivers development for New Product Groups and Individual Series Product designs with the aim to focus on the alignment of products with the very latest European OE vehicle manufacturers' requirements.

After correct fathoming of the Western European markets, Setco UK enjoyed a significant growth

particularly in Italy, Spain and France, considered as mature markets. The barriers could be broken. thanks to the competitive pricing that 'LIPE' clutch offers while maintaining quality, service and life expectancy of other competitor DE brands. Euro VI emission norms enforced in 2014, oversew a new generation of technology for all new commercial vehicles sold within Europe. This meant new requirements and expectations from the clutch system, including higher torque capacities, more stringent vibration dampening capabilities and increased application to automated manual transmissions. Your Company responded to the new need with confident competency and introduced a completely new range of high torque clutches, capable of meeting the requirements of Euro VI vehicles. The Company continues to leverage its overseas subsidiaries in UK and USA for breaking into the OE fitment market in these



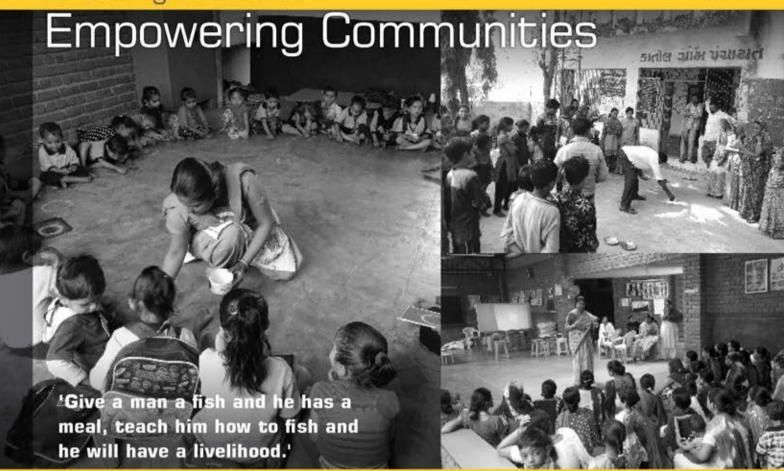


markets. Not only will it give a fillip to the brand equity and image, but it also keeps it abreast of future requirements of Indian customers and prepares it for the challenges in our domestic market. Based on business accruals, your Company would be exploring opening of assembly units in couple of these markets to service the OE as well as the after-market demands better.

The Company will continue to focus on the international market with new products and new service teams. Unlike other components and parts, the clutch needs feet on the ground and SETCO is ensuring that the customer is

continuously supported to improve their \$/mile returns.







Your Company believes in creating meaningful and sustainable change that goes beyond charity. It strives to develop a healthy, safe and empowering ecosystem for the rural women and children in Panchmahal. Gujarat under the aegis of the Setco Foundation, which was established in 2007 as the CSR implementing agency for the SETCO group.

Your Company dedicates upto 5% of its net profits towards powerful, evidence-based, social engineering programmes that reach out to over 2000 families in 18 communities today through the Setco Foundation.

Our team of community health workers, pre-school teachers, child-development aides, specialists, and social workers have ensured that the programmes create dramatic shift in the health and nutrition status of expectant and nursing mothers, infants and pre-schoolers, as well as better educational levels and financial and social empowerment of women and adolescent girls and boys in these communities.

## Maternal & Infant Health:

Monitoring, Referral, Immunisations of 600 expectant and nursing mothers

A HEALTHY MOTHER HAS A HEALTHY BABY

## Nutritional Support to 1600+ children under 6 years of

age

ERADICATE MALNUTRITION

## Early Childhood Development -

Early Intervention and Stimulation; Preschool Education for over 700 children

OPTIMAL BRAIN DEVELOPMENT UNDER AGE 6

## Adolescent Outreach:

Sports, Health Monitoring, Life-Skills, Counselling, Academic

adolescent girls & boys TODAY's TEENS ARE CITIZENS OF TOMORROW

Support for over 300

## Women's Empowerment:

Financial Independence, Life-Skills, Social Networks for about 250 women

AN EMPOWERED WOMAN MEANS AN EMPOWERED FAMILY and COMMUNITY

### IMPACT 2015-2016

## 1. IMPROVED ADOLESCENT-MATERNAL-INFANT HEALTH

A healthy mother has a healthy baby.

Poor maternal health leads to low-birth weight babies - the single biggest cause of infections, stunting, malnutrition and poor brain development in surviving children under the age of 5. Therefore we address the entire life-cycle of the mother from adolescence. We follow the "First 1000 days" practice, wherein the child's first 1000 days from conception, lays the most critical foundation for physical health and brain development of a child.

- 85% of the babies born were in healthy weight zone, against the national average of 65%
- 72% of the children in infancy and toddler years showed normal growth and development

## 2. WELL-NOURISHED, WELL-DEVELOPED HAPPIER CHILDREN

95% of the human brain development occurs during the first 6 years of the child's life.

The Setco Foundation is a pioneer in the

development sector by creating an integrated nutrition, health and child development program for its children. While nutrition and care practices are the most important elements for proper growth, brain development through an appropriate stimulatory home and learning environment is crucial in the early childhood years. We invest heavily in the capacity building of our health workers and teachers to work in the homes and create a joyful learning environment in the anganwadis

- Through our supplementary nutrition program at the anganwadi, more than 84% are in the normal growth zone as opposed to the Gujarat state average of the 56%.
- Through referrals, monitoring and supplementary therapeutic nutrition, we were able to track back more than 73% of malnourished children back into the green zone, against an average of 35% for many other agencies.
- We screened over 600 children and were able to address and normalize almost 25% of children identified with severe developmental delays or disorders. The rest are undergoing therapy and show significant improvements







 92% of the children completing the pre-school programme enrol into primary schools, including private schools. They show good integration into the academic programmes in the primary institutions.

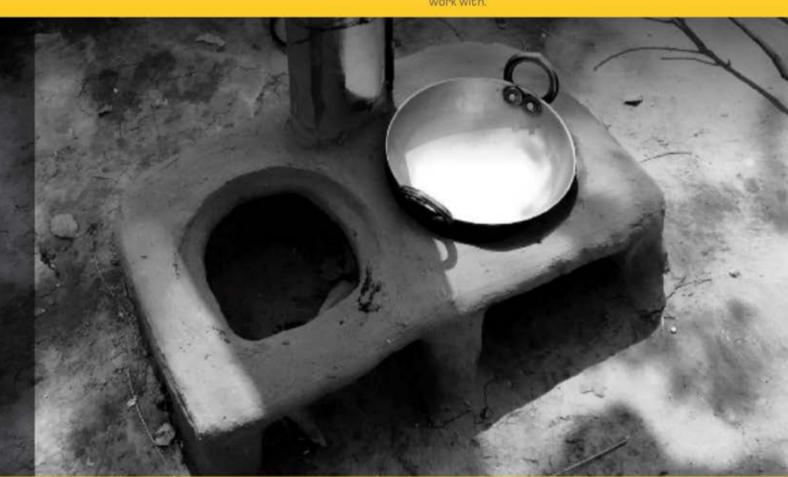
## 3. EMPOWERMENT AND EDUCATION GO HAND-IN-HAND

An educated woman uplifts the entire family. An empowered woman uplifts the entire community.

One of the single most critical factors in enabling women to have a voice is their sense of financial independence and security. Setco Foundation has conducted various livelihood trainings and capacity building initiatives for women and girls. We also have invested into sports development for adolescent girls and boys. Additionally SETCO also supports primary and secondary education of over 500 employees children annually through fee subsidies, scholarships, textbook sponsorships and so on. A cash incentive is given to each girl child for each year of school and college successfully completed.

- Over the last few years, SETCO has financially empowered over 200 women through industrial and teaching job placements, self help groups, self-generated businesses whose take-home incomes are anywhere from Rs. 3000 to Rs. 15000 per month.
- Over the years over 200 beneficiaries, including girls, have successfully completed degrees in fields as diverse as engineering, education, business administration, Company secretary and so on.
- 29 medalists emerged at the Khel-Mahakhumbh this year, including 3 national level players for judo, track & field and volleyball
- Several students have received jobs in the police, defense and security services owing to their improved physical health, skills and drive.

With its philosophy of care, support and revive, your Company has ensured many lives were enlivened, social breakthroughs were achieved and has lit up many faces with smiles. The Setco Foundation will continue to enhance its activities across the group to ensure that we have a balanced eco-system for the people we work with.





# 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.



Shvetal Vakil Executive Director

Mr. Vakil has over 40 years of diverse experience ranging from Greenfield projects, setting up JVs. strategising 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 Executive 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

Dr. 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. Dr. Arora
also holds an Advanced Management Programme
Degree from the Harvard Business School. In
recognition of his immense contribution in the field of
education, Dr. Arora was conferred with a degree of
Doctor of Philosophy by EIILM University, Sikkim for
the academic session 2013-14.



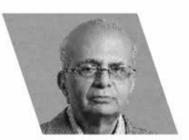
Ashok Kumar Jha IAS (Retired), Independent Director

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



B. L. Naik Independent Director

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



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

#### Economic Outlook

India registered a GDP growth of 7.6% in FY 2015-16, a marginal improvement over 7.2% in FY 2014-15. This growth was achieved through low inflation, budgetary deficit being under control, stable currency, fall in global commodity prices as well as various government policies which are expected to achieve long-term sustainable growth. Latest of the government policies in the form of GST is further expected to drive the growth in the long run. The Government's "Make In India" initiative aims to increase contribution of manufacturing sector to total GDP to around 25% from existing 15%. India is expected to remain one of the fastest growing economies in the world with GDP growth in the range of 7.5% - 8.0%.

The global economy continued to grow sluggishly while the Chinese economy registered its lowest GDP growth in over two decades. Additionally, the global commodity slowdown, unstable political and economic environment in emerging markets and expected moves by the United States of America (US) to increase interest rates also affected the global economy.

The performance of the Indian auto industry has picked up due to signs of a strengthening economy, increased foreign direct investment (FDI) and a focus on infrastructure development, while leading a balanced proagriculture policy framework. The government aims to develop India as a global manufacturing and research hub by improving ease of doing business ultimately resulting in critical advantages like increasing cost competitiveness skilled but cheaper manpower and world class technology. This would enable Indian auto sector strengthen their position in international markets. This will also provide substantial opportunity for investment and employment.

The global automotive sector is facing challenges of tough economic and ecological environment, increasing regulatory pressures and a shift to customer-centric approach; and thus is undergoing a transformational phase. Increased competition with uncertain market conditions makes it imperative for global players to focus on significant cost reductions.

#### Auto Industry:

Indian automobile industry witnessed another good year with overall increase in production by 7% over previous year. The outlook for FY 2016-17 also looks promising with growth in the range of 7-8%. 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.

Continuing the revival witnessed in FY 2014-15 when it grew by 21%, MHCV segment registered a growth of 27% during FY 2015-16. LCV segment also recovered and registered growth of 3% over the previous year. Overall, commercial vehicle segment registered a growth of 12.6% during FY2015-16. (Source: SIAM)

Indian market is among the top five auto markets in the world. More than half of the total revenues (around USD) 40 billions) of auto component industry are derived through the Original Equipment Manufacturers (OEM) segment. The replacement market and international business account for around 17% and 29% of the revenues. The Automotive Mission Plan 2016 - 26, a joint vision document of Government of India and Indian Auto Industry proposes to make the industry the engine of the "Make In India" programme and make a significant contribution to "Skill India" programme. manpower, world class technology and quality standards, improved infrastructure, stable political and economic conditions have put Indian auto component industry, particularly market leaders like us, well placed to play a key role on global platform.

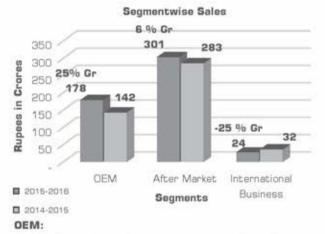
#### Your Company's Operational Highlights in FY 2015-16:

- On a standalone basis, your company recorded a growth of 10% in sales at Rs. 505 cr in FY2015 – 16 compared to Rs. 458 cr in previous year.
  - On a consolidated basis, the company's turnover was Rs. 564 cr, a growth of 7.6% over Rs. 524 cr in the previous year:
- 2. On a Standalone basis, EBIDTA grew by 33% at Rs. 86 or compared to Rs. 65 or in the previous year; and on a consolidated basis EBIDTA grew by 18% at Rs. 81 or compared to Rs. 68 or in the previous year. This growth was on account of deeper penetration into aftermarket segment having better margins and soft commodity prices.
- Profit before Tax (PBT) on a standalone basis grew by 45% at Rs. 41 cr compared to Rs. 28 cr in the previous year.
   On a consolidated basis, PBT grew by 9% at Rs. 29 cr against Rs. 26 cr in the previous year.
- Standalone Net Worth of your company increased to Rs. 193 or from Rs. 172 or in the previous year.

Consolidated Net Worth increased to Rs. 180 cr from Rs. 169 cr in the previous year.

The Board of Directors has recommended a dividend of Rs. 0.80 per equity share of Rs 2 each (40%) compared to Rs. 3.00 per equity share of Rs 10 each (30%) in the previous year.

Your company now operates in three main market segments: OEM, OES & Independent After-Market and International Business (IB). The graph below gives the contribution of revenue from each of these segments:



The MHCV production in the country started coming out of a 30 month downturn from the second half 2014-15. This trend continued in the year 2015-16 too. The major drivers were the GDP Growth and pick-up in the Infrastructure & Haulage demand. If monsoon had not played truant impacting the Agricultural GDP, the growth in MHCV production would have been still higher. Propelled by the favourable economic factors the production for MHCV trucks grew 24% to touch a figure of 3.63 Lac units. This is still lower than the previous cycle peak of 3.85 lac units achieved during 2011-12. The CV market behaves cyclically and thus is expected to have a growth cycle for another three years and more. By April 2017 the country will migrate to BS 4 norms pan India. Your Company being the largest player in the CV segment, increased the sales from Rs 142 cr to Rs 178 cr. The Company's OE fitment share grew from 89% to a record 91%. This was on account of getting additional substantial business share of Mahindra Truck & Bus business. The Company's strength lies in the de-risked OE portfolio with 9 out of 10 trucks produced using Setco 'LIPE' Clutch as the Clutch of Choice. This coupled with cost effectiveness, responsive on ground service and exacting delivery; the company has managed to maintain and grow the confidence of its customers.

Priority in budgetary allocations to agriculture, infrastructure, and opening of mining sector is likely to boost demand for commercial vehicles. Industry sources indicate a growth in the range of 15-18% in production of medium and heavy commercial vehicles during FY 16-17 and shall also be driven by improving viability of fleet operators, replacement led demand and pre-buying ahead of BS-IV emission norms along with impact of ongoing

reforms in the infrastructure, industrial and mining sectors. Anticipated legislative measures regarding scrapping of old vehicles and overloading would further push OEM production volumes.

### Aftermarket / Replacement Market (OES & IAM):

Your Company's aftermarket business comprises two segments. Sales of Clutch assemblies and service kits through the service & spare sales network of Original Equipment Spares (OES) and sales through an independent network of distributors/dealers and local garages in 'LIPE' brand Independent Aftermarket (IAM). The OES business primarily focuses on the younger vehicles (typically up to 5 years), while the IAM business focuses on older vehicles (5 years & beyond). This ensures relevant offerings to the customers at different stages of the vehicle life and a deeper penetration and availability.

The DES business during the year was almost same as previous year due to lower first replacement demand of clutches on vehicles sold during the down turn years (2012-13 & 2013-14). This business is expected to gain during the coming years as the cyclical downturn got over from 2014-15 and a larger number of vehicles are expected to come in for the first replacement.

The Independent Aftermarket (IAM) is a relatively new business that the Company entered into just 30 months back. It grew at 23% and has already breached the Rs. 100 cr milestone. This business will continue to grow at well above the industry norm of 6-8 % in the foreseeable future. During the year the Company expanded its reach to more than 4000 retail outlets and around 7500 garages. There has been a special thrust on training of the garage owners and workers, highlighting the advantages of using the Setco products. To further consolidate over 650 garage owners have visited the Company facilities to familiarize with the high quality standards being followed at our plants. This confidence building training program is expected to bear long-term benefits giving impetus to our brand sales during the coming years.

### International Business (IB):

Your Company has been working consistently to have a comprehensive portfolio for the aftermarket MHCV clutches across the globe. It was further strengthened by adding key product sizes in its European truck aftermarket range. Concurrently it has also developed a range of products suitable for American MHCV trucks, which are being currently tested in the field and based on feedback received, the Company expects to launch these in US & other markets progressively starting from the second half of the coming year anticipating that the international business would contribute to at least 25 percent of our future revenues over next three years.

Middle East & Africa (MEA) markets have been dominated by European, Indian and Japanese make of trucks, Setco has successfully established its brand for the European make of trucks in all the major markets of the region after successful fitment trials for benchmarking life and performance. Your Company's leadership in India, ensures that LIPE is the preferred brand of clutch for Indian trucks sold anywhere in the world. The company is committed to

### MANAGEMENT DISCUSSION AND ANALYSIS

developing a new range of clutches for Japanese trucks to complete the portfolio in next three years. The Company participates in the major after market trade exhibitions in these geographies to showcase its brand and product range.

Moderate performance of the global economies, softening of oil and other commodity prices severely impacted the international business. Exports of Indian auto component sector continued to register a decline this year also. Despite such strong headwinds, your Company has managed to close the year with Rs. 24 cr of International business.

### **Our International Subsidiaries:**

International business continued to be severely besieged by economic factors. The evolved markets of Europe & North America continued to stagger under slowed economic growth resulting in lower new vehicle production and sales. As an aftermath of this slowdown, the excess capacities of the competing OE suppliers got diverted to the after-market causing a glut. Companies in North America ran large-scale promotions like giving Clutch free with the purchase of transmission, while Europe witnessed a decrease of 15% in average pricing of the clutch assemblies in the after-market. Your Company prudently decided to avoid entering the price war arena and consciously in turn gave-up on some volumes to maintain long term profitability. We are confident that this was the right approach for a sustained long term benefit.

### Setco Automotive (UK) Ltd - (SAUL)

Company enjoyed gains in Western Europe during the last 12 months particularly in France, Spain, Italy and Portugal. These are mature markets and hence tough territories for introducing a relatively unknown brand outside the UK. Company's policy of competitive pricing whilst maintaining quality, service and life expectations of the DE competitor brands have helped us getting entry into these markets.

However, overall market conditions resulted in your U.K. subsidiary registering sales of Rs 39.1 or (£ 3.94 Mn), a decline of 5.5% compared to Rs 41.5 or (£ 4.16 Mn) in the previous year. With operating margins dropping marginally by 0.4% and increase interest cost on loans from parent company have resulted in your subsidiary reporting a loss of Rs 7.3 or (£ 0.74 Mn.)

Your U.K. subsidiary continues to provide strong Research and Development base for global operations and a service provider to European customers.

Your management is optimistic that these operations will turn around in the medium term.

### Setco Automotive (NA) Inc. (SANAI)

Due to sluggish OEM demand in US, in addition to reduction in mining sector demand, local clutch manufacturers diverted their surplus capacity in After Market segment, resulting in fierce competition and drop in Clutch business sales of 32% (from \$ 1.84 M to \$ 1.26

M in current year)

Company's hydraulic pressure converters are used in off highway construction & mining industry where Caterpillar is one of the biggest players. Lower demand from construction & mining industry affected demand for these vehicles and, as a consequence, sales of these products dropped by 29% (from \$ 5.36 M to \$ 3.80 M in current year)

Overall your American subsidiary recorded sales of Rs 36.8 cr (\$ 5.55 Mn) against sales of Rs 47.3 cr (\$7.64 Mn) in the previous year, a drop of 27.5%. As a result, your American subsidiary has reported a loss of Rs 2.4 cr (\$ 0.36 Mn) compared to a profit of Rs 1.1 cr (\$ 0.18 Mn) in the previous year. Company has initiated several steps to strengthen the sales force and increase the distribution business in second half of the year. These would enable the company to increase the sales and report positive results.

### Our Foundry & Machine Shop Subsidiary Lava Cast Pvt. Ltd.

As a strategic move, your Company opted for a vertical integration and established Lava Cast Pvt Ltd., a joint venture, in technical collaboration with Lingotes Especiales SA of Spain, one of the leading Ferrous Iron manufacturers in Europe. Lingotes is an OE supplier of casting components to some of the leading names in the automobile industry whereas Setco is the preferred OE supplier to almost all the commercial vehicle manufacturers in India.

With a state-of-the-art automated, fully machined Ferrous Iron Foundry at Kalol, Gujarat, having an installed capacity of 30,000 tonnes p.a. at a cost of around Rs 180 cr , Lava Cast aims at creating a niche in this segment, adding tremendous value. Lava Cast will produce high quality fully machined Ferrous Iron components for inhouse requirement of Setco Automotive like Clutch Covers, Pressure Plates, Release Bearing Housings as well as external customer requirements like Brake Discs, Brake Drums, etc.

Company commenced trial production during second half of the previous year and has gone into commenced commercial production from April 2016.

The Indian foundry market currently holds great promise and has the potential to emerge as a key global export hub. With the World class Lava Cast foundry, the Company aims to be the preferred OEM supplier/ partner globally.

### Opportunities:

- Improvement in basic economic fundamentals, lower interest regime and higher spend on infrastructure sector is expected to drive growth in auto sector.
- Robust fiscal management, lower inflation and higher government revenues from tax collections as well as auctions in coal and telecom sector is likely to result in increase in government spending, benefiting the ultimate consumer.

### MANAGEMENT DISCUSSION AND ANALYSIS

- The Governments 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 "Make in India" initiative is expected to usher in a strong growth in the manufacturing sector and automobile industry, especially commercial vehicles, will have a big role to play in it.
- Government's "Skill India" initiative is expected to provide industry access to trained, skilled workforce, facilitating adherence to stiff global quality and testing standards.
- Being a single source supplier to leading global commercial vehicle manufactures in India gives the company an opportunity to work with these Global OEMs in their international operations.
- Company is in the process of developing clutches for farm equipment (Tractor) segment which has vast potential in OEM as well as Aftermarket segments and will make significant contribution to company's growth in future.
- Introduction of Goods & Services Tax (GST), is expected to result in rationalization of costs / price structure and expansion of domestic market.

### Threats:

- Volatility in commodity prices and foreign exchange fluctuations can significantly impact operating margins.
- Company could face competition from low cost manufacturers.
- Being still a dominant agro based economy, vagaries of monsoon – droughts as well as floods – can result in slow agriculture growth directly impacting the broader economic parameters and result in volatility of demand.
- Ability to attract and retain managerial/technical talent and availability of skilled labour is critical in view of increasing competition and entry of global players

### Human Resource:

Your company firmly believes that only vibrant and progressive intellectual capital drives excellence and perceives its people as assets whose current value can be measured and whose future value can be enhanced through continuous investment. The Company's core value reflects in its team of well-qualified and experienced professionals from the Industry at various business functions across hierarchy. Company continues to organise various employee engagement activities to engage the workforce to foster team bonding and help create a positive environment.

A new initiative for rewards & recognition was launched to recognise and reward employees for their extra efforts towards the betterment of the organisation. With a view to succession planning, the Company identifies a second line for key positions towards creating a future ready organisation. With an aim of breaking the stereotypes and promoting new ideas, SETCO tries to catalyse them to take up higher responsibilities and thus has initiated skill development towards bringing a positive change in them.

### Risk Management & Internal Controls

Company continuously reviews and refines its Risk Management Policy to align itself with business environment. A comprehensive framework is developed to identify, monitor and mitigate various risks.

Company continuously strives to ensure that well defined and adequate internal control systems are in place commensurate with the nature, size and complexity of its business model. These controls are periodically tested and duly verified by the Internal Auditors as well as the Statutory Auditors and covers all locations and key areas of business.

Internal Audit function is outsourced to a professional firm of independent chartered accountants. The Audit Committee and the Board, in consultation with the internal auditors, statutory auditors and operating management, approves scope and areas to be covered in the annual audit plan.

### 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. Important developments that could affect the company's operations include significant political and / or economic environment in India, downturn in commercial vehicles segment, exchange rate fluctuations, tax laws, litigations, labour relations, interest and other costs.



Dear Members.

Your Directors have the pleasure in presenting this Thirty Third Directors' Report together with the audited Financial Statements for the financial year ended March 31, 2016.

Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

The Securities and Exchange Board of India (SEBI) vide its Notification No. SEBI/LAD-NRO/GN/2015-16/013 dated 2nd September 2015 notified the Securities & Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI LODR Regulations"), applicable with effect from 1st December 2015. This Report therefore states compliance as per the requirements of the Companies Act, 2013 ("the Act"), SEBI LODR Regulations and other rules & regulations as applicable to the Company.

### **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	Stan	dalone	Conso	lidated
	2015-16	2014-15	2015-16	2014-15
Net Sales	505.15	458.13	563.68	524.23
Operating EBIDTA	86.36	64.89	80.51	68.30
Profit before Taxation	40.89	28.22	28.42	26.09
Profit after Taxation	33.42	23.51	23.20	20.67
Earnings Per Share (in Rs.)	2.50	1.76	1.74	1.55
(Face value of Rs. 2/- each)				

No amount is proposed to be transferred to reserves.

### DIVIDEND

Your Directors are pleased to recommend dividend at 40% i.e (Rs.O.80 per Equity share of Rs.2/- each) for the year ended March 31, 2016, 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. 12.86 crore (including Dividend Distribution Tax).

### SHARE CAPITAL

During the financial year 2015-16, the Company sub divided its Equity Shares from Rs. 10/- each to Rs. 2/- each thereby altering its Memorandum of Association. Post sub-division, the Authorised Share Capital of the Company now stands at 25,00,00,000 Equity Shares of Rs. 2/- each aggregating to Rs. 50 crores; and the paid up share capital of the Company stands at 13,35,96,675 Equity Shares of Rs. 2/- each aggregating 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

### PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

The particulars of loans, guarantees and investments under Section 186 of the Act read with the Companies (Meetings of Board and its Powers) Rules, 2014, for the financial year 2015-16 are given in the Notes to the standalone financial statement.

### **EMPLOYEE STOCK OPTION PLAN (ESOPS)**

Your Company believes that equity based compensation schemes are an effective tool to reward the employees in the growth of the Company, to create an employee ownership, to attract new talents, to retain the key resources in the organisation and for the benefit of the present and future employees of the Company.

Board of Directors of your Company had approved the Setco Employee Stock Option Scheme, 2015 which was

subsequently approved by the Company's shareholders at the Extra Ordinary General Meeting of the Company held on June 5, 2015 for issue and allotment of not more than 5,00,000 equity shares (of face value of Rs 10/- each) 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 scheme covers the employees of Setco Limited, and the employees of the Holding / Subsidiary Company(ies) of Setco.

Subsequent to the sub-division of equity shares of Rs 10 each into equity shares of Rs 2 each, number of options under the scheme stand enhances to 25,00,000 equity shares of Rs 2 each.

During the year under review, no such Stock Options were granted. The Nomination and Remuneration Committee has on May 30, 2016 granted 6,10,000 stock options (of face value of Rs 2/- each) to the eligible employees of the Company at an exercise price of Rs. 16/- per option under Employees Stock Option Scheme 2015. This price is at a discount of Rs. 15.95/- on closing share price on the Bombay Stock Exchange on the last trading day before the grant of these options.

The Nomination and Remuneration Committee administers these plans. The stock option plans are in compliance with Securities and Exchange Board of India (Share Based Employee Benefints) Regulations, 2014 ("Employee Benefints Regulations") and there have been no material changes to these plans during the financial year.

### 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

Performance of Company's subsidiaries is elaborated in detail under 'Management Discussion & Analysis'.

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 <a href="Annexure 1">Annexure 1</a> 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-policies.

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 3.00 p.m. on all working days except Tuesdays, up to and including the date of the Meeting.

### INTERNAL FINANCIAL CONTROLS

The Company has in place well devised systems, policies and procedures / frameworks, which are currently operational within the Company for ensuring the orderly and efficient conduct of its business, which includes adherence to Company's policies, safeguarding assets of the Company, prevention and detection of frauds and errors, accuracy and completeness of the accounting records and timely preparation of reliable financial information. Audit Committee and the Board reviews these internal control systems to ensure they remain effective and are achieving their intended purpose.

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.

### CORPORATE SOCIAL RESPONSIBILITY (CSR)

Company's CSR activities, jointly with government's Integrated Child Development Scheme, are focused to ensure that every child and woman has full access to proper healthcare, nutrition, education and an opportunity for growth. Prime beneficiaries of the programme are Pregnant and Nursing mothers. Adolescent girls and Children in the age of 0-6 years old. It covers over 1800 children and has significantly brought down the levels of malnutrition in the area to below 10% as compared to national average of around 45%. CSR activities also focus on sports as a tool to bring about personal and community development. Today, your company has built and upgraded 18 Anganwadis covering around 1600 children below 6 years and 300 nursing & expecting mothers from economically weaker sections of the society.

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-policies.

During the year under review, the Company has spent Rs.70.59 lac on CSR activities. The Annual Report on CSR activities is given at <u>Annexure 2</u> hereto.

### **HUMAN RESOURCES**

Company's human resource activities are focused towards making the organization future ready. Company has a diverse pool of talent and experience in in each of the functional areas to drive company's business. With a view to sustain and enhance employee engagement, retention and work life balance, company has introduced various policies and programmes like flexible working hours, diverse reward and recognition schemes and other employee interaction initiatives. Company continues to invest in its human capital to augment organisational and individual capabilities.

Industrial relations with the employees have continued to remain cordial.

### PREVENTION, PROHIBITION AND REDRESSAL OF SEXUAL HARASSMENT AT WORKPLACE

Pursuant to the legislation 'Prevention, Prohibition and Redressal of Sexual harassment of Women at Workplace Act, 2013, the company has framed a Policy on Prevention of Sexual Harassment at Workplace.

All employees (permanent, contract, temporary, trainees) are covered under the policy. Internal Complaints Committee has been set up to redress complaints received regarding sexual harassment. During the year under review, there were no cases reported.

### VIGIL MECHANISM

The Company has in place a vigil mechanism for Directors and Employees, to report genuine concerns about any wrongful conduct with respect to the Company or its business or affairs. This policy covers malpractices, misuse or abuse of authority, fraud, violation of the Company's policies or Rules, manipulations, negligence causing danger to public health and safety, misappropriation of money, and other matters or activity on account of which the interest of the Company is affected or is likely to be affected and formally reported by

whistle blowers. The Policy provides that all Protected Disclosures can be addressed to the Chairman of the Audit Committee. 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-policies. No such fraud or wrongful conduct was reported during the year under review.

### RISK MANAGEMENT

The Company has a Risk Management policy and a supporting frame work which facilitates the identification and assessment of new risks and review of existing risks. The process is based on identified risks and the risk events or factors which require regular assessment and quick response. Based on the probability and impact of the risk, the requisite controls and action plans are designed. The objective of risk management in the Company is to act as an enabler in maintaining its knowledge edge, sustaining and expanding the business, being competitive and ensuring execution of projects within budgeted cost and time resulting in improved turnover and profitability.

### BOARD OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

### Changes in the Board

At the Annual General Meeting held on September 28, 2015, the members approved the redesignation of Mr. Udit Sheth from Executive Director to Joint Managing Director with effect from July 15, 2015. The Board of the Company is duly constituted with an appropriate mix of Executive and Non-Executive Directors as stipulated under the SEBI (LODR), Regulations, 2015 and Companies Act, 2013.

### Re-appointment

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

Your directors recommend reappointment of Mr. Harish Sheth, Chairman and Managing 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 for your consideration and approval.

The information on the particulars of Directors seeking re-appointment in terms of provisions of Companies Act, 2013 and SEBI Listing Regulation is provided in Report on Corporate Governance annexed to this report.

The disclosure in pursuance of Schedule V to the

Companies Act, 2013 and SEBI Listing Regulation pertaining to the remuneration, incentives etc. to the Directors is given in the Corporate Governance Report.

All Independent Directors have provided declarations that they meet the criteria of independence as laid out under Section 149(6) of the Act and SEBI Listing Regulations

### **Board Effectiveness:**

### Familiarization Program for the Independent Directors:

The details of programs for familiarization 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 and role at the link http://www.setcoauto.com/statutory-policies.

### Evaluation of the performance of the Board, its Committees and the Directors

Pursuant to the provisions of the Act and the SEBI LODR, 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 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 SEBI Listing Regulation adopted by the Board is appended as Annexure 3 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.

### **Key Managerial Personnel**

The following persons have been designated as Key managerial Personnel of the Company pursuant to section 2(51) and section 203 of the Act, read with the Rules framed thereunder:

- Mr Harish Sheth, Chairman & Managing Director
- Mr Vinay Shahane, Vice President Finance (Chief Financial Officer)
- Mr Bhautesh Shah, Company Secretary and Compliance officer: During the year under review, Mr. Naveen Manghani ceased to be the Company Secretary and Key Managerial Personnel of the Company w.e.f 13.8.2015. Further, Mr. Hemal Shah was appointed as the Company Secretary and

Compliance officer w.e.f September 15, 2015 till October 16, 2015. Subsequent to his resignation, the Board appointed Mr. Bhautesh Shah as the Company Secretary and Key Managerial Personnel w.e.f. 6, 1, 2016.

### Directors' Remuneration Policy and Criteria for matters under Section 178 of the Companies Act, 2013:

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 SEBI Listing Regulation adopted by the Board is appended as <a href="mailto:Annexure3">Annexure3</a> 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.

### **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, 2016 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) Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

### Meetings:

A calendar of meetings is prepared and circulated in advance, to the Directors.

### **Board Meetings**

During the year, six meetings of the Board of Directors were convened and held, the details of which are given the report on Corporate Governance. The intervening gap between the meetings was within the period prescribed under the Act and SEBI LODR Regulations.

### Audit Committee

The Audit Committee comprises of three Independent Directors as its members. All the recommendations made by the Audit Committee were accepted by the Board. During the year, four meetings of the Committee were convened and held, the details of which are given the report on Corporate Governance.

### **CSR Committee**

The CSR Committee of the Board of Directors comprises four directors, of which two are Independent Directors. The Committee met once during the year, the details of which are given the report on Corporate Governance.

### CONTRACTS AND ARRANGEMENTS WITH RELATED PARTIES

All Related Party Transactions are placed before the Audit Committee as also the Board for approval. The transactions entered into pursuant to the omnibus approval so granted and a statement giving details of all related party transactions is placed before the Audit Committee and the Board of Directors for their approval on a quarterly and annual basis.

All transactions entered into with related parties as defined under the Companies Act, 2013 during the financial year, were in the ordinary course of business and on an arm's length pricing basis and do not attract the provisions of Section 188 of the Companies Act, 2013. There were no materially significant transactions with the related parties during the financial year, which were in conflict with the interest of the Company and hence, enclosing of Form AOC-2 is not required. Suitable disclosure as required by the Accounting Standard (AS18) has been made in the notes to the Financial Statements.

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-policies.

The details of related party transactions are given in Note 28 to the financial statements.

### **AUDITORS**

### Statutory Auditors

M/s. Manesh Mehta & Associates, Chartered Accountants, the Statutory Auditors of the Company (Firm Registration No.: 115832W) 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 33rd Annual General Meeting until the conclusion of the 34th 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 under Section 141 of the Act and the Rules framed thereunder for reappointment of Auditors of the Company, As required under Regulation 33 of SEBI LODR Regulations, the auditors have also confirmed that they hold a valid certificate issued by the Peer Review Board of the Institute of Chartered Accountants of India.

### Directors' comments on Auditors Qualification in Consolidated Auditors Report:

The Auditors have qualified their Report on the Consolidated Accounts for not having 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.

### **Accounting Treatment**

The Company had treated product development expenses of the Research & Development centre as revenue expenditure till Financial Year 2014-15 since the

recognition criteria for intangible assets as set out in Accounting Standard-26 "Intangible Assets" were not met. Based on the Accounting Expert's opinion obtained by the Company, qualifying product development expense of the said R&D Centre which satisfy recognition criteria for intangible asset as set out in Accounting Standard-26 Intangible Asset are capitalized as Intangible Asset under Development, from the current year.

### SECRETARIAL AUDITOR

Pursuant to the provisions of Section 204 of the Act and the Companies (Appointment and Remuneration of Managerial Personnell Rules, 2014, the Company has appointed M/s. P. P. Shah & Co., Practicing Company Secretaries, (Membership No. 1483, CP No. 436) to conduct Secretarial Audit for the financial year 2015-16. The Secretarial Audit Report for the financial year ended March 31, 2016 is annexed herewith marked as Annexure 4 to this Report. The Secretarial Audit Report does not contain any qualification, reservation or adverse remark.

### CORPORATE GOVERNANCE

Pursuant to Regulation 34 of the SEBI LODR Regulations, a separate report on Corporate Governance has been included in this Annual Report along with a certificate from the Secretarial Auditors of the Company regarding the compliance with provisions of Corporate Governance as also the Management Discussion and Analysis Report forms part of this Report.

All Board members and senior management personnel have affirmed compliance with the Code of Conduct for the year 2015-16. A declaration to this effect signed by the Chairman & Managing Director of the company is contained in this Annual Report.

The Chairman & Managing Director and CFO have certified to the Board with regard to the financial statements and other matters as required under Regulation 17(8) of the SEBI LODR Regulations and the said certificate is contained in this Annual 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 2015-2016 are furnished in Notes to the Accounts.

### QUALITY STANDARD ACCREDIATION

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, Safety Standards (OHSAS 18001) and VDA 6.3 Certification.

### Extract of Annual Return

Extract of Annual Return, as provided under Section 92(3) of the Act. in Form MGT-9 is annexed herewith as Annexure 5 to this Report.

### PARTICULARS OF EMPLOYEES AND RELATED DISCLOSURES

Disclosures pertaining to the remuneration and other details 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, 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 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.

### 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:

- Issue of equity shares with differential rights as to dividend, voting or otherwise.
- Issue of shares (including sweat equity shares) to employees of the Company under any scheme save and except ESOS referred to in this Report.
- Neither the Managing Director nor the Whole-time Directors of the Company received any remuneration or commission from any of its subsidiaries.
- 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.

### APPRECIATIONS:

The Board places on record its appreciation for the support and cooperation your Company has received from its customers, suppliers, business partners, who are our partners in progress. Further, it is the enthusiasm and determined efforts of the employees that have enabled the Company to remain at the forefront of the industry.

The Directors acknowledge the support and assistance extended to us by Central and State Government, government departments, financial institutions, bankers,

stock exchanges, communities, shareholders and investors at large and look forward for their support in our future endeavours.

### CAUTIONARY STATEMENT:

Statements in the Board's Report and the 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. Important factors that could affect the company's operations include significant political and / or economic environment in India, downturn in commercial vehicles segment, exchange rate fluctuations, tax laws, litigations, labour relations, interest and other costs.

DIN: 00187221

### For and on behalf of the Board

Udit Sheth Shvetal Vakil
Joint Managing Director Executive Director

DIN: 00140956

Place: Mumbai

Date: August 11, 2016

# ANNEXURE 1 TO DIRECTORS' REPORT

# Form ADC-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

% of share holding	100.00	81.67	100.00*	100.00"
Proposed Dividend	ū		K	Ē.
Profit after texation	-0.54	-122.69	-734.00	-236.00
Profit Provision before for taxation	0.11	-3.03	20	3667.00 -434.00 198.00 -236.00
	-0.66	-119.66	-734.00	-434.00
Turnover	(i	ě	3913.00 -734.00	3667,00
Investments Turnover Profit before taxation	604.22	,	726.00	· C
Total	1.62	14585.18	6,729.00	4,506.00
Total	604.61	19502.27 14585.18	7,228.00	5,335.00 4,506.00
Reserves and surplus	0.81	5100.14 -183.05		-159.28
Share	602.00	5100.14	1,360.00 -860.00	988.00
Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	1 GBP= Rs. 94,41	INB	1 GBP = Rs. 94.41	1 USD = Rs. 65.84
Reporting period for the subsidiary concerned, if different from the holding company's reporting period	Same as Holding Company	Same as Holding Company	Same as Holding Company	Same as Holding
Name of the subsidiery	WEW Holdings Limited	Lava Cast Private Limited	Setco Automotive (UK) Ltd	Setco Same a Automotive Holding

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

<sup>#</sup> Wholly owned Subsidiary of Setco Automotive (UK) Ltd.

# ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES FOR THE FINANCIAL YEAR 2015-16

		•	ACTIVITIES FOR THE FINANCIAL TEAN EU 13-10	LINE TEAN EULD	01.		
_	A brief outline of the company's CSR programs proposed to be undertaken CSR policy and projects or programs.	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.	ng averview of projects or noe to the web-link to the	CSR Bot CSR Pol Educatio	CSR activities at Setco are carried out as per the CSR Policy with primary focus on Health and Nutrition, Education and Women Empowerment.	ed out as per the Health and Nutre	e ition,
CV	The Composition of the CSR Committee.	CSR Committee.		← vị ω 4	Mrs. Urja Shah, Executive Director (Chairman) Mr. Udit Sheth, Executive Director Dr. Arun Arora, Independent Director Mrs. Suhasini Sathe, Independent Director	3 Director (Chair Director Int Director pendent Director	man)
6 4	Average net profit of the con Prescribed CSR Expenditure	Average net profit of the company for last three financial years (Amount in crores) Prescribed CSR Expenditure	nancial years (Amount in cro	Rs. 25.	As, 25.10 Crores		
LO.	(two percent of the amount as in item 3 above Details of CSR spent during the financial year:	two percent of the amount as in item 3 above) (Amount in crores) Details of CSR spent during the financial year:	nount in crores)	Rs. 0,50	As. 0,50 Crores		
	(1) Total amount to be spen (2) Amount unspent, if any; (3) Manner in which the am	<ol> <li>Total amount to be spent for the Financial Year</li> <li>Amount unspent, if any;</li> <li>Manner in which the amount spent during the financial year;</li> </ol>	r financial year :	As, 0.50 Crore Not Applicable The manner in	Rs. 0.50 Crores Not Applicable The manner in which the amount is spent is detailed as under:	s spent is detail	ed as under:
173	(2)	(3)	(4)	(2)	(9)	(2)	(Rs. in Lacs)
Ž	S.No CSR Project or Activity identified	Sector in which the Project is covered	ograms or other e state here	Amount outlay (budget) project or programs wise	Amount spent on the projects or programs (1) Direct Expenditure on projects or	Cumulative Expenditure upto the reporting	Amount spent: Direct or through implementing

	Direct ugh enting	Secto	enting cri yas ible	enting Roots ation / ah / Gohil
(8)	Amount spent: Direct or through implementing agency	Implementing Agency-Secto Foundation	Implementing Agency - Agnihotri K. G. Vyas Charitable Trust	Implementing Agency-Roots Corporation / Tejal Shah / Harsha Gohil
(7)	Cumulative Expenditure upto the reporting	35.50	33,75	1.34
(9)	Amount spent on the projects or programs (1) Direct Expenditure on projects or programs (2) Overhead	35.50	33.75	1,34
(5)	Amount outlay (budget) project or programs wise	35.00	25.00	1.34
(4)	Projects or programs (1) Local area or other (2) Specify the state and district where projects or programs were undertaken	Kalol, Panchmahals, Gujarat; and other parts of Gujarat	State of Gujarat	State of Gujarat
(3)	Sector in which the Project is covered	Eradicating hunger and malnutrition; Promoting healthcare including preventive healthcare; Promoting education; Empowering women.	Eredicating hunger and malnutrition; Promoting healthcare including preventive healthcare; Promoting culture; Promoting Education.	Public Welfare
(2)	CSR Project or Activity identified	(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	(A) Annakshetra (Food to poor and disabled) (B) Medical Aid (C) Preserving and Uplifting of Culture (D) Activities related to vedic education	Public Welfare
(1)	S S	<del>-</del>	α	m

### 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
- 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 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 Listing Regulation concerning independence of directors.

### 4. Remuneration Policy:

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

The Board, on the recommendation of the Nomination and Remuneration Committee (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.

### ANNEXURE 4 TO DIRECTORS' REPORT

### FORM NO. MR-3

### SECRETARIAL AUDIT REPORT

### FOR THE FINANCIAL YEAR ENDED MARCH 31, 2016

[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]

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 the **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, 2016 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, 2016 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 (Share Based Employee Benefits), Regulations, 2014;
  - (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. Secretarial Standards 1 for Board Meetings and Secretarial Standards - 2 for General Meeting
- (ii) The Listing Agreements entered into by the Company with Bombay Stock Exchange Limited;
- (iii) SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015

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.

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

For P. P. Shah & Co., Practicing Company Secretaries

> Pradip Shah FCS No. 1483 C P No.: 436

Place: Mumbai

Date: August 11, 2016

### ANNEXURE 5 TO DIRECTORS' REPORT

FORM NO. MGT 9

### EXTRACT OF ANNUAL RETURN

as on financial year ended on 31.03.2016

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

### REGISTRATION & OTHER DETAILS:

i	CIN	L35999GJ1982PLC005203
ii	Registration Date	5-May-1982
iii	Name of the Company	Setco Automotive Limited
iv	Category/Sub-category of the Company	Indian Non-Government 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		

### III PARTICULARS OF HOLDING, SUBSIDIARY & ASSOCIATE COMPANIES

Name & Address of the Company	CIN/GLN	HOLDING/ SUBSIDIARY/ ASSOCIATE	% OF SHARES HELD	APPLICABLE SECTION
Setco Engineering Private Limited	U54100MH1979PTC171127	Holding	50.69	2(87)(ii)
Lava Cast Private Limited	U27205MH2011PTC217467	Subsidiary	81.67	2(87)(ii)
Setco Automotive (UK) Ltd	N.A.	Subsidiary	100*	2(87)(ii)
Setco Automotive (NA), Inc	N.A.	Subsidiary	100#	2(87)(ii)
WEW Holdings Limited	N.A.	Subsidiary	100	2(87)(ii)
	of the Company  Setco Engineering Private Limited  Lava Cast Private Limited  Setco Automotive (UK) Ltd  Setco Automotive (NA), Inc	Setco Engineering Private Limited U54100MH1979PTC171127 Lava Cast Private Limited U27205MH2011PTC217467 Setco Automotive (UK) Ltd N.A. Setco Automotive (NA), Inc N.A.	Setco Engineering Private Limited U54100MH1979PTC171127 Holding Lava Cast Private Limited U27205MH2011PTC217467 Subsidiary Setco Automotive (UK) Ltd N.A. Subsidiary Setco Automotive (NA), Inc N.A. Subsidiary	Setco Engineering Private Limited U54100MH1979PTC171127 Holding 50.69 Lava Cast Private Limited U27205MH2011PTC217467 Subsidiary 81.67 Setco Automotive (UK) Ltd N.A. Subsidiary 100* Setco Automotive (NA), Inc N.A. Subsidiary 100#

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

<sup>#</sup> Wholly owned Subsidiary of Setco Automotive (UK) Ltd.

Category of Shareholders		No. of Sh the beginnir	No. of Shares held at the beginning of the year			No. of Sha the end of	No. of Shares held at the end of the year		% change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/HUF	29,38,076		29,38,076	11.00	1,55,22,880		1,55,22,880	11.62	0.62
"b) Central Govt. or State Govt."	1			Σ		Ε		9	(2)
c) Bodies Corporates	1,38,72,769		1,38,72,769	51.92	6,93,63,845	4	6,93,63,845	51.92	0.00
d) Bank/FI	1	-	4	0		0		1	e.
e) Any other	C	8		0.0	63	00	9.	100	53
SUB TOTAL:(A) (1)	1,68,10,845		1,68,10,845	62.92	8,48,86,725		8,48,86,725	63.54	0.62
(2) Foreign			:3						93
a) NRI- Individuals			.4	0	1.0	0			
b) Other Individuals	C		200	00	60	60	9)	103	8
c) Badies Corp.	×			Ε	A.	E	*	40	53
d) Banks/FI				X	*	×	*		*
e) Any other	X			3.	31	3		4	2.
SUB TOTAL (A) (2)			9	33	,U	39	1.5		
Total Shareholding of Promoter (A)= (A)(1)+(A)(2)*	1,68,10,845		1,68,10,845	62.92	8,48,86,725	X	8,48,86,725	63.54	0.62
B. PUBLIC SHAREHOLDING									
(1) Institutions									
a) Mutual Funds	1,10,500		1,10,500	0.41	4,46,377	0	4,46,377	0.33	-0.08
b) Banks/FI	9,075	75	9,150	0.03	45,375	375	45,750	0.03	0.00
C) Cenntral govt	×		*	30	3.	30	Y	e	3.0
d) State Govt.	4			*					3.5
e) Venture Capital Fund	37	100		191				250	er.
fi Insurance Companies	ľ			1			6	ě.	*
g) FIIS -	×	*	*	(	1.	C	4	×	
"h) Foreign Venture Capital Funds"	×			9	. 0				æ
il Others (FPI)	10,46,232		10,46,232	3.92	51,52,500		51,52,500	3.86	-0.50
SUB TOTAL (B)(1):	11,65,807	75	11,65,882	4.36	56,44,252	375	56,44,627	4.2251	-0.13

	Category of Shareholders	No. o	No. of Shares held at the beginning of the year <sup>a</sup>	d at he year		No.	No. of Shares held at the end of the year"	d at ar*		% change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
(2) N	(2) Non Institutions									
8)	Bodies corporates	12,77,457	1,200	12,78,657	4.79	76,93,746	5,250	76,98,996	5.76	0.97
il Indian	an			7	74		ı		,	i
12	Overseas		4		-			5		
69	Individuals		*:	0	-		*:			6
0	Individual shareholders holding nominal share capital upto Rs.1 lakhs \$	18,34,482	8,16,100	26,50,582	9.92	90,31,995	38,65,295	1,28,97,290	9.65	-0.27
2	Individuals shareholders holding nominal share capital in excess of Rs. 1 lakhs \$	14,67,468	ž.	14,67,468	5.49	50,75,916		50,75,916	3.80	-1,69
70	Others (specify)		4	£	£		-	**	ŕ	
8	Clearing Members	45,229		45,229	0.17	1,17,427		1,17,427	0.09	-0.08
8	Market Makers		4	,	24				1	9
(1)	Foreign Nationals	1		(1)	ŕ	Ÿ.		10	,	1
(v)	Non Residents Indians (Repat)	9,16,192		9,16,192	3.43	47,46,515		47,46,515	3.55	0.12
3	Non Residents Indians (Non Repat)	31,347		31,347	0.12	1,80,053		1,80,053	0.13	0.01
(vi)	Foreign Companies	23,52,983		23,52,983	8.81	1,17,64,915		1,17,64,915	8.81	0.00
Ciii	Trusts	150		150	0	11,250		11,250	0	0.01
(Viii)	Hindu Undivided Family		*		5.0	5,52,111	20,850	5,72,961	0.43	0.43
SUB	SUB TOTAL (B)(2):	79,25,308	8,17,300	87,42,608	33	3,91,73,928	38,91,395	4,30,65,323	32	-0.49
Total Shark (B)(1)	Total Public Shareholding(B)= (B)(1)+(B)(2)"	90,91,115	8,17,375	99,08,490	37	4,48,18,180	38,91,770	4,87,09,950	38	-0.63
رِي S	C. Shares held by Custodian for GDRs & ADRs"	,								
Grand	Grand Total (A+B+C)	2,59,01,960	8,17,375	2,67,19,335	100	12,97,04,905	38,91,770	13,35,96,675	100	(0)

<sup>\*</sup> Face value of Equity Shares is Rs. 10 each i.e. Pre Subdivision of Equity Shares.

\* Subdivision of each Equity shares having face Value of Rs. 10 each into 5(Five) equity shares of the nominal value of Rs. 2 each w.e.f. December 17, 2015.

<sup>\$</sup> The data give in B(2)(b) in a bove table for the financial year ended 31.03.2016 are as per the limit of Rs. 2 lac instead of Rs. 1 lac

No.	Shareholders Name	Share	Shareholding at the beginning of the year <sup>a</sup>	9L <sub>0</sub>		Shareholding at the end of the year	at.	% change in share holding during the vear
		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	
	Harish Kiritbhai Sheth	5,91,731	2.21		29.58,655	2.21	4	0.00
	Urja Harish Shah	8,52,945	3,19	•	42,64,725	3,19	i	0.00
	Sneha Harish Sheth	5,10,000	1.91	*	33,82,500	2.53	į.	0.62
	Udit Harish Sheth	9,83,400	3.68	*	49,17,000	3.68	ł,	0.00
	Setco Engineering Private Limited	1,35,42,769	50.69	3.71	6,77,13,845	50.69	31.36	0.00
	Urdit Investments Private Limited	3,30,000	1.24	1	16,50,000	1.24		0.00
	Total	1,68,10,845	62.92	3.71	8,48,86,725	63.54	31.36	0.62

<sup>\*</sup> Face value of Equity Shares is Rs. 10 each i.e. Pre Subdivision of Equity Shares.

# Subdivision of each Equity shares having face Value of Rs. 10 each into 5(Five) equity shares of the nominal value of Rs. 2 each w.e.f. December 17, 2015.

S.	Name	Shareholding	ing	Date	Increase / Decrease in Shareholding	Reason	Cumulative Shareholding during the year	areholding e year
		No. of shares At the beginning (01-04-2015) / end of the year (31-3-2016)	% of total shares of the company				No. of shares	% of total shares of the company
	Harish Kiritbhai Sheth	5,91,731	2.21	01-Apr-15				
				17-Dec-15	23,66,924.00	*Refer Note	29,58,655	2.21
		29,58,655	2.21	31-Mar-16			29,58,655	2.21
	Udit Harish Sheth	9,83,400	3.68	01-Apr-15				
				17-Dec-15	39,33,600	*Refer Note	49,17,000	3.68
		49,17,000	3.68	31-Mar-16			49,17,000	3.68
	Urja Harish Sheth	8,52,945	3.19	01-Apr-15				
				17-Dec-15	34,11,780	*Refer Note	42,64,725	3.19
		42,64,725	3.19	31-Mar-16			42,64,725	3,19
	Sneha Harish Sheth	5,10,000	1.91	01-Apr-15				
				17-Dec-15	20,40,000	*Refer Note	25,50,000	1.91
				18-Mar-16	8,32,500	acquisition by way of Inheritance	33,82,500	2.53
		33,82,500	2.53	31-Mar-16			33,82,500	2.53
	Setto Engineering Private Limited	1,35,42,769	50.69	01-Apr-15				
				17-Dec-15	5,41,71,076	*Refer Note	6,77,13,845	50.69
		6,77,13,845	50.69	31-Mar-16			6,77,13,845	50.69
	Urdit Investments Private Limited	3,30,000	1.24	01-Apr-15				
				17-Dec-15	13,20,000	*Refer Note	16,50,000	1.24

#Refer Note 1,17,64,915 1,17,64,91 1,17,64,915 1,17,64	SI. Name No.	Shareholding	ing	Date	Increase / Decrease in Shareholding	Reason	Cumulative Shareholding during the year	nareholding e year
1,17,64,915   8.81   01-Apr-15   94,11,832   *Refer Note   1,17,64,915		No. of shares At the beginning (01-04-2015) / end of the year (31-3-2016)	% of total shares of the company				No. of shares	% of total shares of the company
novel PTE         9.38 (2.32)         17.08c-15         94.11,932         *Peter Note         1,17,64,915           novel PTE         9.38 (2.32)         31.40c-15         31.40c-15         36.82,000         *Refer Note         46.02,500           46,02,500         3.45         31.40c-15         36.82,000         *Refer Note         46.02,500           8,66,269         3.24         01.40c-15         10.00,000         Sale         7.68,289           10.24p-15         1.00,000         Purchase         43.31,345           11.24p-15         1.00,000         Purchase         43.21,345           11.24p-15         3.35         31.44a-16         1.25,000         Purchase         44.71,345           31.00,000         2.18         01.4p-15         24.00         Purchase         6.00,000           31.00,000         2.32         31.44a-15         24.80,000         *Peter Note         31.00,000           25.00,000         1.87         01.4p-15         24.80,000         *Peter Note         25.00,000           25.00,000         1.87         01.4p-15         22.80,000         *Peter Note         25.00,000           25.00,000         1.87         31.4m-16         37.000         Purchase         1.47.500	New Vernon Private Equity Limited	23,52,983	8.81	01-Apr-15			23,52,983	8.81
1.17.64.915 8.81 31-Mar-16			7500000	17-Dec-15	94,11,932	*Refer Note	1,17,84,915	8.81
pore/ PTE         9.36.232         3.50         01-Apr-15         5.88.000         9.20.500           46.02.500         3.45         17.0e-15         36.82.00         9.20.500           46.02.500         3.45         17.0e-15         36.82.00         9.20.500           8.66.269         3.24         24-Apr-15         (1.00.000)         Purchase         7.66.269           10-Jul-15         1.0-Jul-15         1.00.000         Purchase         43.31.345         43.31.345           11-Jan-16         1.25.000         Purchase         44.71.345         43.31.345         44.71.345           12-Jul-15         2.000         Purchase         44.71.345         44.71.345         44.71.345           11-Jul-15         2.000         Purchase         6.00.000         47.71.345         47.71.345           11-Jul-15         2.000         Purchase         6.00.000         47.71.345         47.71.345           11-Jul-15         2.000         Purchase         6.00.000         6.20.000         47.71.345           2.000         2.32         31-Mar-15         24.80.000         Purchase         1.10.000           2.000         1.87         31-Mar-15         20.0000         Purchase         1.17.500		1,17,64,915	8.81	31-Mar-16			1,17,64,915	8.81
17-06-15   15-322   Sale   9,205.00	(singapore) PT	9,36,232	3.50	01-Apr-15	The second second	28.5		
A6.02.500   3.45   31-Mar-16   36.82.000   7elfer Note   46.02.500     8.68.269   3.24   01-Apr-15   1.00.000   Sale   7.66.269     10-Jul-15   1.00.000   Purchase   46.02.500     17.06-15   34.65.000   Purchase   44.56.345     18.Mar-16   15.000   Purchase   44.56.345     19Jul-15   34.65.000   Purchase   44.71.345     19Jul-15   16.392   Purchase   6.00.000     19Jul-15   16.392   Purchase   6.00.000     2.32   31-Mar-16   12.000   Purchase   6.00.000     19Jul-15   24.80.000   Purchase   6.00.000     19Jul-15   24.80.000   Purchase   5.50.000     19Jul-15   24.80.000   Purchase   5.50.000     19Jul-15   24.80.000   Purchase   5.50.000     19Jul-15   24.80.000   Purchase   1.45.000     2.5.00.000   1.87   01-Apr-15   27.500   Purchase   1.45.000     2.5.00.000   1.87   31-Mar-16   37.000   Purchase   1.85.00     19Jul-15   1.17.500   Purchase   1.85.00     19Jul-15   27.500   Purchase   1.85.00     19Jul-15   27.500   Sale   7.90.000     19Jul-15   37.000   Sale   7.90.000     19Jul-15   20.000   Sale   7.90.000     19Jul-15   20.000   Sale   7.90.000     19Jul-15   20.000   Sale   7.70.596     19Jul-15   20.000   Sale   1.42.354     19Jul-15   29.000   3.596   3.596     19Jul-15   29.000   3.596   3.596   3.596     19Jul-15   29.000   3.596   3.596   3.596     19Jul-15   29.000   3.596   3.596   3.596   3.596   3.596     19Jul-15   29.000   3.596   3.596   3.596   3.596   3.596   3.596   3.596   3.596   3.596   3.596   3.596   3.596   3.				04-Det-15	(15,732)	Sale	9,20,500	3.45
46.02.500   3.45   31-Mar-16   1.00,000   Sale   7.66.269     8.66.269   3.24   01-Apr-15   1.00,000   Purchase   8.66.269     17-Dub-15   1.00,000   Purchase   8.66.269     18-Mar-16   1.25,000   Purchase   44.56.345     18-Mar-16   1.25,000   Purchase   44.71,345     19-Mar-16   1.25,000   Purchase   44.71,345     19-Mar-16   1.25,000   Purchase   6.00,000     2.32   31-Mar-15   22.000   Purchase   6.20,000     2.32   31-Mar-15   24.80,000   *Refer Note   31.00,000     31.00,000   2.32   31-Mar-15   24.80,000   *Refer Note   25.00,000     2.00,000   1.87   17-Der-15   24.80,000   Purchase   1.45,000     2.00,000   1.87   31-Mar-15   27.00   Purchase   1.45,000     2.00,000   1.87   31-Mar-15   27.00   Purchase   1.46,000     31.00,000   1.87   31-Mar-16   27.00   Purchase   1.46,000     31.00,000   1.87   31-Mar-16   1.17.500   Purchase   1.46,000     31.00,000   0.59   31-Mar-16   20.596   Purchase   7.70,596     31.00,000   0.59   31-Mar-16   20.596   Purchase   7.70,596     31.00,000   0.59   31-Mar-16   20.596   Purchase   7.70,596     31.00,000   0.59   31-Mar-16   20.596   Purchase   1.42,354     31.00,010   3.596   31-Mar-16   30.000     31.00,010   3.596   31.000     31.00,010   3.596   31.000     31.000   3.596   31.000     31.000   3.596   31.000     31.000   3				17-Dec-15	36,82,000	*Refer Note	46,02,500	3.45
8,66,269         3,24         01-Apr-15         (1,00,000)         Sale         7,66,269           10-Abr-15         1,00,000         Purchase         8,66,269           10-Abr-15         1,00,000         Purchase         44,51,345           11-Abr-16         1,25,000         Purchase         44,71,345           11-Abr-15         31-Abr-15         16,392         Purchase         44,71,345           11-Abr-15         22,000         Purchase         6,00,000           11-Abr-15         24,000         Purchase         6,00,000           11-Abr-15         24,80,000         *Refer Note         31,00,000           25,00,000         1,87         01-Apr-15         20,00,000         *Refer Note         25,00,000           25,00,000         1,87         01-Apr-15         20,00,000         *Refer Note         25,00,000           25,00,000         1,87         01-Apr-15         20,00,000         *Refer Note         25,00,000           25,00,000         1,87         31-Abr-15         20,00,000         *Refer Note         25,00,000           25,00,000         1,87         31-Abr-15         24,000         *Purchase         1,45,00           25,00,000         1,87         31-Abr-15         <		46,02,500	3.45	31-Mar-16			46,02,500	3.45
17-De-15   1,00,000   Purchase   7,66,269     17-De-15   34,65,076   Purchase   44,71,345     18-Mar-16   1,25,000   Purchase   44,71,345     18-Mar-16   1,25,000   Purchase   44,71,345     18-Mar-16   1,25,000   Purchase   44,71,345     19-Mar-16   1,26,000   Purchase   44,71,345     19-Mar-16   1,26,000   Purchase   44,71,345     19-Mar-16   1,26,000   Purchase   44,71,345     19-Mar-16   1,7-De-15   24,80,000   Parefer Note   31,00,000     19-Mar-16   1,7-De-15   24,80,000   Parefer Note   25,00,000     19-Mar-16   1,7-De-15   27,000   Purchase   1,45,000     19-Mar-16   1,7-De-15   27,400   Purchase   1,45,000     19-Mar-16   1,25,000   Purchase   1,82,000     19-Mar-16   1,25,000   Purchase   7,70,596     19-Mar-16   20,596   Purchase   7,70,596     19-Mar-16   20,596   Purchase   1,42,354     19-Mar-16   1,44,795   1,44,795   1,44,795     19-Mar-16   1,28,000   Purchase   1,42,354     19-Mar-16   1,28,000   Purchase   1,42,354     19-Mar-16   1,20,000   Purchase   1,42,354     19-Mar-16   1,30,000     19-Mar-17   1,30,000     19-Mar-18   1,30,000     19-Mar-18   1	Shah Paryank Ramesh	8,66,269	3,24	01-Apr-15		Control Control		
17-Dec-15				24-Apr-15	(1,00,000)	Sale	7,66,269	2.87
17-Dec-15 34.65,076   Purchase 44,51345     18-Mar-16 1,25,000   Purchase 44,71,345     18-Mar-16 1,25,000   Purchase 44,71,345     18-Mar-16 1,25,000   Purchase 44,71,345     18-Mar-16 1,25,000   Purchase 6,00,000     18-Mar-16 24,000   Purchase 6,00,000     18-Mar-16 25,000,000   Purchase 1,100,000     18-Mar-16 27,000   Purchase 1,17,500     18-Mar-16 27,000   Purchase 1,17,500     18-Mar-16 27,000   Purchase 1,17,500     18-Mar-16 27,000   Purchase 1,17,500     18-Mar-16 27,000   Purchase 1,186,000     18-Mar-16 27,000   Purchase 1,186,000     18-Mar-16 27,000   Purchase 1,186,000     18-Mar-16 27,000   Purchase 1,186,000     18-Mar-16 28,000   Purchase 1,186,000     18-Mar-18 28,000   P	1142			10-Jul-15	1,00,000	Purchase	8,66,269	3.24
18-Mar-16   125,000   Purchase   44,71,345   13-Mar-16   15,000   Purchase   44,71,345   13-Mar-16   15,000   Purchase   44,71,345   13-Jul-15   16,392   Purchase   6,00,000   13-Jul-15   16,392   Purchase   6,00,000   17-De-15   24,80,000   Purchase   6,00,000   1,37   17-De-15   24,80,000   Purchase   6,00,000   1,87   17-De-15   20,00,000   Purchase   1,45,000   1,87   17-De-15   20,00,000   Purchase   1,45,000   1,45,000   1,45,000   1,45,000   1,45,000   1,45,000   1,45,000   1,45,000   1,45,000   1,45,000   1,45,000   1,45,000   1,45,000   1,45,000   1,44,795   0,58   31-Mar-16   1,50,000   1,58   31-Mar-16   1,59,000   1,59   1,70,596   1,44,795   0,58   31-Mar-16   1,42,354   1,42,354   1,00,001   1,42,354   1,00,001   1,00,001-15   1,42,354   1,00,001-16   1,00,001-15   1,00,001-15   1,00,001-16   1,38,070   1,00,001-16   1,38,070   1,00,001-16				17-Dec-15	34,65,076	*Refer Note	43,31,345	3.24
India 5,83,008 2.18 01-Apr-15 16,992 Purchase 44,71,345  131,00,000 1.87 01-Apr-15 20,000 Purchase 6,00,000 25,00,000 1.87 01-Apr-15 20,000 Purchase 6,20,000 25,00,000 1.87 01-Apr-15 20,000 Purchase 6,20,000 25,00,000 1.87 01-Apr-15 20,000 Purchase 17,00,000 25,00,000 1.87 01-Apr-15 20,00,000 Purchase 17,00,000 25,00,000 1.87 01-Apr-15 20,00,000 Purchase 17,00,000 1.87 01-Apr-15 20,00,000 Purchase 17,00,000 1.87 01-Apr-15 37,000 Purchase 17,000 Purchase 17,00,000 11-Apr-15 37,000 Purchase 17,000 Purchase 17,000 Purchase 17,000 Purchase 17,000 Purchase 17,000 Purchase 17,00,000 11-Apr-15 20,000 Sale 17,00,000 11-Apr-15 20,000 Purchase 17,00,000 Purch				18-Mar-16	1,25,000	Purchase	44,56,345	3.34
100   100				31-Mar-16	15,000	Purchase	44,71,345	3.35
Fig. 100,000   Purchase   F.00,000   Purchase   F.00,000   Purchase   F.00,000   Purchase   F.20,000   Purchase   Purch		44.71.345	3.35	31-Mar-16			44,71,345	3.35
24-Jul-15         16.992         Purchase         6.00,000           31,00,000         2.32         31-Jul-15         20,000         Pheren Nate         5.00,000           31,00,000         1.87         01-Apr-15         24.80,000         *Refer Nate         31,00,000           25,00,000         1.87         01-Apr-15         20,00,000         *Refer Nate         25,00,000           25,00,000         1.87         31-Mar-16         27.00         25,00,000         25,00,000           27-Nov-15         1.17,500         Purchase         1,17,500           1.10-16-15         27.500         Purchase         1,45,000           1.10-16-15         37,000         Purchase         1,45,000           1.20,000         0.59         31-Mar-16         1,25,000         \$36           1.50,000         0.59         31-Mar-16         1,25,000         \$36         7,50,000           1.50,000         0.59         31-Mar-16         1,25,000         \$36         7,70,596           1.44,795         0.58         0.58         9-Mar-16         7,70,596         7,70,596           1.44,795         0.54         01-Apr-15         10-Apr-15         1,42,847         1,38,07		5,83,008	2,18	01-Apr-15				
31-Jul-15   20,000   Purchase   6,20,000				24-Jul-15	16,992	Purchase	6,00,000	2.25
17-Dec-15   24,80,000   *Refer Note   31,00,000   31,00,000   31,00,000   2.32   31-Mar-16   31,00,000   31,00,000   31,00,000   31,00,000   31,00,000   31,00,000   31,00,000   31,00,000   31,00,000   31,00,000   31,00,000   31,00,000   31,00,000   31,00,000   32,00,000   32,000				31-Jul-15	20,000	Purchase	6,20,000	2.32
Sapelaswamy				17-Dec-15	24,80,000	*Refer Note	31,00,000	2,32
Lias Network Pvt. Ltd. # 25.00,000 1.87 31-Mar-16 27.00,000 *Refer Note 25.00,000 1.87 31-Mar-16 27.00,000 1.87 31-Mar-16 27.00,000 27.00,000 1.87 31-Mar-16 27.00,000 27.00 Purchase 1.17.500 Purchase 1.45.000 1.04-Dec-15 37.000 Purchase 1.45.000 1.10-Ec-15 37.000 Purchase 1.86.000 2.59 31-Mar-16 (155.000) Sale 7.50.000 2.59 31-Mar-16 (155.000) Sale 7.70.596 1.70-Ec-15 Ec-Ec-16 20.596 Purchase 7.70.596 1.44.795 0.54 01-Apr-15 (2.441) Sale 1.42.354 1.38.070		31,00,000	2.32	31-Mar-16			31,00,000	2.35
Lias Network Pyt, Ltd. # 25,00,000 1.87 31-Mar-16 20,00000	IIFL National Development Agenda Fund	5,00,000	1.87	01-Apr-15				
Lias Network Put, Ltd. # 25,00,000 1,87 31-Mar-16 25,00,000 1.87 31-Mar-16 27,500 Purchase 1,17,500 1,17,500 Purchase 1,17,500 1,17,500 Purchase 1,18,000 1,17,500 Purchase 1,18,000 1,17,500 Purchase 1,18,000 1,17,500 Purchase 1,18,000 1,17,000 1,				17-Dec-15	20,00,000	*Refer Note	25,00,000	1.87
Lias Network Pvt. Ltd. #		25,00,000	1.87	31-Mar-16		100000000000000000000000000000000000000	25,00,000	1.87
S Copalaswamy         7,70,596         Purchase         1,17,500           S Gopalaswamy         7,70,596         0.54         17,800         Purchase         1,17,500           S Gopalaswamy         1,50,000         0.59         31-Mar-16         (15,000)         *Refer Note         8,30,000           S Gopalaswamy         1,50,000         0.56         01-Apr-15         6,00,000         *Refer Note         7,50,000           S Gopalaswamy         1,50,000         0.56         01-Apr-15         6,00,000         *Refer Note         7,50,000           S Gopalaswamy         1,50,000         0.56         01-Apr-15         6,00,000         *Refer Note         7,50,000           S Gopalaswamy         1,50,000         0.56         01-Apr-15         6,00,000         *Refer Note         7,70,596           A T,70,596         0.58         31-Mar-16         20,596         Purchase         7,70,596           A L,44,795         0.54         01-Apr-15         (14,284)         Sale         1,42,354           A D-10-115         1,42,841         1,38,070         1,38,070	Ltd.		0	01-Apr-15				
S Gopalaswamy         7,70,596         O.59         31-Mar-16         7,70,596         Purchase         1,45,000           S Gopalaswamy         7,70,596         0.54         0.00         0.59         31-Mar-16         (15,441)         58ale         1,50,000           S Gopalaswamy         1,50,000         0.56         01-Apr-15         6,00,000         *Refer Note         7,90,000           S Gopalaswamy         1,50,000         0.56         01-Apr-15         6,00,000         *Refer Note         7,50,000           S Gopalaswamy         1,50,000         0.56         01-Apr-15         6,00,000         *Refer Note         7,50,000           S Gopalaswamy         1,50,000         0.56         01-Apr-15         6,00,000         *Refer Note         7,50,000           S Gopalaswamy         1,44,795         0.58         31-Mar-16         20,596         7,70,596           A L,				27-Nov-15	1,17,500	Purchase	1,17,500	0.44
S Gopalaswamy 1,50,000 0.59 31-Mar-16 (15,000) 8hefer Note 9,30,000 0.59 31-Mar-16 (15,000) 8hefer Note 7,90,000 0.59 0.54 01-Apr-15 6,00,000 8hefer Note 7,50,000 0.59 0.54 01-Apr-15 6,00,000 8hefer Note 7,70,596 0.54 01-Apr-15 (2,441) 8he 7,70,596 0.54 01-Apr-15 (4,284) 8he 1,42,354 1,38,070				04-Dec-15	27,500	Purchase	1,45,000	0.54
S Gopalaswamy 1,50,000 0.59 31-Mar-16 (1,25,000) 8ale 8,05,000 7,90,000 0.59 31-Mar-16 (15,000) 8ale 8,05,000 7,90,000 0.59 31-Mar-16 (15,000) 8ale 7,90,000 7,90,000 0.56 01-Apr-15 6,00,000 8Refer Note 7,50,000 0.59 31-Mar-16 7,00,000 8Refer Note 7,50,000 0.59 0.54 01-Apr-15 6,00,000 8Refer Note 7,70,596 0.58 31-Mar-16 7,70,596 1,44,795 0.54 01-Apr-15 (4,284) Sale 1,42,354 1,38,070	0.00			11-Dec-15	37,000	Purchase	1,82,000	0.68
S Gopalaswamy 1,20,000 0.59 31-Mar-16 (1,25,000) Sale 8,05,000 7,90,000 0.59 31-Mar-16 (15,000) Sale 7,90,000 7,90,000 0.56 01-Apr-15 6,00,000 *Refer Note 7,50,000 0.58 31-Mar-16 20,596 Purchase 7,70,596 0.58 31-Mar-16 7,70,596 1,44,795 0.54 01-Apr-15 (4,284) Sale 1,42,354 1,38,070				14-Dec-15	4,000	Purchase	1,86,000	0.70
S Gopalaswamy 1.50,000 0.59 31-Mar-16 (15,000) Sale 8,05,000				1/-Dec-15	7,44,000	*Herer Note	9,30,000	0.70
S Gopalaswamy 7,30,000 0,59 31-Mar-16 (15,000) Sale 7,90,000 0,59 31-Mar-16 7,90,000 7,90,000 0,56 01-Apr-15 6,00,000 *Refer Note 7,50,000 0,58 31-Mar-16 20,596 Purchase 7,70,596 0,54 01-Apr-15 (2,441) Sale 1,42,354 1,38,070				11-Mar-16	(1,25,000)	Sale	8,05,000	0.60
S Gopalaswamy         7.90,000         0.59         31-Mar-16         7.90,000         7.90,000           S Gopalaswamy         1,50,000         0.56         01-Apr-15         6,00,000         *Refer Note         7,50,000           Barshal Jyotindra Shah         7,70,596         0.58         31-Mar-16         20,596         7,70,596           Barshal Jyotindra Shah         7,70,596         0.54         01-Apr-15         (2,441)         Sale         1,42,354           Barshal Jyotindra Shah         1,44,795         0.54         01-Apr-15         (2,441)         Sale         1,38,070				18-Mar-16	(12,000)	Sale	7,90,000	0.59
S Gopalaswamy 1,50,000 U.56 01-Apr-15 6,00,000 *Refer Note 7,50,000 arshal Jyotindra Shah 7,70,596 0.54 01-Apr-15 (2,441) Sale 1,42,354 1,38,070	1	7.90,000	0.59	31-Mar-16			7,90,000	0.59
Shah         7,70,596         0.58         31-Mar-16         20,596         Purchase         7,70,596           1,44,795         0.54         01-Apr-15         (2,441)         Sale         1,42,354           10-Jul-15         (4,284)         Sale         1,38,070	OC.	000,000,1	90.0	01-Apr-15	0.00		0.00	4
Shah         7,70,596         0.58         31-Mar-16         20,596         7,70,596           1,44,795         0.54         01-Apr-15         (2,441)         Sale         1,42,354           10-Jul-15         (4,284)         Sale         1,38,070				17-Uec-15	6,00,000	"Hefer Note	7,50,000	0.56
Shah         7,70,596         0.58         31-Mar-16         7,70,596         7,70,596           1,44,795         0.54         01-Apr-15         (2,441)         Sale         1,42,354           10-Jul-15         (4,284)         Sale         1,38,070				26-Feb-16	20,596	Purchase	7,70,598	0.58
0.54 01-Apr-15 (2,441) Sale 1,42,354 (4,284) Sale 1,38,070	Harshal Jyotindra Shah	7,70,596	0.58	31-Mar-16			7,70,596	0.58
(2,441) Sale 1,42,354 (4,284) Sale 1,38,070		1,44,795	0.54	01-Apr-15				
(4,284) Sale 1,38,070				03-Jul-15	(2,441)	Sale	1,42,354	0.53
The second secon				10-Jul-15	(4,284)	Sale	1,38,070	0.52

St.         Name         Shareholding language where at the spent of the year company of the year company and of the year company (10, ord sparse at the spent of the year (10, ord sparse) and or	2	Shareholding Pattern of top ten Shareholders (other than Directors, Promoters & Holders of GDRs & ADRs)	hareholders (other	than Directo	irs, Promoter	s & Holders of	GDRs & ADRs)		
No. of teachers of the peak there are the beginning the	S.	Name	Sharehol	ding	Date	Increase / Decrease in Shareholding	Reason	Cumulative S during th	hareholding 18 year
13.400-15   1.000   1.34 285   1.000   1.34 285   1.000   1.34 285   1.000   1.34 285   1.000   1.34 285   1.000   1.34 285   1.000				% of total shares of the company			,	No. of shares	% of total shares of the company
Comparison					13-Nov-15	(200)	Sale	1,34,295	0.50
17-Dec-15 5:33:180					27-Nov-15	(1,000)	Sale	1,33,295	0.50
Comparison					17-Dec-15	5.33,180	*Refer Note	6.66,475	0.50
Emerging India Focus Funds					08-Jan-16	(10,000)	Sale	6,56,475	0.49
Emerging India Focus Funds 1,10,000 0.41 17-Mar-15 4,40,000 8ale 6,16,475 6,16,475 17-Mar-16 17-Mar-17 17-					29-Jan-16	(20,000)	Sale	6,36,475	0.48
Eijel Merchentile Private Limited# 5.50,000					31-Mar-16	(20,000)	Sale	6,16,475	0.46
Emerging India Focus Funds			6,16,475	0.46	31-Mar-16			6,16,475	0.46
Topic   Topi	o	Emenging India Focus Funds	1,10,000	0.41	01-Apr-15				
Tejal Merchantile Private Limited# 5.50.000   0.41   31.Mar-15   75.000   Purchase   75.000   25.5ep-15   25.000   Purchase   75.000   25.0000   25.5ep-15   25.000   25.0000   25.5ep-15   25.000   25.000   25.000   25.000   25.000   25.0000   25.					17-Dec-15	4,40,000	"Refer Note	5,50,000	0.41
Tiglal Merchantile Private Limited# 01-Apr.15   75,000   Purchase   75,000			5,50,000	0.41	31-Mar-16			5,50,000	0.41
1.00   25.8ep-15   25.000   Purchase   75.000     1.00   1.70   1.70   Purchase   75.000     1.00   1.70   1.70   Purchase   75.000     1.00   1.70   1.70   Purchase   75.00   Purcha	10	Tejal Merchantile Private Limited#		X	01-Apr-15				
17-Dec-15   25,000   Purchase   1,00,000					30-Jun-15	75,000	Purchase	75,000	0.28
ILA Dhruv Kaji**					25-Sep-15	25,000	Purchase	1,00,000	0.37
Hart   Balance			200000000000000000000000000000000000000		17-Dec-15	4,00,000	*Refer Note	5,00,000	0.37
ILA Dhruv Kaji**   84,600   0.32   01-Apr-15   3.38,400   *Pefer Note   4,23,000   4,23,000   0.32   31-Mar-15   3.82,840   *Pefer Note   4,23,000   4,23,550   0.34   17-Mar-15   3.82,840   *Pefer Note   4,53,550   0.34   17-Mar-15   0.34   01-Apr-15   0.34   01-Apr-15   0.34   01-Apr-15   0.34   0.33   31-Mar-16   (16,205)   Sale   4,46,377   0.33   31-Mar-16   (16,205)   0.34   0.			5,00,000	0.37	31-Mar-16			5,00,000	0.37
Penkaj Natvarlal Shah**         4,23,000         0,32         31-Mar-16         3,38,400         *Pefer Note         4,23,000           Bukhdev D. Mehtra**         4,53,550         0,34         01-Apr-15         3,62,840         *Pefer Note         4,53,550           Sukhdev D. Mehtra**         1,68,500         0,62         01-Apr-15         6,48,000         *Pefer Note         4,53,550           IIFL India Growth Fund**         1,10,500         0,41         01-Apr-15         6,48,000         *Pefer Note         8,32,000           IIFL India Growth Fund**         1,10,500         0,41         01-Apr-15         6,48,000         *Pefer Note         8,32,000           IIFL India Growth Fund**         1,10,500         0,41         01-Apr-15         3,500         Purchase         1,14,000           IIFL India Growth Fund**         1,10,500         0,41         01-Apr-15         3,500         Purchase         1,14,000           IIFL India Growth Fund**         1,10,500         0,41         01-Apr-15         3,500         Purchase         1,14,000           IIFL India Growth Fund**         1,10,500         0,41         0,1-Apr-15         3,500         Purchase         1,14,000           IIFL India Growth Fund***         1,10,500         0,41         0,1-Apr-15 <td>11</td> <td>ILA Dhruv Kaji**</td> <td>84,600</td> <td>0.32</td> <td>01-Apr-15</td> <td></td> <td></td> <td></td> <td></td>	11	ILA Dhruv Kaji**	84,600	0.32	01-Apr-15				
Pankaj Natvarlal Shah***         4,23,000         0,32         31-Mar-16         4,23,000         4,23,000           Sukhdev D. Mehta***         4,53,550         0,34         17-Dec-15         3,62,840         *Pefer Note         4,53,550           Sukhdev D. Mehta***         1,66,500         0,62         01-Apr-15         6,48,000         *Pefer Note         4,53,550           IIFL India Growth Fund***         1,10,500         0,41         01-Apr-15         6,48,000         Purchase         1,14,000           IIFL India Growth Fund***         1,10,500         0,41         01-Apr-15         3,500         Purchase         1,14,000           IIFL India Growth Fund***         1,10,500         0,41         01-Apr-15         3,500         Purchase         1,14,000           IIFL India Growth Fund***         1,10,500         0,41         01-Apr-15         3,500         Purchase         1,14,000           IIFL India Growth Fund***         1,10,500         0,41         01-Apr-15         3,500         Purchase         1,14,000           IIFL India Growth Fund***         1,10,500         0,41         01-Apr-15         1,1500         Purchase         1,14,000           IIFL India Growth Fund***         1,10,500         0,41         0,40-00-15         1,48,240				V-	17-Dec-15	3,38,400	*Refer Note	4,23,000	0.32
Pankaj Natvarlal Shah**         90,710         0.34         01-Apr-15         3.62,840         *Refer Note         4,53,550           Sukhdev D. Mehta**         1,66,500         0.62         01-Apr-15         6,48,000         *Refer Note         4,53,550           Sukhdev D. Mehta**         1,66,500         0.62         01-Apr-15         6,48,000         *Refer Note         8,32,000           IFL India Growth Fund**         1,10,500         0.41         01-Apr-15         3,500         Purchase         1,14,000           IIFL India Growth Fund**         1,10,500         0.41         01-Apr-15         3,500         Purchase         1,14,000           All IIIFL India Growth Fund**         1,10,500         0.41         01-Apr-15         3,500         Purchase         1,14,000           All IIIFL India Growth Fund**         1,10,500         0.41         01-Apr-15         3,500         Purchase         1,14,000           All IIIFL India Growth Fund**         1,10,500         0.8-0cp-15         (16,824)         Sale         99,000           All IIIFL India Growth Fund**         1,10,500         0.8-0cp-15         (10,176)         Sale         4,46,374           All IIIFL India Growth Fund**         4,46,377         1,14,62,377         4,46,377           A	7	SCORE AND SERVICE AND	4,23,000	0.32	31-Mar-16			4,23,000	0.32
Sukhdev D. Mehta**         4,53,550         0.34         31-Mar-16         3,62,840         *Refer Note         4,53,550           Sukhdev D. Mehta**         1,66,500         0.62         17-Dec-15         6,48,000         *Refer Note         4,53,550           IIFL India Growth Fund**         1,10,500         0.41         17-Dec-15         6,48,000         Purchase         1,14,000           IIFL India Growth Fund**         1,10,500         0.41         01-Apr-15         35.500         Purchase         1,14,000           IIFL India Growth Fund**         1,10,500         0.41         01-Apr-15         35.500         Purchase         1,14,000           IIFL India Growth Fund**         1,10,500         0.41         0.45p-15         (10,176)         Sale         99,000           09-0ct-15         (10,176)         Sale         98,500         4,46,3,70         4,46,3,77           14-Dec-15         (10,176)         Sale         4,46,3,77         4,46,3,77           18-Mar-16         (16,205)         Sale         4,46,3,77           4,46,377         0.33         31-Mar-16         (16,205)         Sale         4,46,377	CV.	Pankaj Natvarlal Shah**	90,710	0.34	01-Apr-15				
Sukhdev D. Mehta**         1,66,500         0.62         01-Apr-15         6,48,000         *Refer Note         8,32,000           IIFL India Growth Fund**         1,10,500         0.41         01-Apr-15         3.500         Purchase         1,14,000           IIFL India Growth Fund**         1,10,500         0.41         01-Apr-15         3.500         Purchase         1,14,000           IIFL India Growth Fund**         1,10,500         0.41         01-Apr-15         3.500         Purchase         1,14,000           IIFL India Growth Fund**         1,10,500         0.41         01-Apr-15         3.500         Purchase         1,14,000           IIFL India Growth Fund***         1,10,500         0.41         0.41-Apr-15         3.500         Purchase         1,14,000           IIFL India Growth Fund***         1,10,500         0.41         0.41-Apr-15         1,482,41         1,09,176           IIFL India Growth Fund***         1,10,500         0.41         0.41,600         Purchase         1,14,000           IIFL India Growth Fund***         1,10,500         0.44,82,500         Purchase         1,14,000           IIFL India Growth Fund***         1,10,500         0.44,82,500         Purchase         1,14,000           IIFL India Growth Fund***			4.53.550	0.34	17-Dec-15 31-Mar-16	3,62,840	*Refer Note	4,53,550	0.34
17-Dec-15 6,48,000	13	Sukhdev D. Mehta**	1,66,500	0.62	01-Apr-15				
18-Mar-16   18-Mar-16   18-32.000   1- account of death   - 31-Mar-16   10-Jul-15   3.500   1.04.000   1.04.					17-Dec-15	6,48,000	*Refer Note	8,32,000	0.62
IFL India Growth Fund**					18-Mar-16	(8,32,000)	transfer of shares on account of death		90
IIFL India Growth Fund**         1,10,500         0.41         01-Apr-15         3,500         Purchase         1,14,000           10-Jul-15         30-Sep-15         (4,824)         Sale         1,09,176           10-Jul-15         30-Sep-15         (4,824)         Sale         1,09,176           10-Jul-15         (10,176)         Sale         99,000           11-Dec-15         (500)         *Refer Note         4,92,500           11-Dec-15         (10,176)         Sale         4,82,344           11-Dec-15         (13,385)         Sale         4,82,344           11-Sun-16         (11,385)         Sale         4,11,559           11-Sun-16         (16,205)         Sale         4,46,377           11-Sun-16         (16,205)         Sale         4,46,377			5	0	31-Mar-16				
10-Jul-15     3.500     Purchase     1,14,000       30-Sep-15     (4,824)     Sale     1,09,176       09-Oct-15     (10,176)     Sale     99,000       14-Dec-15     (500)     *Refer Note     4,92,500       31-Dec-15     (9,556)     Sale     4,82,500       15-Jan-16     (11,385)     Sale     4,71,559       04-Mar-16     (16,205)     Sale     4,46,377       77     0,33     31-Mar-16     (16,205)     Sale     4,46,377	14	IIFL India Growth Fund**	1,10,500	0.41	01-Apr-15			0.0000000000000000000000000000000000000	0.0000000
30-Sep-15 (4,824) Sale 1,09,176 (9,000 (10,175) Sale 99,000 (10,175) Sale 99,000 (14-Dec-15 (500) Sale 98,500 (17-Dec-15 (3,925) Sale 4,82,944 (17-Dec-15 (11,385) Sale 4,71,559 (11,385) Sale 4,71,559 (18-Mar-16 (16,205) Sale 4,46,377 (16,205) Sale 4,46,377 (19,3					10-Jul-15	3,500	Purchase	1,14,000	0.43
09-Oct-15         (10,176)         Sale         99,000           14-Dec-15         (500)         *Refer Note         98,500           17-Dec-15         3,94,000         *Refer Note         4,92,500           31-Dec-15         (9,556)         Sale         4,82,944           15-Jan-16         (11,385)         Sale         4,71,559           04-Mar-16         (16,205)         Sale         4,46,377           77         0,33         31-Mar-16         (16,205)         4,46,377				1000	30-Sep-15	(4,824)	Sale	1,09,176	0.41
14-Dec-15     3.94,000     *Refer Note     4,92,500       17-Dec-15     3.94,000     *Refer Note     4,92,500       31-Dec-15     (9,556)     Sale     4,82,944       15-Jan-16     (11,385)     Sale     4,71,559       04-Mar-16     (16,205)     Sale     4,46,377       77     0,33     31-Mar-16     (16,205)     Sale     4,46,377					09-Oct-15	(10,176)	Sale	000'66	0.37
17-Dec-15 3,94,000 *Refer Note 4,92,500   31-Dec-15 (9,556)   Sale 4,82,944   4,71,559   54-Mar-16 (11,385)   Sale 4,62,582   4,62,582   54-Mar-16 (16,205)   Sale 4,46,377   57 0.33 31-Mar-16 (16,205)   Sale 4,46,377   57 0.33   31-Mar-16 (16,205)   58-Mar-16					14-Dec-15	(200)	Sale	98,500	0.37
31-Dec-15     (9,556)     Sale     4,82,944       15-Jan-16     (11,385)     Sale     4,71,559       04-Mar-16     (8,977)     Sale     4,62,582       18-Mar-16     (16,205)     Sale     4,46,377       77     0,33     31-Mar-16     4,46,377					17-Dec-15	3,94,000	*Refer Note	4,92,500	0.36
15-Jan-16 (11,385) Sale 4,71,559 (16,205) Sale 4,46,377 (16,205) Sale 4,46,46,477 (16,205) Sale 4,46,46,477 (16,205) Sale 4,46,46,477 (16,205) Sale 4,46,46,477 (16,205) Sale 4,46,477					31-Dec-15	(9,556)	Sale	4,82,944	0.35
77 0.33 31-Mar-16 (8,977) Sale 4,62,582 4,46,377 4,46,377					15-Jan-16	(11,385)	Sale	4,71,559	0.35
77 0.33 31-Mar-16 (16,205) Sale 4,46,377 4,46,377					04-Mar-16	(8,977)	Sale	4,62,582	0.33
77 0.33 31-Mar-16 4,46,377 0.					18-Mar-16	(16,205)	Sale	4,46,377	
			4,46,377	0.33	31-Mar-16			4,46,377	0.33

\*Subdivision of each Equity shares having face Value of Rs. 10 each into 50Five) equity shares of the nominal value of Rs. 2 each w.e.f. December 17, 2015.

\*\* Ceased to be in the list of Top 10 Shareholdres as on 31-03-2016. The same is reflected above since the shareholder was on of the Top 10 shareholdres as on 01-04-2015.

# Not in the list of Top 10 Shareholdres as on 01-04-2015. The same is reflected above since the shareholder was on of the Top 10 shareholders as on 31-03-2016.

No.	Name	Shareholding	<u>6</u> .	Date	Increase / Decrease in Shareholding	Reason	Cumulative Shareholding during the year	hareholding ne year
		No. of shares At the beginning (01-04-2015) / end of the year (31-3-2016)	% of total shares of the company				No. of shares	% of total shares of the company
	Harish Sheth	5,91,731	2.21	01-Apr-15			No of shares	
				17-Dec-15		"Refer Note		2.21
		29,58,655	2.21	31-Mar-16	23,66,924		29,58,655	2.21
							29,58,655	
	Arun Arora	53,250	0.20	01-Apr-15				
				17-Dec-15		*Refer Note		0.20
		2,66,250	0.20	31-Mar-16	2,13,000		2,66,250	0.20
							53,250	
	Ashok Kumar Jha	4,500	0.05	01-Apr-15				
				17-Dec-15		*Refer Note		0.05
		22,500	0.02	31-Mar-16	18,000		22,500	0.05
							22,500	
	B L Naik	7,800	0.03	01-Apr-15				
				17-Dec-15		*Refer Note		0.03
		39,000	0.03	31-Mar-16	31,200		39,000	0.03
							39,000	
	Pratap Merchant	4,500	0.02	01-Apr-15				
				17-Dec-15		*Refer Note		0.02
		22,500	0.05	31-Mar-16	18,000		22,500	0.02
							22,500	
	Shvetal Vakil	51,750	0.19	01-Apr-15				
				17-Dec-15		*Refer Note		0.19
		2,58,750	0.19	31-Mar-16	2,07,000		2,58,750	0.19
							2,58,750	
	Suhasini Sathe		3	01-Apr-15				20
		60	100	31-Mar-16		Not Applicable		50
							*	
	Udit Sheth	9,83,400	3.68	01-Apr-15				
				17-Dec-15		*Refer Note		3.68
		49,17,000	3.68	31-Mar-16	39,33,600		49,17,000	3.68

3,19 3.19 0.01 0.01 % of total shares of Cumulative Shareholding company the during the year 42,64,725 42,64,725 18,750 18,750 No. of shares Not Applicable Not Applicable \*Refer Note Refer Note Reason Increase / Decrease in Shareholding 34,11,780 15,000 31-Mar-16 31-Mar-16 01-Apr-15 17-Dec-15 01-Apr-15 17-Dec-15 31-Mar-16 01-Apr-15 13-Aug-15 06-Jan-16 Date % of total shares of company 3,19 3.19 0.01 0.01 Shareholding (01-04-2015) / end of the year (31-3-2016) No. of shares At the beginning 3,750 8,52,945 42,64,725 18,750 Naveen Manghani # Company Secretary Company Secretary Bhautesh Shah Vinay Shahane Urja Shah S S 10 5 o

Shareholding of Directors & KMP

3

\*Increase in Shares due to Subdivision of each Equity shares having face Value of Rs. 10 each into 5(Five) equity shares of the nominal value of Rs. 2 each w.e.f. December 17, 2015.

# Naveen Manghani resigned as a Company Secretary w.e.f. 13/08/2015.

### V INDEBTEDNESS

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

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Intentness at the beginning of the financial year	15			
i) Principal Amount	2,00,01,21,942			2,00,01,21,942
ii) Interest due but not paid	91		12	
iii) Interest accrued but not due	121	5	ā	).5
Total (i+ii+iii)	2,00,01,21,942	-	9	2,00,01,21,942
Change in Indebtedness during the financial year				
Additions		10,00,00,000	ş	10,00,00,000
Reduction	3,83,79,578			3,83,79,578
Net Change	3,83,79,578	10,00,00,000	9	6,16,20,422
Indebtedness at the end of the financial year				
i) Principal Amount	1,96,17,42,364	10,00,00,000	- 3	2,06,17,42,364
ii) Interest due but not paid		-		
iii) Interest accrued but not due	721	-	1	12
Total (i+ii+iii)	1,96,17,42,364	10,00,00,000		2,06,17,42,364

REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL 5 4

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

(Amount in Rs. Lacs)

.No	SI.No Name of the				Particulars of Remuneration	of Remur	neration					
	MD/WTD/Manager				Gros	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 and Other Fund	Stock	Sweat	Commission	as % of profit	others (specify)	Total (A)*	Ceiling as per the Act
	Harish Sheth	150	0	0	18.00	0	0	44.58	0.99	0	194,58	Within
	Udit Sheth	82	0	0	10.20	0	0	0		15	100.00	Companies
	Shvetal Vakil	109	0	0	7.20	0	0	0		15	124.00	124,00 Act, 2013
	Urja Shah	30	0	0	3,6	0	0	0		0	30.00	
Exclu	*Excluding contribution to provident fund	ovident fund									448.58	

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ij	Name of the Directors		Particulars of Remuneration	nuneration	
	Independent board Directors	Fee for attending committee meetings	Commission	Others please specify	Total (B)
	Arun Arora	8,15	8.97	0	17.12
	Ashok Kumar Jha	7.70	8.97	0	16.67
	Bhalchandra Naik	7.70	8.97	0	16.67
-	Pratap Merchant	3.00	8.97	0	11.97
	Suhasini Sathe	4.90	8.97	0	13.87
		31,45	44.85		76.30
	Total (A)	448.58			
	Total (B)	76.30			
	Total Managerial Remuneration	524.88			
	Overall Ceiling as per the Act.		Within the Ceili	Within the Ceiling limit of the act	

SI. No.	Particulars of Remuneration		Key Mana	Key Managerial Personnel	
	Gross Salary	CEO	Company Secretary	CFO	Total
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961.	150.00	9.13	42.40	201.54
	(b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961	1		¥	
	(c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961	•	·	1	*
	Stock Option		34	,	35
	Sweat Equity	Ú	i		
	Commission:	44.58	*	1	44.58
	- as % of profit		Vi	*	0.99
20	Others, please specify	•	700	8	*
	Total	194.58	9.13	42.40	246.12

- 16.	Section of the	Brief	Details of Penalty/Punishment/	Authority	Appeall made if
	Companies Act	Description	Compounding fees imposed	(RD/NCLT/Court)	any (give details)
COMPANY			Not. Applicable		
Penalty					
Punishment					
Compounding	ï				
DIRECTORS					
			Not Applicable		
Penalty					
Punishment					
Compounding					
OTHER OFFICERS IN DEFAULT	S IN DEFAULT				
			Not Applicable		
Penalty					
Punishment					



### 1. Philosophy

We at Setco are committed, in true spirit, for adoption of best governance practices. Companies today are evaluated by the Stakeholders not only on financial performance but also on the non-financial parameters, viz., level of governance and sustainability practices, viz., health, safety, environment practices, quality of products & services and its impact on environment, Corporate Social Responsibility (CSR), transparency, disclosures etc. The Board oversees periodic review of business plans, monitors performance and ensures compliance of regulatory requirements. We ensure Transparency, fairness and timely disclosures; Fair and Equitable treatment to all shareholders and protection of shareholder's interests and rights; Compliances with all applicable laws & regulations; Ethical business decisions to meet stakeholder expectations; and Accountability of the Board to the Company and its Stakeholders.

### 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 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 following 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 Regulation 17 read along with Para C Schedule V of the SEBI (Listing Obligation and Disclosure Requirements), Regulations, 2015, the details required are set forth.

### 2. Board of Directors

The Board of Directors, along with its Committees, provides leadership and guidance to the management and directs and supervises the performance of the Company, thereby enhancing stakeholder value. The Board has a fiduciary relationship in ensuring that the rights of all stakeholders 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, and 4 (Four) Directors are Executive.

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

Ca	ategory	Na	me of the Director
E	ecutive Directors		
	Promoter Directors	1.	Mr. Harish Sheth
	A A A A A A A A A A A A A A A A A A A	2.	Mr. Udit Sheth
٠	Non Promoter Directors	3.	Mr. Shvetal Vakil
		4.	Mrs. Urja Shah
N	on-Executive Directors		
٠	Independent	5.	Dr. Arun Arora
		6.	Mr. Ashok Kumar Jha
		7.	Mr. Bhalchandra Naik
		В.	Mr. Pratap Merchant
		9.	Mrs. Suhasini Sathe

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 Regulation 27 of the SEBI (LODR), Regulations, 2015, none of the Directors is a member of more than ten Committees nor is any of them, a chairman of more than five committees in which they are members.

The Company has an Executive Chairman. According Regulation 27 of the SEBI (LODR), Regulations, 2015, 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, six board meetings were held on April 24, 2015, May 26, 2015, July 15, 2015, August 12, 2015, November 9, 2015 and February 11, 2016, A separate meeting of the Independent directors was held on February 11, 2016.

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.

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 applicable laws 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 2015-16 and directorships, memberships and chairmanships in other public limited companies at the end of the financial year 2015-16:

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

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	6	Present	1	1		29,58,655
Dr. Arun Arora	5	Absent	2	3	1	2,66,250
Mr. Ashok Kumar Jha	6	Absent	5	4		22,500
Mr. Bhalchandra Naik	6	Present	1	1	1	39,000
Mr. Pratap Merchant	4	Absent	4	3	1	22,500
Mrs. Suhasini Sathe	6	Absent	1	22		NIL
Mr. Shvetal Vakil	5	Absent	1	9		2,58,750
Mr. Udit Sheth	6	Absent	2	22	( <del>-</del>	49,17,000
Mrs. Urja Shah	6	Absent	1	.5	- 55	42,64,725

<sup>@</sup> Including Directorship of Setco Automotive Limited.

<sup>#</sup> Committees considered are Audit Committee and Stakeholders Relationship Committee including that of Setco Automotive Limited.

<sup>\$</sup> Face Value of Rs. 2/- each

### 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 / reappointment at the 33rd Annual General Meeting

Name of the Director	Mr. Harish Sheth				
Date of Birth	11/09/1947				
Qualifications	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.				
Brief Resume & Specialised Expertise	Mr. Harish Sheth is the founder of Setco Automotive Ltd. He has steered Setco since its inception in 1982 and has made the company the largest manufacturer of clutches for Medium and Heavy Commercial Vehicles in India today. He has been instrumental in shaping Setco from a single product/single location organization to a multiple product/multi location one having two manufacturing facilities in India, one in Manchester, UK and one in Paris, Tennessee, USA.				
No. of Shares held in the Company	29,58,655				
Directorships in other Companies	Setco Engineering Private Limited				
	2. SETransStadia Private Limited				
	<ol> <li>White River Entertainment Private Limited</li> </ol>				
	<ol> <li>TransStadia Playsport Private Limited</li> </ol>				
	<ol><li>TransStadia Sports Science Private Limited</li></ol>				
	6. Transstadia Capital Private Limited				
	<ol><li>TransStadia Technologies Private Limited</li></ol>				
	8. TransStadia Holdings Private Limited				
	<ol> <li>TransStadia Boxing India Private Limited</li> </ol>				
	10. Setco Holdings Private Limited				
	11. Hrehan Venture Advisors Private Limited				
Committee positions held <sup>6</sup>	Stakeholders' Relationship Committee of Setco Automotive Limited.				

<sup>\*</sup> Committees considered are Audit Committee and Stakeholders' Relationship Grievance 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 Regulation 18 of the SEBI (LODR), Regulations, 2015.

The Committee met four times during the financial year 2015-16 viz., May 26, 2015, August 12, 2015. November 9, 2015 and February 11, 2016. 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
Dr. Arun Arora	Independent Director	Member	4	3
Mr. Ashok Kumar Jha	Independent Director	Member	4	4

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

The Statutory Auditors, Internal 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.

It comprises of three Directors all of them are independent. The composition of Nomination and Remuneration Committee is in accordance with Regulation 19 of the SEBI (LODR), Regulations, 2015 and the Companies Act, 2013.

The Committee met four times during the financial year 2015-16 viz. April 24, 2015, May 26, 2015, July 15, 2015 and February 11, 2016. The detailed constitution and attendance at meetings of the Committee is as under:

Name of the Director	Category	Position	No. of	meetings
		19 a. 97 00000 100-	Held	Attended
Dr. Arun Arora	Independent Director	Chairman	4	4
Mr. B. L. Naik	Independent Director	Member	4	4
Mr. Ashok Kumar Jha	Independent Director	Member	4	4

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 2015-16 are as follows:

Rs. in lakhs

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	44.58		212.58
Dr. Arun Arora	Independent Director		#1	8.97	8.15	17.12
Mr. Ashok Kumar Jha	Independent Director	-		8.97	7.70	16.67
Mr. Bhalchandra Naik	Independent Director	775.0	27.1	8.97	7.70	16.67
Mr. Pratap Merchant	Independent Director	(#4)		8.97	3.00	11.97
Mrs. Suhasini Sathe	Independent Director	**	77	8.97	4.90	13.87
Mr. Shvetal Vakil	Executive Director	109.00	7.20	15.00		131.20
Mr. Udit Sheth	Joint Managing Director	85.00	10.20	15.00		110.20
Mrs. Urja Shah	Executive Director	30.00	3.60		335	33.60

### 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 and two executive directors. The Chairman of the committee is an Independent Director.

The Committee met four times during the financial year 2015-16 viz., May 26, 2015, August 12, 2015, November 9, 2015 and February 11, 2016. The detailed constitution and attendance at the committee meetings is as under:

Name of the Director	Category	Position	No. of meetings attended	
			Held	Attended
Dr. Arun Arora	Independent Director	Chairman	4	3
Mr. Harish Sheth	CMD	Member	4	4
Mrs. Urja Shah	Executive Director	Member	4	4

Mr. Naveen Manghani, Company Secretary was designated as the Compliance Officer of the Company upto August 13, 2015. Further, on account of his resignation, Mr. Hemal Shah was designated as the Company Secretary and Compliance officer w.e.f September 15, 2015 till October 16, 2015.

Mr. Bhautesh Shah, Company Secretary is designated as the Compliance Officer of the Company w.e.f January 6, 2016.

The status of investor grievances received during the financial year 2015-16 is as follows:

No. of Complaints pending as on April 1, 2015	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, 2016	Nil

### Finance / Operations Committee

The Finance / Operations Committee is empowered to borrow funds, invest surplus funds, to 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 Six times during the financial year 2015-16.

### 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 Dr. 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 2015-16, 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, Executive Director, Mrs. Urja Shah, Executive Director, Dr. Arun Arora and Mrs. Suhasini Sathe, Independent Directors.

The Committee met once during the financial year 2015-16 viz. July 15, 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
Mrs, Urja Shah	Executive Director	Chairman	1	1
Dr. Arun Arora	Non Executive Independent	Member	1	1
Mrs. Suhasini Sathe	Non Executive Independent	Member	1	1
Mr. Udit Sheth	Executive Director	Member	1	1

### 4. Means of Communication:

The Company publishes its quarterly, half-yearly and yearly financial results in leading English and Gujarati newspapers like Economic Times, Business Standard, Vadodara Samachar etc. 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. Further, the Company disseminates to the Stock Exchange all presentations made to Institutional Investors / Analysts which is also available on the website of the Company www.setcoauto.com.

### 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. 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 28 of notes forming part of financial statements. Necessary approvals have been obtained wherever required.

### 7. Management Discussion and Analysis Report

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

### 8. Risk Management

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

### 9. Code of Conduct

Pursuant to the Regulation 17(5) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, 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 2015-16.

The declaration 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, 2016 as per Para D of Schedule V of Listing Regulation is annexed to this Report.

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

### 10. 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.

### 11. 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.

### 12. General Body Meetings

### i. Details of last three Annual General Meetings held:

Financial Year	Venue	Day & Date	Time
2012-2013	Baroda – Godhra	Saturday, September 28, 2013	3.00 p.m.
2013-2014	Highway, Kalol, 389330	Tuesday, September 9, 2014	12.30 p.m.
2014-2015	District- Panchmahal, Gujarat.	Monday, September 28, 2015	3.00 p.m

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

Date of AGM / EGM	Section	Particulars of Special Resolution
September 28, 2013 (30th AGM)	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 (31st AGM)	<ol> <li>Sections 196, 197, 203 and Schedule V of Companies Act, 2013</li> </ol>	Re-appointment of Mr. Harish Sheth as the Chairman and Managing Director
	Sections 196, 197 and Schedule V of Companies Act. 2013	Re-appointment of Mr. Udit Sheth as the Executive Director
	<ol> <li>Sections 196, 197 and Schedule V of Companies Act, 2013</li> </ol>	Re-appointment of Mr. Shvetal Vakil as the Executive Director
	4. Section 180(1)® 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
Friday, June 5, 2015 (EGM)	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.
	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)
	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.
September 28, 2015 (32nd AGM)	1. Sections 61 of Companies Act, 2013	Sub-division of Shares
	2. Sections 13, 61 of Companies Act, 2013	Amendment to Memorandum of Association
	3. Sections 196, 197 and Schedule V of Companies Act, 2013	Appointment of Mrs. Urja Shah as the Executive Director
	4. Sections 196, 197 and Schedule V of Companies Act, 2013	Re-designation of Mr. Udit Sheth as Joint Managing Director
	<ol> <li>Section 23, 42 and 62(1)® of Companies Act, 2013</li> </ol>	Issue of Further Securities

 There were no resolutions passed through the Postal Ballot during the Financial Year 2015-16. None of the businesses proposed to be transacted at the ensuing Annual General Meeting require passing of resolution through postal ballot.

### 13. General Shareholder Information:

### (i) 33rd Annual General Meeting

Day & date : Thursday, September 29, 2016

Time : 3:00 p.m.

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

(ii) Financial Year : April 1, 2015 - March 31, 2016

First Quarterly Results : On or before 14th August, 2016

Second Quarterly Results : On or before 14th November, 2016

Third Quarterly Results : On or before 14th February, 2017

Fourth Quarterly Results : On or before 30th May, 2017

(iii) Dates of Book Closure : September 22, 2016 - September 29, 2016

(iv) Dividend Payment Date : On or after September 30, 2016
(v) Listing on Stock Exchange : The Bombay Stock Exchange Limited

ting on Stock Exchange : The Bullibay Stock Exchange Links

Stock Code : 505075

National Stock Exchange of India Ltd.

(w.e.f. 1.7.2016) Scrip Code: SETCO

Demat ISIN in NSDL & CDSL : INEB78E01021

Listing Fees : The Company has paid Listing Fees of both the Stock Exchanges for the

year 2016-2017.

### (vi) Dematerialisation of Equity Shares:

About 97.08% of the total equity share capital is held in dematerialised form with NSDL and CDSL.

### (vii) Market Price Data for Financial Year 2015-16

Month	Share Pri	ice (Rs.)	BSE Sensex	
	High Prices	Low Price®	Closing	
April-15	279.80	242.40	27,011.31	
May-15	259.70	230.00	27828.44	
June-15	254.90	224.00	27,780.83	
July-15	245.00	211.30	28114.56	
August-15	265.00	200.10	26,283.09	
September-15	234.40	218.20	26,154.83	
October-15	236.60	216.00	26,656.83	
November-15	231.80	200.00	26,145.67	
December-15	240.00	42.00 #	26,117.54	
January-16 \$	43.50	32.05	24.870.69	
February-16 \$	35.90	28.25	23,002.00	
March-16 \$	33.00	28.10	25,341.86	

<sup>\*</sup> considered highest price and lowest price during the respective month

<sup>\*\*</sup> considered closing Sensex as at last day of the respective month

<sup>#</sup> The face value of the share price for the period for April, 2015 to December 16, 2015 is Rs. 10/-. After the subdivision of shares on the record date is December 17, 2015 the face value of the shares is Rs. 2/-.

<sup>\$</sup> Face value Rs. 2/- each



### (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 15 days 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 takes note of status of investors' grievances / correspondences received during the quarter and also ratifies transfers affected during the quarter.

## (xi) Distribution of Shareholding as on March 31, 2016

Distribution of Shareholding						
No. of Shares	Share	holders	Shares Held			
	No.	0/0	Shares	0/0		
1 - 500	3112	37.48%	747657	0.56%		
501 - 1000	2165	26.08%	1666432	1.25%		
1001 - 2000	1810	21.80%	2421735	1,81%		
2001 - 3000	511	6.16%	1278244	0.96%		
3001 - 4000	114	1.37%	406926	0.30%		
4001 - 5000	145	1.75%	677124	0,51%		
5001 - 10000	185	2.23%	1345930	1.01%		
More than 10000	260	3.13%	125052627	93.60%		
	8302	100.00%	133596675	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) along with 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, 2016, 97.08% of Equity Shares (i.e. 12,97.04,905 Equity Shares of Rs.2/- each) 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, 2016.

## (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 Sidoul 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 divided or any other related queries.

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

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

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

## 14. Other Mandatory / Non Mandatory Requirements:

A certificate from the Practicing Company Secretary Auditor of the Company certifying compliance of Corporate Governance is annexed herewith.

Discretionary Requirements as per Part E of Schedule II under SEBI (LODR), Regulations, 2015

The Company complied with majority of such non mandatory requirements, details of which are as follows:

- The Board: The Board of the Company is chaired by Executive Chairman who maintains the Chairman's Office at the Company's expense.
- c. 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.
- d. Reporting of internal auditor As per the requirements, the internal auditor may reportdirectly to the Audit Committee. The same is reported by briefing the Audit Committee through discussion and presentation of the observations, review, comments and recommendations etc. in the Internal Audit presentation by the Internal Auditor of the Company.

The Company has made all disclosures regarding compliance with corporate governance requirements specified in regulation 17 to 27 and clauses (b) to (i) of sub regulation (2) of regulation 46 of SEBI Listing Regulations, in the section on corporate governance of the annual report.

## 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 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 2008-09	24.09.2009	23.10.2016
Final Dividend 2009-10	18.09.2010	17.10.2017
Final Dividend 2010-11	28.09.2011	27.10.2018
Final Dividend 2011-12	17.09.2012	16.10.2019
Final Dividend 2012-13	28.09.2013	27.10.2020
Final Dividend 2013-14	09.09.2014	08.09.2021
Interim Dividend 2014-15	11.11.2014	10.11.2021
Final Dividend 2014-15	28.09.2015	27.09.2022

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

## Certificate on Corporate Governance

The Practicing Company Secretaries Certificate certifying the Company's compliance with the requirements of Corporate Governance in terms of Clause 49 of the Listing Agreement and Chapter IV of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 is attached and forms part of this Annual Report.

Certificate under Para D of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

To

The Members of Setco Automotive Limited

We, Harish K. Sheth, Chairman and Managing Director and Udit Sheth, Joint Managing Director of Setco Automotive Limited, hereby declare that all the members of the Board of Directors and Senior Management Personnel have affirmed compliance with the Code of Conduct, as applicable to them, for the year ended 31st March, 2016.

Harish K. Sheth

Udit Sheth

Chairman & Managing Director

Joint Managing Director

Mumbai, August 11, 2016

DIN: 01434459 DIN: 00187221

## 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, 2016 as stipulated in Clause 49 of the Listing Agreement of the Company with BSE Limited ("the stock exchange"), and Chapter IV of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (collectively referred to as "Corporate Governance Requirements").

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 above referred Corporate Governance Requirements.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

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

> Pradip C. Shah Partner FCS -1483 COP - 436

Place: Mumbai

Date: August 11, 2016

## Certification

We, Harish Sheth, Chairman & Managing Director, and Vinay Shahane, Vice President – Finance of Setco Automotive Limited hereby certify that: -

- A. We have reviewed financial statements and the cash flow statement for the year ended March 31, 2016 and that to the best of our knowledge and belief:
  - (1) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - (2) these statements together present a true and fair view of the listed entity'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 listed entity's code of conduct.
- C. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the listed entity 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
  - (1) significant changes in internal control over financial reporting during the year;
  - (2) significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
  - (3) instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the listed entity's internal control system over financial reporting.

Date: May 30, 2016 Harish K. Sheth Vinay Shahane

Place: Mumbai Chairman & Managing Director Vice President - Finance



## INDEPENDENT AUDITORS' REPORT

TO

THE MEMBERS OF

## SETCO AUTOMOTIVE LIMITED

## · Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of SETCO AUTOMOTIVE LIMITED ("the company"), which comprise the Balance Sheet as at 31ST March 2016, 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 Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated 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 adequate 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 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 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 a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by 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 31st March, 2016 and its profit and its cash flows for the year ended on that date.

## · Emphasis of Matter

We draw attention to the following matters in the Notes to the standalone financial statements:

 Trade Payables, Trade Receivables and other debit and credit balances are subject to reconciliation and / or confirmation. (Refer Note No. 33 (i) of Standalone Financial Statements).

- ii) The Company has invested Rs.11,55,99,533/- in Equity & Preference shares of wholly owned ultimate foreign subsidiaries and also has outstanding receivables in form of loans & advances and debts (net) aggregating Rs.64,03,46,206/- from them as at 31.03.2016. Apart from company's direct investments into these wholly owned ultimate foreign subsidiaries referred to above, the company's ultimate wholly owned subsidiary, M/s Setco Automotive (UK) Ltd has an exclusive investment of Rs. 6,46,05,000/- (US \$ 15,00,000/- invested in FY. 2006-07) into equity shares of its step down wholly owned subsidiary, M/s. Setco Automotive (N.A.) Inc. These wholly owned ultimate foreign subsidiaries incurred consolidated accumulated losses of Rs. 12,34,12,067/- as at 31.03.2016 resulting into erosion of fair portion of their consolidated net worth. The management is of the opinion that this is a temporary phase considering various efforts being made to restructure/streamline the operations of the wholly owned ultimate foreign subsidiaries, more particularly in case of M/s. Setco Automotive (UK) Limited, which is the major contributory subsidiary for consolidated accumulated losses. These being strategic investments made with a very long term perspective and also in view of the asset base, business plans and projected profitable operations of the wholly owned ultimate foreign subsidiaries, in the opinion of the management, no provision is required to be made for diminution in value of these investments made in, loans & advances & debts due from the said subsidiaries and they are considered good. (Refer Note No. 43(ii) of Standalone Financial Statements).
- iii) The company has a set up of recognized Research & Development Centre (R & D Centre) at its Kalol plant. The activities of this R & D Centre are exclusively confined to the product development, particularly development of new products for domestic & international markets. The qualifying product development expenses of the said R & D Centre which satisfy recognition criteria for intangible asset as set out in Accounting Standard-26 "Intangible Asset" are capitalized by the company as Intangible Asset and is included under the head "Intangible Asset under development" in Note no. 11 "Fixed Assets" and the same shall be amortised as per amortization policy consistently followed by the company. Based on the Accounting Expert's opinion obtained by the company, the accounting treatment referred to above is within the purview of Accounting Standard-26 "Intangible Assets".

Till previous financial year, such expenses were treated as revenue in nature & charged off in the statement of Profit & loss since the recognition criteria for intangible asset as set out in Accounting Standard-26 "Intangible Assets" were not fully met.

The company had treated these R & D expenditure as revenue expenditure in its declared interim financial results for three quarters (i.e. up to 31.12.15) of F.Y. 2015-16 submitted to stock exchange. Based on accounting expert's opinion referred to above, the company has restated said interim financial results incorporating the impact of above revision in accounting treatment & submitted the restated results for above-referred three quarters of F.Y. 2015-16 to stock exchange for public dissemination. (Refer Note No. 45 of Standalone Financial Statements).

Our opinion is not modified in respect of these matters.

## Report on other Legal and Regulatory Requirements

As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of Section 143(11) of the Act, we give in the Annexure A, 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:

- 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 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 matters described under the Emphasis of Matters paragraph above, prima facie, do not appear to have any adverse impact on the functioning of the Company.
- f) On the basis of written representations received from the directors as on 31 March, 2016 and taken on record by the Board of Directors, none of the director is disqualified as on 31 March, 2016, from being appointed as a director in terms of Section 164(2) of the Act.
- g) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in Annexure-B, and
- h) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the

Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

- The Company has disclosed the impact of pending litigations as at 31st March, 2016 on its financial position in standalone financial statements. (Refer Note No. 32 (B) of the Standalone Financial Statements.)
- The Company did not have any long-term contracts including derivative contracts as at 31st March, 2016 for which there were any material foreseeable losses;
- 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

Place: Mumbai Date: May 30, 2016 Membership No. 036032



# ANNEXURE A TO INDEPENDENT AUDITORS' REPORT

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

- In respect of its fixed assets :
  - The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets on the basis of available information.
  - b) As per the information and explanations given to us, there is a phased program of physical verification of fixed assets as adopted by the Company, which in our opinion, is reasonable having regard to the size of the company and the nature of its assets. As informed to us, no material discrepancies were noticed on such verification.
  - c) The title deeds of immovable properties (except self generated immovable properties) are held in the name of the Company.
- 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 and no discrepancies were noticed during
  such verification.
- iii. According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, limited liability partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013 except loans given to its wholly owned ultimate foreign subsidiary companies.
  - a. The terms and conditions of such loans are not prima facie prejudicial to the Company's interest.
  - b. No schedule of repayment of principal or interest has been stipulated for such loans.
  - c. In view of (b) above, the question of any overdue amount does not arise.
- According to the information and explanations given to us, the Company has complied with the provisions of section 185 & 186 of the Act, with respect to Loans & Investments made.
- v. According to the information and explanations given to us, the Company has not accepted any deposits under the directives issued by the Reserve Bank of India or within the meaning of section 73 to 76 or any other relevant provisions of the Companies Act, 2013 and the rules framed there under:
- vi. We have been informed that company is not required to maintain cost records u/s 148(1) of the Companies Act 2013.
- vii. 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 dues including Provident Fund, Employees' State Insurance, Income Tax, Central Sales-Tax, Service Tax, Custom Duty, Excise Duty, Value Added Tax, Cess, Professional Tax, Wealth Tax and Tax Deducted at Source with appropriate authorities though there have been few instances of delay in deposition in respect of Employees' State Insurance, Income Tax, Excise Duty, Service Tax, Tax Deduction at Source and Custom Duty. According to the information and explanations given to us, there are no undisputed items outstanding as at 31.03.2016 for more than six months from the date they became payable.
  - b) According to information and explanations given to us and records of the company examined by us, there were disputed dues of income tax and Value Added Tax as of 31st March, 2016 which have not been deposited except specifically stated:

Sr. No.	Name of the statute	Nature of the dues	Amount (Rs.)	Period to which the amount relates (A.Y)	Forum where dispute is pending	Remark, if any
1	Income Tax Act, 1961	Penalty u/s 271(1)(c)	12,01,090/-	2004-05	CIT(A)-4, Vadodara	Refer Note no. 32(B) of
2	Income Tax Act, 1961	Income tax dues	Nil* Nil* Nil*	2003-04 2004-05 2005-06 2006-07	ITAT, D Bench Ahmedabad	Standalone Financial statements.
3	Income Tax Act, 1961	Income tax dues	16,520/-	2010-11	ITAT, Ahmedabad	
4	GVAT Act, 2003	VAT, penalty u/s 68(5) of GVAT Act,2003	10,88,178/- (Deposited)	2016-17	Deputy Commissioner- Appeal, Vadodara	

"The Income Tax department has preferred appeals at ITAT, Ahmedabad for A.Y 2003-04 to 2007-08. In case of A.Y 2003-04 to 2007-08, CIT(A), Vadodara has allowed the appeals in favour of the Company. The ITAT has already passed the orders for A.Y 2002-03 and 2007-08 in favour of the Company.

- viii. In our opinion and according to the information & explanations given to us, the company has not defaulted in repayment of loans from banks and financial institution. The company has neither taken any loan from government nor issued any debentures.
- ix. In our opinion and according to the information and explanations given to us and examination of records of the company, the company has not raised any money by way initial public offer or further public offer (including debt instruments) during the year. To the best of our knowledge and belief and according to the information and explanations given to us, in our opinion the term loans raised during the year were applied for the purposes for which those were raised.
- x. To the best of our knowledge and belief and according to the information and explanations given to us, no fraud by the Company or on the Company by its officers or employees were noticed or reported during the year.
- xi. In our opinion and as per the information and explanation given to us, managerial remuneration has been paid or provided as per the provisions of section 197 read with Schedule V of the Act.
- xii. In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, paragraph 3(xii) of the Order is not applicable.
- xiii. As per the information and explanation given to us, the transactions with the related parties are in compliance with Section 177 and 188 of the Act and the details thereof have been disclosed in the standalone financial statements as required under accounting standard (AS) 18, "Related Party Transactions" specified under section 133 of the Act, read with rule 7 of the Companies (Accounts) Rules 2014. (Refer Note No. 28 of the Standalone Financial Statements).
- xiv. As per the information and explanation given to us, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review.
- xv. As per the information and explanation given to us, the Company has not entered into any non-cash transactions with directors or persons connected with him.
- xvi. The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

For MANESH MEHTA & ASSOCIATES

Chartered Accountants
(Firm Registration No. 115832W)

(Manesh P. Mehta) Partner Membership No. 036032

Place: Mumbai Date: May 30, 2016



# ANNEXURE B TO INDEPENDENT AUDITORS' REPORT

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

We have audited the internal financial controls over financial reporting of SETCO Automotive Limited ("the Company") as of 31st March, 2016 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

## Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

## Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Act to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the standalone financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

## Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

## Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial controls over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

## Opinion

In our opinion, the Company has, in all material respects, a reasonably adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March, 2016 based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. However, such internal financial controls over financial reporting need to be improved and strengthened.

For MANESH MEHTA & ASSOCIATES

Chartered Accountants (Firm Registration No. 115832W)

> (Manesh P. Mehta) Partner Membership No. 036032

Place: Mumbai Date: May 30, 2016

## **BALANCE SHEET**

AS AT 31<sup>ST</sup> MARCH, 2016 (Rs.)

	Note No.	As at 31"	March, 2016	As at 31 <sup>th</sup> I	March, 2015
		Rupees	Rupees		Rupees
EQUITY & LIABILITIES :					
Shareholders' Funds					
Share Capital	2	26,71,93,350		26,71,93,350	
Reserves & Surplus	3	1,94,62,88,768		1,74,07,30,240	
			2,21,34,82,118		2,00,79,23,590
Non-current Liabilities					
Long-term Borrowings	4	63,50,76,234		79,23,89,211	
Deferred Tax Liabilities (Net)	5	9,80,05,316		8,96,70,316	
Long-Term Provisions	6	95,17,626		1,09,12,154	
			74,25,99,176		89,29,71,681
Current Liabilities				turne successioner	
Short-Term Borrowings	7	1,42,66,66,130		1,20,77,32,732	
Trade Payables	8	86,66,24,642		43,35,18,420	
Other Current Liabilities	9	36,50,84,608		20,34,99,786	
Short-Term Provisions	10	17,10,47,947		5,93,47,669	
			2,82,94,23,327		1,90,40,98,607
TOTAL			5,78,55,04,621		4,80,49,93,878
Assets:					
Non Current Assets					
Fixed Assets	11				
- Tangible Assets		1,31,64,89,909		1,24,77,95,721	
- Intangible Assets		13,07,92,878		10,13,23,473	
- Capital Work-in-Progress		79,82,928		45,61,151	
- Intangible Assets under		1012122211112121212			
Development		12,65,12.220		8,28,62,738	
	8555		1,58,17,77,935	70.000.000.000	1,43,65,43,083
Non-current Investments	12	1,11,21,49,783		81,96,49,783	
Long-Term Loans & Advances	13	39,52,70,394		44,03,96,424	
Other Non Current Assets		-		-	
			1,50,74,20,177		1,26,00,46,207
Current Assets	7247	70 40 70 004		70 74 00 000	
Inventories	14	78,49,78,391		72,74,99,226	
Trade receivables	15	1,25,54,71,583		87,91,37,783	
Cash and Cash Equivalents	16	1,21,79,986		6,09,94,888	
Short-term Loans & Advances	17	64,36,76,549		44,07,72,691	
Other Current Assets		12	0.00.00.00.00	2	0.40.04.04.500
	1 3		2,69,63,06,509		2,10,84,04,588
TOTAL			5,78,55,04,621		4,80,49,93,878

Notes including Significant Accounting Policies are an integral part of the financial statements: 1 to 49

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

Harish Sheth Chairman & Managing Director

For and on behalf of the Board Udit Sheth Joint Managing Director

Shvetal Vakil Executive Director

Chartered Accountants (Firm Registration No. : 115832W)

Arun Arora Director

Ashok Kumar Jha Director

Bhalchandra Naik Director

Pratap Merchant Director

Suhasini Sathe Director

Urja Shah Executive Director

Manesh P. Mehta

Partner Membership No.: 036032 Place: Mumbai Date: May 30, 2016

Vinay Shahane Vice President - Finance

Bhautesh Shah Company Secretary

Place : Mumbai Date : May 30, 2016

## STATEMENT OF PROFIT AND LOSS

FOR THE YEAR ENDED 31<sup>57</sup> MARCH, 2016

(Rs.)

	Note	Year Ended	Year Ended
	No.	31" March 2016	31st March 2015
REVENUE:			
Revenue from Operations (Net)	18	5.05,14,88,790	4,58,13,47,975
Other Income	19	13.02.05.067	9.07.41.684
Total Revenue		5,18,16,93,857	4,67,20,89,659
EXPENSES :			
Cost of Materials and Components consumed	20	2,85,31,72,857	2,74,14,20,269
Changes in Inventories of Finished Goods and Work in Progress Decrease/(Increase)	21	2,93,41,505	(2,60,05,618)
Employee Benefit Expense	22	44,93,33,534	39,74,47,747
Finance Cost	23	30,75,55,032	23,43,38,478
Depreciation and Amortization Expenses	11	15,67,09,610	13,24,05,411
Less : Capitalized under the head "Intangible Assets Under Development"			
(Refer Note No: 11(5) & 45)		(95,33,095)	
Net Depreciation and Amortization Expenses	11	14,71,76,515	13,24,05,411
Other Expenses	24	98,61,74,822	91,02,67,479
Total Expenses		4,77,27,54,265	4,38,98,73,766
Profit/(Loss) before Tax		40,89,39,592	28,22,15,893
Less : Tax Expenses			
Current Tax		8,05,99,259	5,31,36,104
Deferred Tax		83,35,000	87,06,316
MAT Credit Entitlement	25		
Previous Periods		76,790	(16,28,432)
Current Year		(1,47,36,195)	(94,24,987)
Tax Adjustment for Earlier years		4,71,157	(37,00,978)
		7,47,46,011	4,70,88,023
Profit for the Period	-	33,41,93,581	23,51,27,870
Earnings Per Share (Face value of Rs. 2/- each)	26		
- Basic		2.50	1.76
- Diluted		2.50	1.76

Notes including Significant Accounting Policies are an integral part of the financial statements: 1 to 49

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

Chartered Accountants (Firm Registration No. : 115832W)

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

> Ashok Kumar Jha Director

> > Suhasini Sathe Director

Bhautesh Shah Company Secretary

Place : Mumbai Date: May 30, 2016

Manesh P. Mehta

Membership No.: 036032 Place : Mumbai Date : May 30, 2016

Shvetal Vakil Joint Managing Director Executive Director

Bhalchandra Naik Director

Urja Shah Executive Director

## **CASH FLOW STATEMENT**

FOR THE YEAR ENDED 31 T MARCH, 2016

		2015-2016	2014-2015
A.	CASH FLOW FROM OPERATING ACTIVITIES		
	Net Profit before tax	40,89,39,592	28,22,15,893
	Adjustment for		
	Depreciation	14,71,76,515	13,24,05,411
	(Profit) on Sale of Fixed Assets	(41,08,468)	(8,890)
	Unrealized Forex Exchange Loss / (Gain)	(1.07,65,496)	1,37,10,273
	Interest Expense	30,75,55.032	23,43,38,478
	Interest Income	(6,60,79,589)	(5,06,75,903)
	Dividend Income	(3,22,80,000)	(2,87,10,000)
	Miscellaneous Income	(36,15,464)	(38,64,166)
	Corporate Tax	(8,10,70,416)	(4.94,35,126)
	MAT Credit Entitlement	1,46,59,405	1,10,53,419
	Operating Profit / (Loss) before Working Capital Changes and Other Changes	68,04,11,111	54,10,29,389
	Trade receivables	(37,41,16,225)	(12,90,31,621)
	Inventories	(5,74,79,165)	(7,25,73,576)
	Loans and Advances	(14,52,17,660)	(10,31,29,721)
	Trade Payables	43,22,17,196	(7,20,17,693)
	Other Labilities	13,24,73,469	(6,28,16,854)
	Working Capital Changes and Other Changes	(1,21,22,385)	(43,95,69,465)
	Cash Flow Generated from Operations	66,82,88,726	10,14,59,924
	Direct Taxes (Tax deducted at Source)	(31,23,221)	(10,13,383)
	Net Cash Flow from Operating Activities	66,51,65,505	10,04,46,541
١.	CASH FLOW FROM INVESTING ACTIVITIES		
	Purchase of Fixed Assets	(22,45,73,841)	(24,99,44,258)
	Sale of Fixed Assets	2,42,99,788	76,56,941
	Intengible Asset	(8,80,28,846)	(4,77,43,673)
	Interest Income	6,60,79,589	5,06,75,903
	Dividend Income	3,22,80,000	2,87,10,000
	Margin Money with Bank	8	73,437
	(Increase) in Investment	(29,25,00,000)	(19,06,00,000)
	Net Cash Used in Investing Activities	(48,24,43,310)	(40,11,71,650)
:.	CASH FLOW FROM FINANCING ACTIVITIES		
	Proceeds from Cash Credit	11,89,33,398	13,38,14,307
	Proceeds from Short Term Loans	10,00,00,000	(2)
	Proceeds from Term / Other Loans	11,04,18,500	72,78,54,000
	Repayment of Short Term Loans	#3	(16,00,00,000)
	Repayment of Term Loans	(12,85,81,196)	(6,36,43,266)

## **CASH FLOW STATEMENT**

FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2015

(Rs.)

	2015-2016	2014-2015
Interest Paid	(30,75,55,032)	(23,43,38,478)
Miscellaneous Income	36,15,464	38,64,166
Proceeds from issue of Shares including Premium	*	34,15,181
Final Dividend & Dividend Distribution Tax	(12,86,35,052)	(4,82,38,145)
Interim Dividend & Dividend Distribution Tax	-	(4,80,67,155)
Net Cash Flow from Financing Activities	(23,18,03,918)	31,46,60,610
Net Increase in Cash and Cash Equivalents (A+B + C)	(4,90,81,723)	1,39,35,501
Opening Cash and Cash Equivalents	5,44,82,452	4,05,46,951
Closing Cash and Cash Equivalents	54,00,729	5,44,82,452

## Notes:

- The above Cash Flow Statement has been prepared under the "Indirect method" as set out in the Accounting Standard
  3 on Cash Flow Statements, 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.
- 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 49

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

Chartered Accountants (Firm Registration No.: 115832W)

Manesh P. Mehta

Place: Mumbai

Membership No.: 036032

Date: May 30, 2016

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
Joint Managing Director

Ashok Kumar Jha Director

Suhasini Sathe Director

Bhautesh Shah Company Secretary

Place : Mumbai Date : May 30, 2016 Shvetal Vakil Executive Director

Bhalchandra Naik Director

Urja Shah Executive Director



## 1 SIGNIFICANT ACCOUNTING POLICIES

## 1.1 Basis Of Preparation

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 and other pronouncement of ICAI. The accounting policies adopted in preparation of financial statements are consistent with those followed in the previous year:

## 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. Tangible 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 ministry of corporate affair has made the component accounting approach for fixed assets mandatory from 1st April, 2015, wide notification dated 29th August, 2014. As per external technical expert's opinion, the company's fixed assets are of such nature that separate components are not distinctly identifiable having different useful life. And therefore, component level accounting and reporting is not practically feasible for the company.
- 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. The useful lives of fixed assets are periodically reviewed.

## 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 "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.

- 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 materials & components, 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

- Sales is 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.
- Insurance Claims are accounted as and when admitted.
- Other income is accounted on accrual basis except when the realization of such income is uncertain. Dividend income is accounted when right to receive 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 foreign borrowing 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

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

## 1.12 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 said 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 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.
- Expenditure incurred on fixed assets used for R
   D is capitalized under the head "Fixed Assets".
- Expenditure incurred on development activities which do not qualify as Intangible Asset is charged to statement of Profit and Loss.

## 1.14 Borrowing Costs

Borrowing costs 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

- 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

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

## 1.17 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

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

FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2016.

## 2 SHARE CAPITAL

2.1	Authorised, issued, subscribed and fully paid - up:				
	Particulars	31" March 2016	31" March 2015		
	Authorized Capital:				
	25,00,00,000 (25,00,00,000) Equity Shares of Rs. 2/- each	50,00,00,000	50,00,00,000		
	Issued, Subscribed and Fully Paid up Share Capital:	I SE SELL AL			
	13,35,96,675 (13,35,96,675) Equity Shares of Rs. 2/- each	26,71,93,350	26,71,93,350		

- a) Pursuant to the approval of members in the Annual General Meeting held on 28th September, 2015 the equity shares of face value of Rs. 10/- each have been subdivided into equity shares of face value of Rs. 2/- each with effect from 17th December, 2015. As a result, the number of equity shares has increased from 2.67,19,335 to 13,35,96,675 shares. Accordingly the number of shares has been adjusted for all the periods presented.
- b) The company has only one class of equity shares having a par value of Rs. 2 per share. Each shareholder of equity share is entitled to one vote per share.
- c) The company declares and pays dividends in Indian rupees. The board of directors in their meeting held on 30th May, 2016 have proposed dividend of Rs. 0.80/- per share for financial year ended 31st March, 2016. The proposed 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, 2016 would amount to approximately Rs. 12,86,35,052/-including corporate dividend tax of Rs. 2.17,57,712/-.
- d) In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company after distribution of all preferential amounts, in proportion to their shareholding.

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

	31" March 2016		31" Mar	ch 2015
	Number	Rs.	Number	Rs.
Equity Shares				
As at the beginning of the year	13,35,96,675	26,71,93,350	13,33,90,120	26,67,80,240
Add : Share issued on exercise of employee stock options	443	-	2,06,555	4,13,110
	13,35,96,675	26,71,93,350	13,35,96,675	26,71,93,350
Less : Changes, if any during the year	(14)	2	×	14
Outstanding at the end of the year	13,35,96,675	26,71,93,350	13,35,96,675	26,71,93,350

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, 2016.

	31" March '15 Number	31* March '14 Number	31* March '13 Number	31 <sup>st</sup> March '12 Number	31 <sup>st</sup> March '11 Number
Equity shares with voting rights					
Equity shares allotted as fully paid bonus shares by Capitalisation of Securities Premium & General Reserve		_	4.43.01.355		4,41,09,400

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

	31" Marc	h 2016	31" Marc	2015
Name of Shareholders	Number of Equity shares	% Holding	Number of Equity shares	% Holding
Equity Shares of Rs. 2/- each fully paid				
Setco Engineering Private Limited (Promoter Group)*	6,77,13,845	50.69	6,77,13,845	50.69
New Vernon Private Equity Limited	1,17,64,915	8.81	1,17,64,915	8.81

FOR THE YEAR ENDED 3157 MARCH 2016

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

(Rs)

Particulars	31" Mar	ch 2016	31 <sup>st</sup> Mar	ch 2015
	Number of Equity shares	Rs.	Number of Equity shares	Rs.
Equity Shares of Rs. 2/- each fully paid Setco Engineering Private Limited (Promoter Group)*	6,77,13,845	13,54,27,690	6,77,13,845	13,54,27,690

<sup>\*</sup>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

## 3 RESERVE & SURPLUS

RES	ERVE & SURPLUS		(Rs.)
Par	ticulars	31" March 2016	31" March 2015
(i)	Capital Reserve (Opening & Closing Balance)		
	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	28.03,56,373	28,32,68,112
	Less : Transferred to Statement of Profit and Loss	-	
	Less : Transferred to General Reserve	28,24,505	29,11,739
	Total	27,75,31,868	28,03,56,373
(iii)	Securities Premium Reserve		
	As per Last Balance Sheet	1,88,19,583	1,58,17,513
	Add: Received during the year on exercise of employee stock options		30,02,070
	Total	1,88,19,583	1,88,19,583
(iv)	General Reserve		
	As per Last Balance Sheet	19,20,49,500	18,91,37,761
	Add : Transferred from Revaluation Reserve	28,24,505	29,11,739
	Add : Transferred from Statement of Profit and Loss	¥	
	Total	19,48,74,004	19,20,49,500
(v)	Surplus in Statement of Profit and Loss:		
	As per Last Balance Sheet	1,24,64,83,784	1,10,76,61,214
	Add: Profit for the year	33,41,93,581	23,51,27,870
	Less : Appropriations		
	Interim Dividend	*	(4,00,57,925)
	Proposed Final Dividend	(10,68,77,340)	(4,00,79,003)
	Total Dividend	(10,68,77,340)	(8,01,36,928)
	Corporate Dividend Tax	(2,17,57,712)	(1,61,68,372)
	Dividend of Previous year including Tax thereon	=	Sevilland Control (Control (Co
	Transfer to General Reserve		
	Total	1,45,20,42,313	1,24,64,83,784
	Total (I to VI)	1,94,62,88,768	1,74,07,30,240

FOR THE YEAR ENDED 3157 MARCH 2016.

## 4 LONG TERM BORROWINGS

	31" March 2016	31" March 2015
Term Loans		
From Banks		
Secured	31,92,55,211	35,48,89,211
Unsecured	+0.	
From other parties		
Secured	33,21,023	
Unsecured	51.	15
Total (A)	32,25,76,234	35,48,89,211
Other Loans		
From Banks		
Secured	31,25,00,000	43,75,00,000
Unsecured		-
Total (B)	31,25,00,000	43,75,00,000
Total (A+B)	63,50,76,234	79,23,89,211
The above amount includes		
Secured Borrowings	63,50,76,234	79,23,89,211
Unsecured Borrowings		3

- 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 Chairman & Managing Director and Joint Managing Director of the Company.
- 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.
- Indian rupee vehicle loan from Daimler Financials Services India Pvt. Ltd. is repayable in 36 EMI each of Rs. 1,55,350/-

DEFERRED TAX LIABILITIES (NET)		(Rs.)
Particulars	31st March, 16	31st March, 15
Deferred Tax Liabilities:		
Timing differences related to Fixed Assets	29,72,47,924	26,19,32,000
Deferred Tax Assets:		
Timing differences related to Expenses	1,40,59,924	
Net deferred tax liability	9,80,05,316	8,96,70,316
Total provision made in Statement of Profit and Loss	83,35,000	87,06,316

LONG TERM PROVISIONS	LONG TERM PROVISIONS	
Particulars	31st March, 16	31st March, 15
Provision for employee benefits		
Provision for Gratuity	52,992	17,42,852
Provision for compensated absences	94,64,634	91,69,302
Total	95,17,626	1,09,12,154

FOR THE YEAR ENDED 31™ MARCH 2016

## 7 SHORT TERM BORROWINGS

(Rs.)

Particulars	31st March, 16	31st March, 15
Loans repayable on demand:	1	
Working Capital Loan from Banks		
Secured	1,32,66,66,130	1,20,77,32,732
Unsecured	10,00,00,000	
Total	1,42,66,66,130	1,20,77,32,732

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 of Rs. 10,00,00,000/- (Rs. Nil) is from Kotak Mahindra Bank and is secured by personal guarantee of Chairman & Managing Director and Joint Managing Director of the Company and by corporate guarantee of Setco Engineering Pvt Ltd, Holding company.

Particulars	31st March, 16	31st March, 15
Micro, Small and Medium Enterprises (MSME)	2,90,10,369	7,39,65,903
Others	83,76,14,273	35,95,52,517
Total	86,66,24,642	43,35,18,420

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).

OTHER CURRENT LIABILITIES		(Rs.)
Particulars	31st March, 16	31st March, 15
Other Liabilities		
Payable towards Statutory Liabilities	4,31,61,111	4,58,29,168
Payable to Employees	3,31,32,313	1,08,15,073
Current Maturities of Long Term Loans (Refer Note No. 4)	26,63,04,548	12,92,50,000
Interest accrued and due	36,04,873	15,09,140
Unpaid/Unclaimed Dividend *	67,79,257	65,12,436
Independent After Market - Deposit	50,00,000	60,00,000
Other Payable	10,00,000	-
Creditors for Capital Expenditure	61,02,506	35,83,969
Total	36,50,84,608	20,34,99,786

<sup>\*</sup>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

Particulars	31st March, 16	31st March, 15
Provision for Employee Benefits		
Provision for Gratuity	44,22,597	43,71,208
Provision for compensated absences	48,91,039	36,02,212
Others		
Proposed Final Dividend	10,68,77,340	4,00,79,003
Corporate Tax on Dividend	2,17.57.712	81,59,142
Provision for Taxation (Net of Advance Tax Paid)	3,30,99,259	31,36,104
Total	17,10,47,947	5,93,47,669

FOR THE YEAR ENDED 31st MARCH 2016

# FIXED ASSETS

Sr.	PARTICULARS		GROSS	GROSS BLOCK			DEPRECIATION	ATION	W. 1911	NET	NET BLOCK
No.		Cost as on 01.04.2015	Additions for the year	Adjustment for the year	31.03.2016	Up to 01.04.2015	Additions Adjustment for the year for the year	Adjustment for the year	31.03.2016	31,03,2016	31,03,2015
	Cri	0	4	2	ID.	7	В	63	10	11	C)
A	Tangible Assets										
10	Free Hold Land	20,68,39,600		+	20,68,39,600			740	+	20,68,39,600	20,68,39,600
020	Lease Hold Land	3,93,34,994			3,93,34,994	23,10,890	3,90,007	, i i	27,00,897	3,56,34,097	3,70,24,104
60	Buildings	41,78,73,566	20,16,678	1	41,98,90,244	5,31,44,110	1,45,40,417	10	6,76,84,527	35,22,05,717	36,47,29,456
04	Plant SMachinary	99,18,58,902	19,55,99,820	(3,10,98,451)	1,15,63,60,271	45,49,60,867	9,71,67,143	1,11,47,868	54,09,80,142	61,53,80,129	53,68,98,035
90	Furniture & Fixtures	2,37,64,480	23,82,632	4	2,61,47,112	99,63,390	16.52,573	ú	1,16,15,963	1,45,31,149	1,38,01,090
90	Office Equipments	1,48,28,719	14,92,549		1,63,21,268	50,03,247	25,65,992	16	75,69,239	87,52,029	98,25,472
20	Pollution Equipments	2,77,500		- 6	2,77,500	1,30,207	22,178	10	1,52,385	1,25,115	1,47,293
80	Computers	3,93,17,513	75,48,223	,	4,68,65,736	2,58,63,673	76,93,728	i i	3,35,57,401	1,33,08,335	1,34,43,713
60	Electric Fittings	5,55,14,283	28,59,915		5,94,74,198	1,19,39,282	50,75,977	958	1,70,15,259	4,24,58,939	4,46,85,128
10	Vehicles	3,12,21,732	92,52,247	(9.79.794)	3,94,94,185	1,08,19,902	31,58,541	(7.39,057)	1,32,39,386	2,62,54,799	2,04,01,830
Sub T	Sub Total (Tangible Assets)	1,82,19,31,289	22,11,52,084	(3,20,78,245)	2,01,10,05,108	57,41,35,568	13,22,66,556 (1,18,86,925)	1,18,86,9251	68,45,15,189	1,31,64,89,909	1,24,77,95,721
m	Intangible Assets										
10	Goodwill	19,61,719	55	1	19,61,719	19,61,719	1	10	19,61,719		-
8	Product Developement	15,37,60,658	4,09,24,925		19,46,85,583	6.09.76.379	1,80,24,242	26	7,90,00,621	11,56,84,962	9.27,84,279
60	Technical Know how	27,75,310			27,75,310	27,75,310		()	27,75,310		
04	Computer Software	5,18,99,388	1,29,87,534		6,48,86,922	4,33,60,194	54,18,812	X-	4,97,79,006	1,51,07,916	85,39,194
90	Web Site Development	5,63,988		b	5,63,988	5,63,988	,		5.63,988	,	
Sub T	Sub Total (Intangile Assets)	21,09,81,063	5,39,12,459		26,48,73,522	10,96,37,590	2,44,43,054		13,40,80,644	13,07,92,878	10,13,23,473
O	Intangible Asset Under Development (Product Development)	8,28,62,738	8,45,74,407	8,45,74,407 (4,09,24,925)	12,65,12,220	•		· 00	•	12,65,12,220	8,28,62,738
0 10	Capital Work in Progress : Capital Work in Progress	45,61,151	34,21,777		79,82,928					79,82,928	45,61,151
Total D	0	45,81,151	34,21,777		79,82,928			*		79,82,928	45,61,151
Grand	Grand Total (A + B + C+D)	2,12,03,16,241	36,30,80,707	(7,30,03,170)	2,41,03,73,778	68,37,73,158	15,87,09,810 (1,18,88,925)	1,18,88,925)	82,85,95,843	1,58,17,77,935	1,43,85,43,083

## Note:

- During the FY-2014-15, 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. We 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. Ξ
- revaluation, there is additional charge of depreciation of Bs. 28,24,505/- in current year, the equivalent amount thereof has been withdrawn from reserve and credited to the general reserve 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 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. 2
  - Additions in gross block include interest on borrowing of As. 33.73.366/. (Previous Year As. 52.70.178/-)in accordance with accounting standard 16 'Borrowing Costs'
    - Product development being item of technical nature, auditors have relied on the management representation.
  - Intangible assets under development, inter alia includes qualifying expenses(Including Depreciation of Rs. 95,33,095/-) incurred on product development activities carried out in in-house R.S.D. Centre. (Refer Note no - 45) 646
- 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.

(8)

FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2016

## 12 NON CURRENT INVESTMENT (Long Term)

Parti	iculars	31" March 2016	31" March 2015
12.1	Trade Investments (unquoted)		
	Investment in Holding Company (At Cost) :		
D	4,26,50,000 (4,03,50,000) 9% 15 years Non Cumulative Compulsorily Redeemable Preference Share of Rs. 10/- each fully paid of Setco Engineering Private Limited (Refer Note No. 12.4)	42,65,00,000	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)	4,16,55,000 (2,52,05,000) Equity Share of Rs. 10/- each fully paid up of Subsidiary - Lava Cast Private Limited (Refer Note No. 12.5 & 12.6)	41,65,50,000	25,20,50,000
	Investment in other related entities (At Cost)		11.011-0.41-0.010.40
D	30,70,000 (9,70,000)Equity Share @ Rs. 50/- each fully paid up of SE Transstadia Private Limited (Refer Note No. 12.7)	15,35,00,000	4,85,00,000
12.2	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	1,11,21,49,783	81,96,49,783

- 12.3 Investments in other related entities, Holding company, Subsidiaries/Joint Venture have been made in terms of investment limits approved by Board of Directors of the company from time to time.
- 12.4 Based on the legal opinion obtained by the company from legal expert on its eligibility to make further investments in holding company w/s 19(1) of Companies Act, 2013, the company has during the year further subscribed to 9% 15 years non-cumulative compulsorily redeemable preference share in setco Engineering Pvt Ltd., holding company.
- 12.5 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 81.67% Equity shares as on 31st March, 2016 in this joint venture and accordingly Lava Cast Private Limited has been reported as subsidiary company in financial statements.
- 12.6 As per Legal Experts' opinion obtained by the Company on its investment (along with Corporate Guarantee extended to the Bankers of investee company) in preceding financial year, 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 there under.
- 12.7 During the year, the company has further invested Rs. 10,50,00,000 in 21,00,000 equity shares of Rs. 10 each at a price of Rs. 50 per share (including premium of Rs. 40/- per share) of SETransstadia Private Ltd. The said investment was made at a price which is reasonable based on the equity share valuation report of Investee Company issued by an independent chartered accountant.
- 12.8 For detailed investment strategies, Refer Note No. 43 (i) and (ii).

## 13 LONG TERM LOANS AND ADVANCES

(Rs.)

Particulars	31" March 2016	31" March 2015
Unsecured, considered good		
Capital Advances	3,90,58,607	5,62,09,907
Other Deposits	1,66,39,005	1,26,31,398
MAT Credit Entitlement	18,87,65,530	19,41,06,125
Loans And Advances to related parties		L-XI DIVERDING
Unsecured, considered good		
Setco Automotive (NA) Inc.	3,75,15,252	3,58,46,509
Setco Automotive (UK) Ltd.	11,32,92,000	14,16,02,485
Total	39,52,70,394	44,03,96,424

## 14 INVENTORIES

(Rs.)

Particulars	31" March 2016	31 <sup>st</sup> March 2015	
Raw Materials & Components (Including Goods in transit Rs. 23,63,284/- (Rs. NIL))	39,87,59,071	31,98,77,329	
Work-in-Progress	15,11,39,703	13,71,39,735	
Finished Goods (includes Sales-in-transit Rs. 1,28,62,783/- (Rs,2,65,35,212/-)) (Refer Note No. 27)	15,57,88,322	19,92,86,855	
Stores & Packing Materials	7,76,67,789	6,97,28,861	
Scrap	16,23,506	14,66,446	
Total	78,49,78,391	72,74,99,226	

## 15 TRADE RECEIVABLES

(Rs.)

Particulars	31" March 2016	31" March 2015	
Debts outstanding for a period exceeding six months			
Unsecured			
Considered Good	15,27,96,937	7,04,87,134	
Considered Doubtful	1,81,352	22,47,822	
	15,29,78,289	7,27,34,956	
Less : Provision for Doubtful Debts	1,81,352	22,47,822	
	15,27,96,937	7,04,87,134	
Other Debts (Unsecured and Considered Good)	1,10,26,74,646	80,86,50,649	
Total	1,25,54,71,583	87,91,37,783	

## 16 CASH AND CASH EQUIVALENTS

Particulars	31" March 2016	31" March 2015	
Cash and Cash Equivalents			
Cash Balances	26,89,941	25,81,498	
Bank Balances	26,23,507	4,97,36,689	
Fixed Deposit Account (Lien-marked on Margin Account)	87,281	80,267	
Cheques on Hand		20,83,998	
Total	54,00,729	5,44,82,452	
Others:-			
Unpaid/Unclaimed Dividend	67,79,257	65,12,436	
Total	1,21,79,986	6,09,94,888	

Particulars	31" March 2016	31st March 2015
Loans And Advances to related parties	l'	
Unsecured, considered good		
Setco Automotive (UK) Limited	28,26,27,542	18,64,87,221
Western Engineering Works	7,60,50,864	7,78,09,391
Setco Engineering Pvt Ltd.	7,82,295	
SE Transstadia Private Limited	1,94,56,187	1,26,62,928
Advances recoverable in cash or kind		
Prepaid Expenses	1,32,75,501	1,00,92,056
Advance for Goods & Services	12,99,87,823	9,65,26,412
Other Loans And Advances		
Balance with Central Excise	14.17,307	22,30,386
Employees Advances	30,02,431	16,38,753
MAT Credit Entitlement	2,00,00,000	
Statutory Dues Receivable - VAT	7,70,24,756	3,96,43,961
Statutory Dues Receivable - Excise	95,42,267	83,09,970
Statutory Dues Receivable - Service Tax	73,86,355	43,58,230
Statutory Dues Receivable - Income Tax	31,23,221	10,13,383
Total	64,36,76,549	44,07,72,691

## 18 REVENUE FROM OPERATIONS (NET)

(Rs.)

Pa	rticulars	Year ended 31" March 2016	Year ended 31* March 2015
i)	Sales of Finished Goods	5.63,84,72,203	5,16,89,59,617
	Less : Sales in Transit	1,64,82,931	3,18,80,276
	Less : Sales Taxes & VAT	25,75,54,973	27,26,99,946
	Total	5,36,44,34,299	4,86,43,79,395
	Less : Excise Duty	32,53,67,259	28,30,31,420
	Total	5,03,90,67,040	4,58,13,47,975
ii)	Other Operating Revenue	/	
	Duty Drawback®	1,24,21,750	-
	Total	5,05,14,88,790	4,58,13,47,975

<sup>\*</sup>Includes duty drawback claims of previous year Rs. 83,24,676/- approved by competent authority during the current year.

## 19 OTHER INCOME

Particulars	Year ended 31st March 2016	Year ended 31" March 2015
Gain on Insurance Claim	3.82,174	
Lease Rent	24,000	24,000
Dividend - Holding Company*	3,22,80,000	2,87,10,000
Profit on Sale of Fixed Assets (Net)	41,08,468	8,890
Interest Income - Holding	7,82,295	7-
Interest Income - Subsidiary	6,40,06,860	4,91,36,560
Interest Income - Others	12,90,434	15,39,343
Miscellaneous Income - Subsidiary	36,15,464	38,64,166
Miscellaneous Income - Others	10,000	41,559
Foreign Exchange Gain/(Loss) (Net)	2,16,91,358	48,46,521
Sundry Balances Written back	20,14,014	25,70,645
Total	13,02,05,067	9,07,41,684

<sup>\*</sup> The Company has subscribed to the 9% 15 years non-cumulative compulsorily redeemable preference shares of Rs. 10/each of Setco Engineering Pvt Ltd, the Holding Company. In view of the statutory constraints caused due to non-availability of adequate distributable profit, the holding company could declare and pay dividend of only 8% on the said preference shares.

# Particulars Year ended 31\* March 2016 Year ended 31\* March 2015 Opening Stock 31,98,77,329 28,43,62,480

 Add: Purchases (Net)
 2,98,83,59,086
 2,84,72,20,267

 Less: Closing Stock
 39,87,59,071
 31,98,77,329

 Less: Sales of Manufacturing Scrap
 5,63,04,487
 7,02,85,149

 Total
 2,85,31,72,857
 2,74,14,20,269

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

(Rs.)

Particulars	Year ended 31" March 2016	Year ended 31* March 2015
Opening Stock :	i fr	
Finished Goods	16,83,25,062	15,49,78,214
Stock- 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
Closing Stock :		
Finished Goods	14,29,25,539	16,83,25,062
Stock- in -Progress	15,11,39,703	13,71,39,735
Goods-in-Transit	1,28,62,783	3,09,61,793
Scrap	16,23,506	14,66,446
	30,85,51,531	33,78,93,036
(Increase)/Decrease in Inventories Total	2,93,41,505	(2,60,05,618)

## 22 EMPLOYEE BENEFITS

(Rs.)

Particulars	Year ended 31° March 2016	Year ended 31" March 2015	
Salaries, Wages and Bonus*	40,71,06,940	35,05,93,504	
Contribution to Employees welfare funds*	2,31,09,593	2,53,89,927	
Staff Welfare expenses	1,91,17,001	2,14,64,316	
Total	44,93,33,534	39,74,47,747	

<sup>\*</sup> Including managerial oemuneration of Rs. 3,95,08,459/- (Previous year Rs. 2,72,42,000/-) net of Rs. 92,50,000/- (Previous year Rs. 71,95,000) charged to Related entity

## 23 FINANCE COST

Particulars	Year ended 31st March 2016	Year ended 31" March 2015
Interest Expense	29,27,26,531	22,46,39,920
Other Financial Charges	1,48,28,501	96,98,558
Total	30,75,55,032	23,43,38,478

24 OTHER EXPENSES (Rs.)

UTHER EXPENSES		lHS.J	
Particulars	Year ended 31st March 2016	Year ended 31 <sup>st</sup> March 2015	
Stores and Tools Consumed	8,33,84,089	9,19,71,423	
Carriage Inward	6,92,73,777	6,54,67,446	
Power and Fuel	5,98,51,164	5,50,46,635	
Job work Charges	8,20,27,502	7,78,33,034	
Repairs and Maintenance to Machineries	1,09,06,647	1,11,47,597	
Repairs to Building	22,56,221	26,56,256	
Other Repairs	51,59,342	35,46,682	
Computer Expenses	1,96,26,836	1,95,61,424	
Factory Expenses	56,92,281	51,27,611	
Rent	1,14,03,542	1.57,44.154	
Rates and Taxes	56,37,435	20,34,771	
Insurance	75,29,907	74,17,271	
Conveyance	1,79,99,803	1,65,50,193	
Travelling Expenses	4,34,95,854	4,56,55,537	
Legal & Professional Charges	5,53,19,901	4,80,64,594	
Statutory Auditors' Remuneration	30,00,000	25,00,000	
Printing and Stationary	37,95,882	42,01,033	
Communication Expenses	60,02,704	55,45,209	
Books, Subscription and Membership	7,09,684	8,16,019	
Directors' Sitting Fees	31,45,000	4,80,000	
Commission to Non Executive Directors	44,85,846	31,30,000	
Office Expenses	25,24,691	25,65,223	
Corporate Social Responsibility Expenses	70,59,840	61,15,909	
Donation	4,61,900	42,30,552	
General Expenses	1.88,53,935	2,44,63,508	
Sundry Balance Written off	30,35,828	47,99,674	
Swachh Bharat Cess (SBC)	4,28,086	54	
Marketing and Sales Promotion	7,90,11,903	7,76,58,854	
Advertisement Expenses	3,66,267	3,61,177	
Discount, Commission and other Expenses on Sales	20,17,62,871	15,73,79,731	
Doubtful Debts	/2	22,47,822	
Packing and Forwarding Expenses	16,96,94,123	14,43,99,663	
Loss on Insurance Claim	38,49,498	9	
Excise Duty on Finished Goods Stock *	(15,77,537)	15,48,477	
Total	98,61,74,822	91,02,67,479	

## 25 MAT Credit

During the year, company has recognized MAT Credit of Rs. 1,47,36,195/- for current financial year (Previous year Rs. 94,24,987/-) and Rs. NIL (Previous year Rs. 16,28,432/-) in respect of previous periods and same is shown as adjustment from the current tax amount in the statement of profit and loss. The company has also recognised reversal of Net MAT credit of Rs. 76,790/- (Rs. NIL) in respect of previous periods.

26 EARNING PER SHARE (Rs.)

Particulars	2015-16	2014-15
Profit available to Equity Shareholders after Tax	33,41,93,581	23,51,27,870
Weighted Average Number of Equity Shares of Rs. 2/- each		
Basic	13,35,96,675	13,34,51,820
Diluted	13,35,96,675	13,34,51,820
Earnings Per Share in Rs. :		
Basic	2.50	1.76
Diluted	2.50	1.76

Pursuant to the approval of members in the Annual General Meeting held on 28th September, 2015, the equity shares of face value of Rs. 10/- each have been subdivided into equity shares of face value of Rs. 2/- each with effect from 17th December, 2015. As a result, the number of equity shares has increased from 2,67,19,335 to 13,35,96,675 shares. The earning per share for all the periods presented has been restated accordingly in terms of Accounting Standard - 20 "Earning Per Share" specified u/s 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014.

## 27 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. 1,64,82,931/- (Rs. 3,18,80,276/-). 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. 1,28,62,783/- (Rs. 2,65,35,212/-) is shown under the head "Finished Goods" in Note 14 under the head "Inventories".

## 28 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
		Key Managerial Personnel *
6	Shri Harish Sheth	Chairman & Managing Director
7	Shri Udit Sheth	Joint Managing Director
8	Shri Shvetal Vakil	Executive Director
9	Smt. Urja Shah	Executive Director
10	Shri Vinay Shahane	Chief Financial Officer
11	Shri Naveen Manghani (w.e.f. 01.04.2015 to 13.08.2015)	Company Secretary
12	Shri Hemal Shah (w.e.f - 15.09.2015 to 16.10.2015)	Company Secretary
13	Shri Bhautesh Shah (w.e.f - 06.01.2016)	Company Secretary
14	Western Engineering Works	Enterprises over which Key Managerial Personnel are able to exercise significant influence
15	SE Transstadia Private Limited	
16	White River Entertainment Pvt. Ltd. (Formerly known as Transstadia (Ahmadabad) Private Limited)	
17	Transstadia Technologies Private Limited	
18	Transstadia Play sport Private Limited	
19	Transstadia Sport Sciences Private Limited	

20	Transstadia Capital Private Limited	
21	Transstadia Boxing India Private Limited	
21 22	Transstadia Holdings Private Limited	
23	Setco Holdings Private Limited	
23 24 25	Transstadia Hospitality Private Limited	
25	Urdit Exports	
26	Setco Foundation	
27	Shri Harshal Shah	Relatives of Key Managerial Personnel
28	Hrehan Venture Advisors Pvt. Ltd.	

<sup>\*</sup>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

(De

В.	Transactions with Related Parties :		(Rs.)	
Sr. No.	Nature of Transaction	Current Year	Previous Yea	
A)	Transactions with Holding Company :			
	Investment	2,30,00,000	11,70,00,00	
	Interest Income	7,82,295		
	Dividend Income	3,22,80,000	2,87,10,00	
	Dividend Paid	2,03,14,153	5,62,02,49	
	Outstanding at Year End :			
	Investment	42.65.00.000	40,35,00,00	
	Amount Receivable	7,82,295		
B)	Transactions with Wholly Owned Ultimate Foreign Subsidiaries :			
	Export			
	- Setco Automotive (UK) Limited	12,43,99,209	15,51,56,59	
	- Setco Automotive (NA), Inc.	3,04,90,859	4,94,35,26	
	Import			
	- Setco Automotive (UK) Limited	1,06,083	8,69,68	
	- Setco Automotive (NA), Inc.	17,33,918	7,79,72	
	Expenditure including Capital items (Net)			
	- Setco Automotive (UK) Limited	4,84,18,880	4,87,63,55	
	- Setco Automotive (NA), Inc.	35,67,420	35,16,30	
	- WEW Holding Limited	10,41,070	12,61,78	
	Interest Income			
	- Setco Automotive (UK) Limited	5,65,47,289	4,32,48,10	
	- Setco Automotive (NA), Inc.	42,22,473	58,88,45	
	Others Income			
	- Setco Automotive (UK) Limited	9,81,864	13,78,96	
	- Setco Automotive (NA), Inc.	26,33,600	24,85,20	
	Outstanding at Year End :			
	Investment			
	- Setco Automotive (UK) Limited	6,48,40,000	6,48,40,00	
	- WEW Holding Limited	5,07,59,533	5,07,59,53	
	Loans & Advances	Complete and A land of the A forth of the and		
	- Setco Automotive (UK) Limited	39,59,19,542	32,80,89,70	
	- Setco Automotive (NA), INC.	3,75,15,252	3,58,46,50	
	Amount Receivable			
	- Setco Automotive (UK) Limited	21,21,07,541	16,76,07,87	
	- Setco Automotive (NA), INC.	2.57.58,619	4,11,50,64	
	Amount Payable			
	- Setco Automotive (UK) Limited	2,92,18,072	2,46,00,21	
	- Setco Automotive (NA), INC.	17,36,676	55,77,80	

***************************************	1	
Transactions with Indian Subsidiary : Lava Cast Private Limited		
Investment	16,45,00,000	7,36,00,000
Sale - Scrap	2,81,13,447	12
Sale - Assets	2.25,48,823	9.5
Purchase (Net)	22,32,89,356	
Interest Income	32,37,098	
Jobwork Charges	19,67,897	
Expenditure Recovered	99,88,817	
Gratuity Transferred (net)	2,24,380	
[ ] G. J.	2,79,020	
[ ] A 10.0 (10.0 A)	7.75 770 770 73	
Investment	41.65.50.000	25,20,50,000
Amount Receivable		
Amount Payable		
Transactions with Enterprises over which Key Managerial Personnel are able to exercise significant influence :		
Investments		
- SE Transstadia Private Limited	10,50,00,000	
Expenditure Recovered		
- SE Transstadia Private Limited	2.71.81.431	1,79,87,296
Marketing Commission Paid		
	8.63.79.240	6,16,54,832
Dividend Paid		V24.7 (14.5), (4.5), (4.5)
- Transstadia Capital Private Limited	4.95.000	13,69,500
		30,00,000
(Maj 200 MB)   (M	3,3,00,100	00,00,00
No. 2007   No. 200		
	15 35 00 000	4,85,00,000
	10,00,00,000	4,00,00,000
	1.04.56.197	1,26,62,928
		7,78,09,391
	7,00,00,00	7,70,00,00
No. 10. 10. 10. 10. 10. 10. 10. 10. 10. 10	0.40 50 450	1,74,51,000
75 March 271 - 1 (1907) 25		1,01,62,000
		57,79,000
7.0.4.1.1.1.1.1.1.1.1.1.1.1.1.1.1.1.1.1.1	33,60,000	10,45,000
The second secon	0.07.507	0.000
	3 - X (1 - X X (1 - X X X X X X X X X X X X X X X X X X	24,55,684
		40,81,110
		35,39,72
a thing and more an area and a		21,16,500
		2,02,484
Remuneration of other Key Managerial Personnel	50,58,551	52,61,19
Others:		
Relative of Key Managerial Personnel		
The American Street Control of the C		5,00,000
- Shri Harshal Shah		
- Shri Harshal Shah - Smt. Urja Shah		16,43,000
	78,04,600	
- Smt. Urja Shah	78,04,600	
- Smt. Urja Shah - Hrehan Venture Advisors Pvt. Ltd.	78,04,600	
- Smt. Urja Shah - Hrehan Venture Advisors Pvt. Ltd. Outstanding at Year End :	78,04,600 44,58,459	16,43,000 5,61,800 6,51,000
	Investment Sale - Scrap Sale - Assets Purchase (Net) Interest Income Jobwork Charges Expenditure Recovered Gratuity Transferred (net) Leave Salary transferred Outstanding at Year End: Investment Amount Receivable Amount Payable  Transactions with Enterprises over which Key Managerial Personnel are able to exercise significant influence: Investments - SE Transstadia Private Limited Expenditure Recovered - SE Transstadia Private Limited Marketing Commission Paid - Western Engineering Works Dividend Paid - Transstadia Capital Private Limited Setco Foundation (CSR Activity) Outstanding at Year End: Investment SE Transstadia Private Limited Amount Receivable - SE Transstadia Private Limited Amount Receivable - SE Transstadia Private Limited Amount Receivable - SE Transstadia Private Limited Commission to Non-Executive Directors) - Shri Harish Sheth - Shri Harish Sheth - Shri Udit Sheth - Smt. Urja Shah Dividend Paid - Shri Udit Sheth - Smt. Urja Shah - Smt. Sneha Sheth - Other Remuneration of other Key Managerial Personnel	Investment

\*The Commission paid/payable to the Firm (in which Three 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. 2014-15 has been accounted during the year under review. Advance of Rs. 7,60,50,864/- (Rs. 7,78,09,391/-) 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, 2016 as per consistent policy followed by the Company from year to year.

Loans and Advances in the nature of loans given to Subsidiaries in terms of schedule V of SEBI (LODR) Regulations 2015.

Sr. No.	Name of the Company	As at 31.03.2016	As at 31.03.2015	Maximum Balance during 2015-2016	Maximum Balance during 2014-2015
	Wholly Owned Ultimate Foreign Subsidiary				
1	Setco Automotive (UK) Limited, UK	32,80,89,706	21,50,85,850	32,80,89,706	22,13,41,800
2	Setco Automotive (NA) Inc., USA	2,96,33,009		2,96,33,009	*

## 29A DISCLOSURE U/S 186(4) OF THE COMPANIES ACT, 2013

Details of Investments made, loans and corporate guarantee given in respect of subsidiaries are presented at Note no. 12, 13, 17,28,29 and 32. Loans & corporate guarantees given are for Business purpose of Subsidiaries.

## 30 SEGMENT INFORMATION

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

## 31 PAYMENT to AUDITORS

(Rs.)

	Particulars	2015-16	2014-15
a)	As Auditors		
	Statutory Audit Fees	30,00,000	25,00,000
	Tax Audit & Other Fees	5.00.000	5,00,000
	Total	35,00,000	30,00,000

## 32 CONTINGENT LIABILITIES & COMMITMENTS

## A) Contingent Liabilities:

- 3 Guarantees given by the bank on behalf of the Company Rs. 1,12,32,290/- (Rs. 1,07,93,861/-).
- ii) 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. 13,37,98,000/- (Rs. 13,04,66,000/-).
- iii) Guarantee given for \$ Nil (\$ 0.65 million) to ICICI Bank Limited, Singapore for Wholly Owned Ultimate Foreign Subsidiary's credit facilities Rs. Nil (Rs. 4,09,69,500/-).
- iv) Guarantee given for \$4.00 million (\$4.00 million) to Bank of Baroda, New York, USA for Wholly Owned Ultimate Foreign Subsidiary's credit facilities Rs. 26,64,00,000/- (Rs. 25,21,20,000/-).
- Guarantee given for Rs. 1,83,26,00,000/- (Rs. 1,17,05,00,000/-) to Bank of Baroda, Mumbai, India, for Indian subsidiary's credit facilities.
- vi) Warranty Claims raised by Customer but not acknowledged as debt Rs. 1,18,98,637/- (Rs. 1,84,41,563/-).

## B) Note on Pending Litigation:

- 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 infractuous, and the process of withdrawal of the case is under process.
- iii) The company has preferred an appeal to Deputy commissioner of sales tax Gujarat, Vadodara against the order of Commercial tax Officer imposing penalty of Rs. 10,88,178/- which is paid and disclosed under the head short term loans and advances. The company is confident of receiving adjudication in its favour.
- iv) The Company has preferred an appeal against an order issued by DCIT, Godhra imposing penalty of Rs. 12,01,090/- for A.Y. 2004-05 to CIT(A) -4 Vadodara. The company is confident of receiving adjudication in its favour.
- v) The company had preferred an appeal to CIT (A) for assessment years 2002-03, 2003-04, 2004-05,2005-06,2006-07 and 2007-08 wherein company has received adjudication in their favour. However, the department has preferred appeals for the above assessment years at ITAT (Tribunal). Out of which appeals of revenue for A.Y. 2002-03 and 2007-08 are dismissed and adjudication is received in company's favour.
- vi) The company has preferred an appeal to ITAT against the order issued by CIT(A) for A.Y-2010-11 raising demand of Rs. 16,520/- against the valuation of stock. The company is confident of receiving adjudication in its fevour.
  - The Company's Management reasonably expects that these cases when ultimately concluded / adjudicated will not have any material or adverse effect on the Company's results or the Operations or financial condition.

## C. Commitments:

Estimated amount of contracts remaining to be executed on capital account and not provided for Rs. 2,10,30,068/- (Rs. 5,97,37,347/-).

## 33 TRADE PAYABLES & RECEIVABLES

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

## 34 RAW MATERIALS & COMPONENTS CONSUMED

(Rs.)

Sr.	Particulars	2015-16	2014-15
No.		Value	Value
1	Steel Strips	48,09,46,837	49,99,09,466
2	Springs	37,82,14,591	36,44,07,335
3	Ceramic Buttons	61,04,51,229	62,02,59,602
4	Castings	91,73,63,420	78,68,27,637
5	Other Components	52,25,01,266	54,03,01,378
	Total	2,90,94,77,344	2,81,17,05,418
	Less : Sales of Manufacturing Scrap	5,63,04,487	7,02,85,149
	Total	2,85,31,72,857	2,74,14,20,269

## 35 STOCK OF WORK-IN-PROGRESS

(Rs.)

Sr.	Particulars	2015-16	2014-15
No.		Value	Value
	Components for Clutch Driven Plate	8,02,31,148	6,96,68,128
	Components for Clutch Cover Assly	4,99,25,639	5,29,39,154
	Components for Release Bearing Assly	94,12,777	78,43,694
	Other Components	1,15,70,139	66,88,759
	Total	15,11,39,703	13,71,39,735

## 36 STOCK AND TURNOVER

(Rs.)

Opening Stock	Closing Stock	Sales
7,38,99,765	6,68,59,978	2,74,18,77,730
(7,36,74,939)	(7,38,99,765)	(2,49,37,80,249)
6,16,67,833	5,07,24,608	2,38,68,12,823
(5,02,41,361)	(6,16,67,833)	(2,12,58,76,677)
3,27,57,464	2,53,40,953	50,97,81,650
(3,10,61,914)	(3,27,57,464)	(54,93,02,691)
16,83,25,062	14,29,25,539	5,63,84,72,203
(15,49,78,214)	(16,83,25,062)	(5,16,89,59,617)
	7,38,99,765 (7,36,74,939) 6,16,67,833 (5,02,41,361) 3,27,57,464 (3,10,61,914) <b>16,83,25,062</b>	7,38,99,765 6,68,59,978 (7,36,74,939) (7,38,99,765) 6,16,67,833 5,07,24,608 (5,02,41,361) (6,16,67,833) 3,27,57,464 2,53,40,953 (3,10,61,914) (3,27,57,464) 16,83,25,062 14,29,25,539

<sup>\*</sup>Excluding Sales in Transit Effect.

## 37 CIF VALUE OF IMPORTS

Particulars	2015-16	2014-15
Raw Materials, Components & Spares Parts	67,86,35,999	71,41,09,116
Capital Goods	2,53,51,962	-
Total	70,39,87,961	71,41,09,116

	Particulars	2015-16	2014-15	
	Technical Fees (Intangible Assets Under Development)	4,75,47,415	4,19,37,814	
	Market Research / Marketing Expenses	2,40,51,444	3,15,00,968	
	Travelling Expenses	43,42,428	26,89,995	
	Commission paid	2,26,181	1,79,861	
	Other Expenses	58,98,965	57,45,205	
	Total	8,20,66,433	8,20,53,843	
(iii)	REMITTANCE OF DIVIDEND IN FOREIGN CURRENCY: (As			
	Particulars	2015-16	2014-15	
	Number of Persons	2	5	
	Number of Shares	5,998	2,998	
	Amount in Rupees	1,500,000,000	11-9-01000	
	Dividend	8,997	12,442	

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

The Consumption of Raw Materials & Components includes consumption of Imported Components Rs. 76,07,44,895/- (Rs. 75,95,03,767/-) which is 26.64% (27,70%) in total consumption.

## 40 EARNINGS IN FOREIGN CURRENCY

(Rs.)

Particulars	2015-16	2014-15
Exports of Goods at FOB value	23,84,30,537	32,13,16,350
Interest from wholly owned ultimate foreign subsidiaries	6,07,69,762	4,91,36,560
Other income from wholly owned ultimate foreign subsidiaries	36,15,464	38,64,166
Total	30,28,15,763	37,43,17,076

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

## (i) Defined Contribution Plans

An amount of Rs 2,31,09,593/- (Rs. 2,53,89,927/-) (Provident Fund & ESIC) is recognized as an expense and included in Note 22 under the head "Employee Benefits".

## (ii) Defined Benefit Plans

41

## Contribution to Gratuity Fund

(Rs.)

5,857

(3,51,504)

2,86,77,112

(Rs.)

## **CHANGES IN BENEFIT OBLIGATION**

Actuarial Gain/(Loss) on Plan assets

Expenses deducted from fund

Closing fair value of plan assets

	2015-16	2014-15
Opening defined benefits obligation	3,47,91,172	2,80,93,982
Transfer in/(out) obligation	(9,11,930)	
Interest Cost	25,66,462	24,20,087
Current Service Cost	44,91,015	32,42,821
Benefit Paid	(25,60,104)	(4,40,690)
Actuarial (Gain)/Loss on obligation	3,51,345	14,74,972
Closing defined benefit obligation	3,87,27,960	3,47,91,172
77754 3	**************************************	(Rs.)
FAIR VALUE OF PLAN ASSETS	2015-16	2014-15
Opening fair value of plan assets	2,86,77,112	2,40,79,347
Transfer in / (Out) of plan assets	(11,36,310)	
Expected Return on Plan assets	23,63,614	22,28,879
Contributions made by the employer during the year	69,39,001	31,55,223
Benefit Paid	(25,60,104)	(4,40,690)

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

3,72,796

(4,03,738)

3,42,52,371

AMOUNT RECOGNISED IN THE BALANCE SHEET		(Rs.)
	2015-16	2014-15
Defined Benefit Plan - Gratuity (Funded)	1	
Present value of funded obligation	(3,42,52,371)	(2,86,77,112)
Present value of non-funded obligation	(44,75,589)	(61,14,060)
Total Obligation	(3,87,27,960)	(3,47,91,172)
Fair Value of Plan Assets at the end of the year	3,42,52,371	2,86,77,112
Net Asset / (Liability) included under the head Long Term	44,75,598	61,14,060
Provisions (Note 6) & Short Term Provisions (Note 10)		
EXPENSES RECOGNISED IN THE PROFIT & LOSS STATEMI	ENT	(Rs.)
	2015-16	2014-15
Current Service Cost	44,91,015	32,42,823
Interest Cost on Benefit obligation	25,66,462	24,20,087
Expected Return on Plan Assets	(23,63,614)	(22,28,879)
Net actuarial (Gain) or Loss recognized during the year	(21,451)	14,69,115
Expenses deducted from fund	4.03.738	3.51.504
Amount Included in Note 22 - "Employee Benefits"	50,76,150	52,54,650
BALANCE SHEET RECONCILIATION		(Rs.)
	2015-16	2014-15
Opening Net Liability	61,14,060	40,14,634
Transfer in/(Out) obligation	(9,11,930)	*
Transfer in/(Out) plan assets	11,36,310	2
Expense as above	50,76,150	52,54,650
Contributions made during the year	(69,39,001)	(31,55,223)
Liability recognized in Balance Sheet	44,75,589	61,14,060

The charge for the current year on statement of Profit & Loss on account of compensated absences is Rs.37,82,123/- (Rs. 62,04,620/-). The said liability is provided based on actuarial valuation. The said liability is

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

	2015-16	2014-15
Mortality Table	2006-08 (Ultimate) - Indian Assured Lives Mortality	2006-08 (Ultimate) - Indian Assured Lives Mortality
Discount rate	7.80%	7.80%
Estimated future salary growth	6.00%	6.00%
Expected rate of return on plan assets (Applicable to Gratuity only)	7.80%	8.50%
Attrition Rate	5% 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'2016	March'2015	March'2014	March'2013	March'2012
Defined benefit obligation	3,87,27,960	3,47,91,172	2,80,93,982	2,51,34,368	1,92,51,190
Plan Assets	3,42,52,371	2,86,77,112	2,40,79,347	1,98,01,075	1,56,51,705
Surplus/(Deficit)	(44,75,589)	(61,14,060)	(40,14,634)	(53,33,293)	(35,99,485)

	2015-16	2014-15	2013-14	
Defined Benefit Obligation	3,87,27,960	3,47,91,172	2,80,93,982	
Plan Assets	3,42,52,371	2,86,77,112	2,40,79,347	
Surplus/(Deficit)	(44,75,589)	(61,14,060)	(40, 14, 634)	
Experience Adjustments on Plan Liabilities	(1,41,988)	1,82,022	11,33,953	
Actuarial Loss /(Gain) due to change in assumptions	4,93,333	12,92,950	(24,59,116)	
Experience Adjustments on Plan Assets	(3,72,796)	(5,857)	(25,535)	
Net Actuarial Loss / (Gain) for the year	(21,451)	14,69,115	(12,99,628)	

<sup>\*</sup> 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.

### 42 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. The said scheme ceased during preceding previous year.

### 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, 2016

Particulars		2014-15		
	Grant 1	Grant 2	Total	
Revised Exercise Price pursuant to Bonus issue	Nil	Nil	Nil	
Revised Options Outstanding at the beginning of the year	Nil	Nil	Nil	47,312
Add:- Option granted during the year	Nil	Nil	Nil	Nil
Forfeited/Expired during the year	Nil	Nil	Nil	6,001
Exercised during the year	Nil	Nil	Nil	41,311
Option Outstanding at end of Year	Nil	Nil	Nil	Nil

### 43 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.
- Rs. 5,07,59,533/- (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.
- Rs. 6,48,40,000/- (Rs.6,48,40,000/-) Invested in Equity shares of Setco Automotive (UK) Limited a Technical know How and development. Hub of the group for domestic and international markets.

- 3) Rs. 41,65,50,000/- (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 Linguise Especiales S.A. Spain.
- As. 15,35,00,000/-(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. 42,65,00,000/-(Rs. 40,35,00,000/-) Invested in preference shares of Setco Engineering Private Limited-Holding Company, predominantly an Investment Company. The said Investment in Preference Shares has yielded reasonable tax free returns to the company on year to year basis.
- The Company has invested Rs. 11,55,99,533/- in Equity & Preference shares of wholly owned ultimate foreign subsidiaries and also has outstanding receivables in form of loans & advances and debts (net) aggregating Rs. 64,03,46,206/- from them as at 31.03.2016. Apart from company's direct investments into these wholly owned ultimate foreign subsidiaries referred to above, the company's ultimate wholly owned subsidiary, M/s Setco Automotive (UK) Ltd has an exclusive investment of Rs. 6,46,05,000/- (US \$ 15,00,000/- invested in F.Y. 2006-07) into equity shares of its step down wholly owned subsidiary, M/s. Setco Automotive (N.A.) Inc. These wholly owned ultimate foreign subsidiaries incurred consolidated accumulated losses of Rs. 12,34,12,067/- as at 31.03.2016 resulting into erosion of fair portion of their consolidated net worth. The management is of the opinion that this is a temporary phase considering various efforts being made to restructure/streamline the operations of the wholly owned ultimate foreign subsidiaries, more particularly in case of M/s. Setco Automotive (UK) Limited, which is the major contributory subsidiary for consolidated accumulated losses. These being strategic investments made with a very long term perspective and also in view of the asset base, business plans and projected profitable operations of the wholly owned ultimate foreign subsidiaries, in the opinion of the management, no provision is required to be made for diminution in value of these investments made in, loans & advances & debts due from the said subsidiaries and they are considered good.

### 44 Corporate Social Responsibility Expenditure:

- Gross amount required to be spent by the Company during the year: Rs. 50,19,308/- (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	-	> 1	÷
(ii) On purposes other than (i) above *	70,59,840	2.	70,59,840

<sup>\*</sup>Includes Contribution to a trust controlled by the Company (Setco Foundation) in relation to CSR Expenditure : As. 35,50,000/-

### 45 Research & Development

The company has a set up of recognized Research & Development Centre (R & D Centre) at its Kalol plant. The activities of this R & D Centre are exclusively confined to the product development, particularly development of new products for domestic & international markets. The qualifying product development expenses of the said R & D Centre which satisfy recognition criteria for intangible asset as set out in Accounting Standard-26 "Intangible Asset" are capitalized by the company as Intangible Asset and is included under the head "Intangible Asset under development in Note no. 11 - Fixed Assets" and the same shall be amortised as per amortization policy consistently followed by the company. Based on the Accounting Expert's opinion obtained by the company, the accounting treatment referred to above is within the purview of Accounting Standard-26 "Intangible Assets".

Till previous financial year, such expenses were treated as revenue in nature & charged off in the statement of Profit & loss since the recognition criteria for intangible asset as set out in Accounting Standard-26 "Intangible Assets" were not fully met.

The company had treated these R & D expenditure as revenue expenditure in its declared interim financial results for three quarters (i.e. up to 31.12.15) of F.Y. 2015-16 submitted to stock exchange. Based on accounting expert's opinion referred to above, the company has restated said interim financial results incorporating the impact of above revision in accounting treatment & submitted the restated results for above-referred three quarters of F.Y. 2015-16 to stock exchange for public dissemination.

### The details of expenditure incurred during financial year 2015-2016 are as under:

Particulars		2015-16		2014-15	
	Aproved (DSIR)		200000	Amount	
	R&D Expenditure	Expenditure			
Capital Expenditure	79,57,336	-	79,57,336	21,04,571	
Intangible assets under development (Including Depreciation of Rs. 95,33,095/-)		3,70,26,992	3,70,26,992		
Revenue Expenditure	- 4	25,310	25,310	3,67,82,069	
Total RSD Expenditure	79,57,336	3,70,52,302	4,50,09,638	3,88,86,640	

- 46 During the year, the company has made contribution of Rs. NIL (Rs. 35,00,000/-)to Political Party.
- 47 Prior Period Expenses of Rs. 25,33,713/- (Rs.51,08,348/-) has been recognized under relevant heads in Statement of Profit & Loss.
- 48 Figures in brackets represent previous year's figures.
- **49** 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) Harish Sheth Chairman & Managing Director

> Arun Arora Director

Pratap Merchant Director

Manesh P. Mehta Vinay Shahane
Partner Vice President - Finance
Membership No.: 036032
Place: Mumbai
Date: May 30, 2016

For and on behalf of the Board
Udit Sheth
Joint Managing Director

Ashok Kumar Jha Director

Suhasini Sathe Director

Bhautesh Shah Company Secretary

Place : Mumbai Date : May 30, 2016 Shvetal Vakil Executive Director

Bhalchandra Naik Director

Urja Shah Executive 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 (the Holding Company and its subsidiaries collectively referred to as "the Group"), comprising of the Consolidated Balance Sheet as at March 31, 2016, the Consolidated Statement of Profit and Loss, 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 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 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 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 auditors' 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. 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.

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. 28(ii) - "Notes forming part of Consolidated Financial Statements"). This matter was also qualified in our report on consolidated financial statements for the year ended 31st March, 2015.

### 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, 2016, and its consolidated profit and its consolidated cash flows for the year ended on that date.

### · Emphasis of Matter

- a) Attention is invited to Note No. 33(i) Notes forming part of Consolidated Financial Statements which refers to the fact 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, Trade Payable, Creditors for capital expenditure and Capital advances are subject to reconciliation and/or confirmation.
- b) Attention is invited to Note No. 35 Notes forming part of Consolidated Financial Statements which refers to the fact that the Holding Company, Setco Automotive Limited has a set up of recognized Research & Development Centre (R & D Centre) at its Kalol plant. The activities of this R & D Centre are exclusively confined to the product development, particularly development of new products for domestic & international markets. The qualifying product development expenses of the said R & D Centre which satisfy recognition criteria for intangible asset as set out in Accounting Standard 26 "Intangible Asset" are capitalized by the company as Intangible Asset and is included under the head "Intangible Asset under development in Note no. 11 Fixed Assets" and the same shall be amortized as per amortization policy consistently followed by the company. Based on the Accounting Expert's opinion obtained by the company, the accounting treatment referred to above is within the purview of Accounting Standard 26 "Intangible Assets".

Till previous financial year, such expenses were treated as revenue in nature & charged off in the statement of Profit & loss since the recognition criteria for intangible asset as set out in Accounting Standard - 26 "Intangible Assets" were not fully met.

The company had treated these R & D expenditure as revenue expenditure in its declared interim financial results for three quarters (i.e. up to 31.12.15) of F.Y. 2015-16 submitted to stock exchange. Based on accounting expert's opinion referred to above, the company has restated said interim financial results incorporating the impact of above revision in accounting treatment & submitted the restated results for above-referred three quarters of F.Y. 2015-16 to stock exchange for public dissemination.

- c) Attention is invited to Note No. 36 Notes forming part of Consolidated Financial Statements which refers to the fact that in respect of Indian Subsidiary, Since Plant was not able to produce products in commercially feasible quality & quantity, and based on Technical Expert's Opinion and Accounting Expert's Opinion obtained by the Company in the matter, the management is of opinion that the Company is under trial run as at 31.03.2016. Accordingly, Costs associated with Trial Production (Net of Realization of Revenue from Trial Production) are treated as "Pre-Operative Expenses" to be apportioned to Fixed Assets in accordance with applicable Accounting Standards and that capitalization of assets will be carried out when the assets are completely ready for their intended use.
- d) Attention is invited to Note No. 39 Notes forming part of Consolidated Financial Statements which refers to the fact that 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.
- e) 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 Indian subsidiary which reflect total Assets of Rs. 19502.27 lacs as at 31st March, 2016, total revenues of Rs. 35.27 lacs and net cash outflows amounting to Rs. 163.28 lacs for the year ended on that date, in which the share of loss (net) of the Group is Rs.92.64 lacs, have been audited by us.

b) We did not audit the financial statements of wholly owned ultimate foreign subsidiaries, whose financial statements reflect total assets of Rs. 10605.51 lacs as at 31st March, 2016, total revenues of Rs. 7379.02 lacs and net cash outflows amounting to Rs. 5.46 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 wholly owned ultimate foreign subsidiaries, is based solely on the reports of the other auditors.

### . Report on Other Legal and Regulatory Requirements

- Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, is not applicable in case of consolidated financial statements.
- 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.
  - (b) In our opinion, except for the possible 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 possible 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, 2016 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, 2016 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.
  - (h) With respect to the adequacy of the internal financial controls over the financial reporting of the Holding Company and its subsidiary company which is incorporated in India and the operating effectiveness of such controls, refer to our separate Report in Annexure.
  - (i) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11of 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:
    - The Group has disclosed the impact of pending litigations as at 31st March, 2016 on its financial position in consolidated financial statements. (Refer Note No. 32 (B) of the Consolidated Financial Statements.)
    - The Group did not have any long-term contracts including derivative contracts as at 31st March, 2016 for which there were any material foreseeable losses;
    - There has been no delay in transferring the amounts, required to be transferred to the Investor Education and Protection Fund by the Group.

For MANESH MEHTA & ASSOCIATES

Chartered Accountants (Firm Registration No. 115832W)

(Manesh P. Mehta)
Partner
Membership No. 036032

Place: Mumbai Date: May 30, 2016



### ANNEXURE TO INDEPENDENT AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

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

In conjunction with our audit of the consolidated financial statements of the group as of and for the year ended 31st March 2016, we have audited the internal financial controls over financial reporting of SETCO Automotive Limited (hereinafter referred to as "the Holding Company") and its subsidiary company which is incorporated in India, as of that date (collectively referred as "Companies").

### Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the of the Holding company and its subsidiary company which is incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

### Auditor's Responsibility

Our responsibility is to express an opinion on the Companies' internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the ICAI and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Companies' internal financial controls system over financial reporting.

### Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the companies; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

### Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### Opinion

In our opinion, the Holding Company and its subsidiary company incorporated in India, have, in all material respects, a reasonably adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March, 2016, based on the internal control over financial reporting criteria established by the Companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. However, such internal financial controls over financial reporting need to be improved and strengthened.

For MANESH MEHTA & ASSOCIATES

Chartered Accountants (Firm Registration No. 115832W)

(Manesh P. Mehta)
Partner
Membership No. 036032

Place: Mumbai Date: May 30, 2016

### **CONSOLIDATED BALANCE SHEET**

AS AT 31st MARCH, 2016 (Rs.)

	Note No.	As at 31s	t March, 2016	As at 31st	March, 2015
		Rupees	Rupees	Rupees	Rupees
EQUITY & LIABILITIES :					
Shareholders' Funds					
Share Capital	2	26,71,93,350		26,71,93,350	
Reserves & Surplus	3	1,87,47,90,415		1,75,59,34,564	
CONTRACTOR DESCRIPTION OF THE STREET			2,14,19,83,765		2,02,31,27,914
Minorities Interests			8,98,38,345		9,28,43,687
Non-current Liabilities					
Long-term Borrowings	4	1,90,82,30,224		1,52,18,63,275	
Deferred Tax Liabilities (Net)	5	7,66,64,588		8,94,78,780	
Long-term Provisions	6	1,01,86,252		1,09,12,154	
			1,99,50,81,064		1,62,22,54,209
Current Liabilities					
Short-term Borrowings	7	1,79,54,14,296		1,52,78,22,076	
Trade Payables	8	78,57,43,334		41,30,88,105	
Other Current Liabilities	9	42,26,54,978		24,39,43,284	
Short-term Provisions	10	17,10,84,024		5,96,19,829	
			3,17,48,96,632		2.24,44,73,294
TOTAL			7,40,17,99,806		5,98,26,99,104
ASSETS :					
Non Current Assets					
Fixed Assets	11				
- Tangible Assets		1,66,42,75,119		1,53,19,99,433	
- Intangible Assets		33,19,73,405		31,77,47,913	
- Capital Work-in-Progress		1.24,10,24,790		68,59,26,646	
- Intangible Assets				1 TO A LOCATE TO 180 AV 1 M 1 TO A 180 AV 10	
under Development		12,65,12,220		8,28,62,738	
- Pre-Operative Expenses		16,89,17,639		5,33,60,665	
			3,53,27,03,173		2,67,18,97,395
Non-current Investments	12	58,00,00,250		45,20,00,250	
Long-term Loans & Advances	13	26,69,49,080		36,02,87,929	
Other Non Current Assets	14	37,92,878		1,23,13,337	
	3		85,07,42,208		82,46,01,516
Current Assets					
Inventories	15	1,44,61,25,693		1,31,12,95,016	
Trade receivables	16	1,11,40,65,706		78,01,88,751	
Cash and Cash Equivalents	17	4,74,54,188		10,70,70,536	
Short-term Loans & Advances	18	41,07,08,838		28,76,45,890	
Other Current Assets		-	3,01,83,54,425		2,48,62,00,193
TOTAL			7,40,17,99,806		5,98,26,99,104

Notes including Significant Accounting Policies are an integral part of the financial statements: 1 to 41

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

Chartered Accountants (Firm Registration No. : 115832W)

Harish Sheth Chairman & Managing Director Arun Arora

Joint Managing Director Ashok Kumar Jha Director

Shvetal Vakil Executive Director

Director Pratap Merchant

Suhasini Sathe

For and on behalf of the Board Udit Sheth

Bhalchandra Naik Director

Director

Director

Urja Shah Executive Director

Manesh P. Mehta

Partner Membership No.: 036032 Place: Mumbai Date: May 30, 2016

Vinay Shahane Vice President - Finance

Bhautesh Shah Company Secretary

Place : Mumbai Date: May 30, 2016

### **CONSOLIDATED STATEMENT OF PROFIT AND LOSS**

FOR THE YEAR ENDED 3157 MARCH, 2016

(Rs.)

	Note	Year Ended	Year Ended 31*
	No.	31" March 2016	March 2015
REVENUE:			
Revenue from Operations (Net)	19	5,63,67,92,498	5,24,23,61,248
Other Income	20	6.36,67,286	4.43.86.295
Total Revenue		5,70,04,59,784	5,28,67,47,543
EXPENSES:			
Cost of Materials and Components consumed	21	3,04,80,90,265	2,95,29,29,352
Changes in Inventories of Finished Goods and Work in Progress Decrease/(Increase)	22	2,93,41,505	(2,60,05,618)
Employee Benefit Expense	23	66,53,25,036	59,91,25,672
Finance Cost	24 33,38,65,100		26,31,54,504
Depreciation and Amortization Expenses	11	19,65,78,885	15,89,76,213
Less : Capitalized under the head "Intangible Assets Under Development"			
(Refer Note No: 11(5) & 35)		(95,33,095)	54
Net Depreciation and Amortization Expenses	11	18,70,45,790	15,89,76,213
Other Expenses	25	1,15,25,94,190	1,07,76,74,478
Total Expenses		5,41,62,61,885	5,02,58,54,601
Profit/(Loss) before Tax		28,41,97,899	26,08,92,941
Less : Tax Expenses			
Current Tax		8,05,99,259	5,31,36,104
Deferred Tax		(1,12,19,161)	1,63,92,915
MAT Credit Entitlement	26		
Previous Periods		76,790	(16,28,432)
Current Year		(1,47,36,195)	(94,24,987)
Tax Adjustment for Earlier years		4,59,721	(37,00,978)
		5,51,80,415	547,74,622
Profit for the period before adjustment for Minority Interests		22,90,17,484	20,61,18,319
Less :- Share of Profit / (Loss) transferred to Minority Interests		(30.05.342)	(6.20,313)
Profit for the period after adjustment for Minority Interests		23,20,22,826	20,67,38,632
Earnings Per Share (Face value of Rs. 2/- each)	27		
- Basic		1.74	1.55
- Diluted		1.74	1.55

Notes including Significant Accounting Policies are an integral part of the financial statements: 1 to 41

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

Chartered Accountants (Firm Registration No.: 115832W) Chairman & Managing Director

Arun Arora

Pratap Merchant

Manesh P. Mehta Partner Membership No.: 036032 Place: Mumbai Date: May 30, 2016

For and on behalf of the Board Harish Sheth

Director

Director

Vinay Shahane Vice President - Finance

Udit Sheth Joint Managing Director

Ashok Kumar Jha Director

Suhasini Sathe Director

Bhautesh Shah Company Secretary

Place : Mumbai Date: May 30, 2016

Shvetal Vakil Executive Director

Bhalchandra Naik Director

Urja Shah Executive Director

# CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH, 2016

		2015-2016	2014-2015
Α.	CASH FLOW FROM OPERATING ACTIVITIES		
	Net Profit before tax	28,41,97,899	26,08,92,941
	Adjustment for		
	Depreciation	18,70,45,790	15,89,76,213
	(Profit) on Sale of Fixed Assets	(43,83,056)	(19,48,165)
	Unrealized Forex Exchange Loss / (Gain)	(1,05,27,067)	1,40,44,504
	Interest Expense	33,38,65,100	26,31,54,504
	Interest Income	(62,83,168)	(15,39,344)
	Dividend Income	(3,22,80,000)	(2,87,10,000)
	Miscellaneous Income	(74,419)	920
	Corporate Tax	(8,10,58,980)	(4,94,35,126)
	MAT Credit Entitlement	1,46,59,405	1,10,53,419
	Operating Profit / (Loss) before Working Capital Changes and Other Changes	68,51,61,503	62,64,88,947
	Trade receivables	(33,16,59,380)	(8,78,27,267)
	Inventories	(13,48,30,677)	(11,81,06,206)
	Loans and Advances	(1,68,75,188)	(18,86,42,317)
	Trade Payables	37,17,66,202	(5,86,70,768)
	Other Liabilities	15,56,71,802	(3,82,29,720)
	Working Capital Changes and Other Changes	4,40,72,759	(49,14,76,277)
	Cash Flow Generated from Operations	72,92,34,262	13,50,12,670
	Direct Taxes (Tax deducted at Source)	(36,50,393)	(1,013,383)
	Net Cash Flow from Operating Activities	7,25,583,869	13,39,99,287
	CASH FLOW FROM INVESTING ACTIVITIES		
	Purchase of Fixed Assets	(95,80,83,204)	(1,14,67,87,986)
	Sale of Fixed Assets	2,45,74,276	96,58,134
	Intangible Asset	(9,07,02,155)	(11,09,76,388)
	Interest Income	62,83,168	15,39,344
	Dividend Income	3,22,80,000	2,87,10,000
	Margin Money with Bank	24,48,078	(1,97,08,156)
	(Increase) in Investment	(12,80,00,000)	6,14,50,000
	Net Cash Used in Investing Activities	(1,11,11.99,836)	(1,17,61,15,052)
	CASH FLOW FROM FINANCING ACTIVITIES		
	Proceeds from Cash Credit	16,75,92,220	12,10,60,895
	Proceeds from Short Term Loans	10,00,00,000	
	Proceeds from Term / Other Loans	65,53,43,710	1,45,48,58,280
	Repayment of Short Term Loans	+)	(16,00,00,000)
	Repayment of Term Loans	(13,54,65,397)	(8,14,92,327)

### **CASH FLOW STATEMENT**

FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2016

Proceeds	from Shares issued to Minorities	2.	9,34,64,000
Interest P	aid	(33,38,65,100)	(26,31,54,504)
Miscellane	ous Income	74,419	2
Proceeds	from issue of Shares including Premium	-	34,15,181
Final Divide	end & Dividend Distribution Tax	(12,86,35,052)	(4,82,38,145)
Interim Di	vidend & Dividend Distribution Tax	*	(4,80,67,155)
Net Cash	Flow from Financing Activities	32,50,44,801	1,07,18,46,225
. Impact of	Exchange Fluctuation on the Cash Flow	(53,84,384)	1,07,72,237
Net Incre	ase in Cash and Cash Equivalents (A+B + C)	(6,59,55,550)	4,05,02,697
Opening C	ash and Cash Equivalents	9,30,89,844	5,25,87,147
Closing Ca	ash and Cash Equivalents	2,71,34,294	9,30,89,844

### Notes :-

Partner

- 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 inter alia includes cost incurred on Capital Work-in-Progress and Pre-Operative expenses.
- 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 41

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

Chartered Accountants (Firm Registration No. : 115832W)

Harish Sheth Chairman & Managing Director Arun Arora

Director

Pratap Merchant Director

Manesh P. Mehta Vinay Shahane Vice President - Finance Membership No.: 036032 Place : Mumbai Date : May 30, 2016

For and on behalf of the Board Udit Sheth Joint Managing Director

> Ashok Kumar Jha Director

> > Suhasini Sathe Director

Bhautesh Shah Company Secretary

Place : Mumbai Date : May 30, 2016

Shvetal Vakil Executive Director

Bhalchandra Naik Director

Uria Shah Executive Director



FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2016

### 1 SIGNIFICANT ACCOUNTING POLICIES

### 1.1 Basis of Preparation

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 Limited ("the Company" / "Parent Company" / "Holding Company") and its subsidiary companies. The consolidated financial statements have been prepared on following basis:

- 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 nonintegral 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 in 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 / loss of consolidated subsidiaries for the year is identified and adjusted against the income of the group in order to arrive at the net income / loss 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 - "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, 2016, 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.

FOR THE YEAR ENDED 31st March 2016

### 2 SHARE CAPITAL

2.1	Authorised, issued, subscribed and fully paid - up: (As.)					
	Particulars	31" March 2016	31st March 2015			
	Authorised Capital:					
	25,00,00,000 (25,00,00,000) Equity Shares of Rs. 2/- each	50,00,00,000	50,00,00,000			
	Issued, Subscribed and Fully Paid up Share Capital:					
	13,35,96,675 (13,35,96,675) Equity Shares of Rs. 2/- each	26,71,93,350	26,71,93,350			

- a. Pursuant to the approval of members in the Annual General Meeting held on 28th September, 2015 the equity shares of face value of Rs. 10/- each have been subdivided into equity shares of face value of Rs. 2/- each with effect from 17th December, 2015. As a result, the number of equity shares has increased from 2,67,19,335 to 13,35,96,675 shares. Accordingly the number of shares has been adjusted for all the periods presented.
- b. The company has only one class of equity shares having a par value of Rs. 2 per share. Each shareholder of equity share is entitled to one vote per share.
- c. The company declares and pays dividends in Indian rupees. The board of directors in their meeting held on 30th May, 2016 have proposed dividend of Rs. 0.80/- per share for financial year ended 31st March, 2016. The proposed 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, 2016 would amount to approximately Rs. 12,86,35,052/-including corporate dividend tax of Rs. 2,17,57,712/-.
- d. In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company after distribution of all preferential amounts, in proportion to their shareholding.

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

Particulars	31" March 2016		31" March 2015	
	Number	Rs.	Number	Rs.
Equity Shares				
As at the beginning of the year	13,35,96,675	26,71,93,350	13,33,90,120	26,67,80,240
Add : Share issued on exercise of employee stock options			2,06,555	4,13,110
	13,35,96,675	26,71,93,350	13,35,96,675	26,71,93,350
Less : Changes, if any during the year	12	. 2		j in
Outstanding at the end of the year	13,35,96,675	26,71,93,350	13,35,96,675	26,71,93,350

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, 2016.

	31" March '15 Number	31" March '14 Number	31" March '13 Number	31" March '12 Number	31" March '11 Number
Equity shares with voting rights	10.				
Equity shares allotted as fully paid bonus shares by Capitalization of Securities Premium & General Reserve		_	4,43,01,355		4,41,09,400

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

	31" March 2016		31" March 2015	
Name of Shareholders	Number of Equity shares	% Holding	Number of Equity shares	% Holding
Equity Shares of Rs. 2/- each fully paid Setco Engineering Private Limited (Promoter Group)*	6,77,13,845	50.69	6,77,13,845	50.69

FOR THE YEAR ENDED 31st March 2016

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

50)	31" March 2016		31 <sup>st</sup> March 2015	
Particulars	Number of Equity shares	Rs.	Number of Equity shares	Rs.
Equity Shares of Rs. 2/- each fully paid				
Setco Engineering Private Limited (Promoter Group)*	6,77,13,845	13,54,27,690	6,77,13,845	13,54,27,690

<sup>\*</sup> 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.

### 3 RESERVE & SURPLUS

RESERVE & SURPLUS			(Rs.)	
Par	ticulars	31 <sup>st</sup> March 2016	31" March 201	
(i)	Capital Reserve (Opening & Closing Balance)			
	a) On forfeiture of Shares	21,000	21,000	
	b) Cash Subsidy	30,00,000	30,00,00	
	Total	30,21,000	30,21,00	
(iii)	Revaluation Reserve			
	As per Last Balance Sheet	29,34,63,224	29,66,81,74	
	Less : Transferred to Statement of Profit and Loss	3,10,798	3,06,78	
	Less : Transferred to General Reserve	28,24,505	29,11,73	
	Total	29,03,27,921	29,34,63,22	
(iii)	Securities Premium Reserve			
	As per Last Balance Sheet	1,88,19,583	1,58,17,51	
	Add: Received during the year on exercise of			
	employee stock options		30,02,070	
	Total	1,88,19,583	1,88,19,58	
(iv)	General Reserve			
	As per Last Balance Sheet	19,19,71,494	18,90,59,75	
	Add: Transferred from Revaluation Reserve	28,24,505	29,11,739	
	Add: Transferred from Statement of Profit and Loss	78,006	\	
-	Total	19,48,74,005	19,19,71,49	
_	Foreign Currency Translation Reserve	4,63,26,463	3,08,58,38	
(vi)	Surplus in Statement of Profit and Loss:			
	As per Last Balance Sheet	1.21,78,00,879	1,10,70,60,766	
	Add: Profit for the year	23,20,22,826	20,67,38,63	
	Less: Appropriations			
	Interim Dividend	*3	(4,00,57,925	
	Proposed Final Dividend	(10,68,77,340)	(4,00,79,003	
	Total Dividend	(10,68,77,340)	(8,01,36,928	
	Corporate Dividend Tax	(2,17,57,712)	(1,61,68,372	
	Dividend of Previous year including Tax thereon			
	Transfer from Revaluation Reserve	3,10,798	3,06,78	
	Transfer to General Reserve	(78,006)		
	Total	1,32,14,21,444	1,21,78,00,879	

FOR THE YEAR ENDED 31st March 2016

### 4 LONG TERM BORROWINGS

-Th-10-10-10-10-10-10-10-10-10-10-10-10-10-		
Particulars	31** March 2016	31" March 2015
Term Loans		
From Banks		
Secured	1,59,24,09,200	1,08,43,63,275
Unsecured	e:	
From other parties		
Secured	33,21,023	
Unsecured	E.	
Total (A)	1,59,57,30,224	1,08,43,63,275
Other Loans		
From Banks		
Secured	31,25,00,000	43,75,00,000
Unsecured		
Total (B)	31,25,00,000	43,75,00,000
Total (A+B)	1,90,82,30,224	1,52,18,63,275
The above amount includes	-	
Secured Borrowings	1.90.82,30,224	1,52,18,63,275
Unsecured Borrowings	75	

- Indian rupee term loan obtained by Parent Company, Setco Automotive Limited 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 obtained by Parent Company, Setco Automotive Limited 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 obtained by Parent Company, Setco Automotive Limited 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 Chairman & Managing Director and Joint Managing Director of the Company.
- Indian rupee term loan obtained by Parent Company, Setco Automotive Limited 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 obtained by Wholly Owned ultimated Foreign Subsidiary Company, Setco Automotive
  (N.A.) INC. from Ford Motor Credit is to be repaid in 60 EMI each of \$ 1066/- to be repaid by August, 2019. The
  loan is secured by first pari passu charge on vehicles.
- US \$ vehicle term loan obtained by Wholly Owned ultimated Foreign Subsidiary Company, Setco Automotive
  (N.A.) INC. from Ally Financial is to be repaid in 60 EMI each of \$ 482/- to be repaid by February, 2022. The loan is
  secured by first pari passu charge on vehicle.
- Indian Rupee Term Loan of Rs. 110.05 Crores is sanctioned by Bank of Baroda obtained by Indian Subsidiary Company, Lava Cast Private Limited. The Term Loan is repayable in 24 quarterly installments each of Rs. 458.54 Lacs, commencing from October, 2017 to be repaid by October, 2023. The Loan is secured by first charge by way of Equitable Mortgage of Factory Land and Building & Hypothecation of Plant & Machinery & Other Movable Fixed Assets of the Company & Second Charge on Company's entire Current Assets. Loan is further Secured by Corporate Guarantee of Parent Company, Setco Automotive Limited.
- Indian Rupee Term Loan of Rs. 19.21 Crores is sanctioned by Bank of Baroda obtained by Indian Subsidiary Company, Lava Cast Private Limited. The Term Loan is repayable in 24 quarterly installments each of Rs. 80.04 Lacs, commencing from October, 2017 to be repaid by October, 2023. The Loan is secured by first charge by way of Equitable Mortgage of Factory Land and Building & Hypothecation of Plant & Machinery & Other Movable Fixed Assets of the Company & Second Charge on Company's entire Current Assets. Loan is further Secured by Corporate Guarantee of Parent Company, Setco Automotive Limited.

FOR THE YEAR ENDED 31st March 2016

 Indian rupee vehicle loan obtained by Parent Company, Setco Automotive Limited from Daimler Financials Services India Pvt. Ltd. is repayable in 36 EMI each of Rs. 1,55,350/- to be repaid by February, 2019. The loan is secured by hypothecation of particular vehicle.

5	DEFERRED TAX LIABILITIES (NET)	,	(Rs.)		
	Particulars	31 <sup>s</sup> March 2016	31" March 2015		
	Net deferred tax liability	7,66,64,588	8,94,78,780		
6	LONG TERM PROVISONS	LONG TERM PROVISONS			
	Particulars	31" March 2016	31" March 2015		
	Provision for employee benefits	1			
	Provision for Gratuity	52,992	17,42,852		
	Provision for compensated absences	1,01,33,260	91,69,302		
	Total	1,01,86,252	1,09,12,154		
7	SHORT TERM BORROWINGS (Rs.				
	Particulars	31* March 2016	31* March 2015		
	Loans repayable on demand:				
	Working Capital Loan from Banks				
	Secured	1,69,54,14,296	1,52,78,22,076		
	Unsecured	10,00,00,000	-		
	Total	1,79,54,14,296	1,52,78,22,076		

- Indian Rupee Working Capital Loans obtained by Parent Company, Setco Automotive Limited 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.
- US \$ Working Capital Loans obtained by Wholly Owned ultimate Foreign Subsidiary Company, Setco Automotive
  (N.A.) INC. sanctioned by Bank of Baroda (USA) is 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 and corporate guarantee of Setco Automotive Limited, Parent Company.
- GBP Working Capital Loans obtained by Wholly Owned Foreign Subsidiary Company, Setco Automotive (UK)
  Limited sanctioned by ICICI (UK) is 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 and
  corporate guarantee of Setco Automotive Limited, Parent Company.
- Indian Rupee Working Capital (Cash Credit) obtained by Indian Subsidiary Company, Lava Cast Private Limited is sanctioned by Bank of Baroda is 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. Working Capital Loan is further Secured by Corporate Guarantee of Parent Company, Setco Automotive Limited.
- Indian Rupee Unsecured Loan of Rs. 10,00,00,000/- (Rs. Nil) is obtained by Parent Company, Setco Automotive Limited from Kotak Mahindra Bank and is secured by personal guarantee of Chairman & Managing Director and Joint Managing Director of the Company and by corporate guarantee of Setco Engineering Private Limited,

8	TRADE PAYABLES (Rs.				
	Particulars	31" March 2016	31" March 2015		
	Micro, Small and Medium Enterprises (MSME)	2,90,10,369	7,39,65,903		
	Others	75,67,32,965	33,91,22,202		
	Total	78,57,43,334	41,30,88,105		

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).

FOR THE YEAR ENDED 31st March 2016

### 9 OTHER CURRENT LIABILITIES

(Rs.)

Particulars	31 <sup>st</sup> March 2016	31" March 2015
Other Liabilities		
Payable towards Statutory Liabilities	5,76,12,035	4,62,55,228
Payable to Employees	4,80,74,504	1,51,90,169
Current Maturities of Long Term Loans (Refer Note No. 4)	26,74,44,370	13,00,73,237
Interest accrued and due	36,04,873	74,64,641
Unpaid/Unclaimed Dividend *	67,79,257	65,12,436
Independent After Market - Deposit	50,00,000	60,00,000
Other Payable	10,00,000	1.0
Creditors for Capital Expenditure	3,31,39,940	3,24,47,573
Total	42,26,54,978	24,39,43,284

<sup>&</sup>quot;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

Particulars	31 <sup>st</sup> March 2016	31" March 2015
Provision for Employee Benefits		
Provision for Gratuity	44,22,597	43,71,208
Provision for compensated absences	49,27,116	36,02,212
Others		
Proposed Final Dividend	10,68,77,340	4,00,79,003
Corporate Tax on Dividend	2,17,57,712	81,59,142
Provision for Taxation (Net of Advance Tax Paid)	3,30,99,259	34,08,264
Total	17,10,84,024	5,96,19,829

FOR THE YEAR ENDED 31st MARCH 2016

ę,	Sr. PARTICULARS		GROSS	GROSS BLOCK			DEPRECIATION	IATION		NET BLOCK	OCK
No.		Cost as on 01.04.2015	Additions for the year	Adjustment for the year	31.03.2016	Up to 01.04.2015	Additions for the year	Adjustment for the year	Up to 31.03.2016	As on 31.03.2016	As on 31.03.2015
	cu	9	4	un.	9	7	В	6)	10	1.1	12
A Tan	A Tangible Assets										
5	Free Hold Land	38,51,51,973	3,36,99,297	16,60,940	42,05,12,210	U.	1	00	20	42,05,12,210	38,51,51,973
20	Lease Hold Land	3,93,34,994		2.51	3,93,34,994	23,10,890	3,90,007		27,00,897	3.66,34,097	3,70,24,104
60	Buildings	52,82,52,351	36,11,681	63,35,652	53,81,99,684	8.47,02,425	1,82,96,621	18,11,781	10.48.10.827	43,33,88,858	44,35,49,927
04	Plant S. Machinery	1,09,64,66,538	19,89,07,800	(2,66,33,345)	1,26,87,40,993	53,89,93,548	10,17,40,337	(80,35,855)	63,26,98,028	63,60,42,965	55,74,72,991
99	Furniture & Fixtures	2,40,29,724	24,36,151	10,953	2,64,76,829	1,01,02,712	17,27,451	64,768	1,18,94,932	1,45,81,897	1,39,27,012
90	Office Equipments	1,93,02,079	14,92,549	3,21,840	2,11,16,468	94,76,607	25,65,992	3,21,840	1,23,64,439	87,52,029	98,25,472
07	Pollution Equipments	2,77,500		•	2,77,500	1,30,207	22,178	,	1,52,385	1,25,115	1,47,293
80	Computers	7,00,25,845	3,36,53,461	16,29,010	10,53,08,316	5,48,61,285	93,70,467	15,80,251	6,58,12,004	3,94,96,312	1,51,64,560
8	Electric Fittings	5,66,14,283	28,59,915		5,94,74,198	1,19,29,155	50,75,977		1,70,05,132	4,24,69,066	4,46,85,128
0	Vehicles	3,74,39,607	1,07,87,231	(18,29,711)	4,75,77,127	1,23,88,633	43,29,006	(14,13,083)	1,53,04,556	3,22,72,571	2,50,50,974
Sub 7	Sub Total (Tangible Assets)	2,25,68,94,895	28,74,28,085	(1,73,04,661)	2,52,70,18,319	72,48,95,462	14,35,18,038 (56,70,299)	(56,70,299)	86,27,43,189	1,86,42,75,119	1,53,19,99,433
B Int	B Intangible Assets										
5	Goodwill	8,15,50,249	*	57,26,070	8,72,76,319	19,61,719		9	19,61,719	8,53,14,500	7,95,88,530
S	Product Development	15,37,50,658	4,09,24,925	*	19,45,85,583	6,09,76,379	1,80,24,242	•	7,90,00,621	11,56,84,962	9,27,84,279
89	Technical Know how	13,62,23,610	4.7	33,27,620	13,85,51,230	3,65,11,802	1,26,08,196	9,02,443	5.00,22,442	8,95,28,788	9,97,11,808
40	Computer Software	5,19,53,388	1,56,60,843	1	6,76,14,231	4,33,64,139	85,07,818		4.98,71,957	1,77,42,274	85,89,249
90	Web Site Development	5,83,988		18	5,63,988	5,63,988		39	5,63,988		
90	Startup Costs	12,81,82,220	-4:	92,22,188	13,74,04,407	9,11,08,172	1,59,20,592	66,72,863	11,37,01,627	2.37.02,781	3,70,74,048
Sub 7	Sub Total (Intangible Assots)	55,22,34,113	5,85,85,788	1,82,75,878	82,70,85,758	23,44,88,199	5,30,80,848	75,75,308	29,51,22,354	33,18,73,405	31,77,47,913
0 0 0	C Intangible Asset Under Development (Product Development)	8,28,62,738	8,45,74,407	(4,09,24,925)	12,65,12,220	3.5			(%	12,65,12,220	8,28,62,738
Pre	Pre-Operative Expenses	5,33,60,665	11,55,56,974	*	16,89,17,639				*	16,89,17,639	5,33,60,665
5	Grand Total (A + B + C)	2,84,53,52,411	54,41,45,234	(3,99,53,709)	3,44,95,43,938	95,93,81,861	19,85,78,885	19,05,007	1,15,78,85,553	2,29,18,78,383	1,98,59,70,750
D Ca	D Capital Work in Progress:										
50	Capital Work in Progress	68.59,26,646	55,50,98,144	1	1,24,10,24,790			1)	5	1,24,10,24,790	68,59,26,646
Tot	Total D	68,59,26,646	55,50,98,144	ă.	1,24,10,24,790	S.*				1,24,10,24,790	68,59,26,646
5	Grand Total (A + B + C+D)	3,63,12,79,057 1,09,92,43,378		(3,99,53,709)	4,69,05,68,726	95,93,81,661	19,65,78,885	19,05,007	1,15,78,85,553	3,53,27,03,173	2,67,18,97,395
00	DOBWING VEAD	0 00 00 00 00 00 00 00 00 00 00 00 00 0	4 40 00 74 544	400 40 44 04	2 22 42 42 22 4	000 00 00 00	45 00 70 040	TACO OF BOY	DE 00 04 004	200 00 00 00 0	4 87 70 00 00 007

## Note:

- Adjustments for the year include net impact of Foreign Exchange Fluctuation of Rs. 1.92.57,431/- (Previous Year Rs. 37,22,536/-).
- Pre-Operative Expenses, interalia include adjustments related to revenues generated from Trial Operations & Eligible Costs associated with trial run in respect of Indian Subsidiary (Refer Note No. 36). Pending full capitalization, company did not provide for depreciation on assets shown under 'Capital Work-in-Progress' which have been used during Trial Production in respect of Indian Subsidiary,
- Product development being item of technical nature, auditors have relied on the management representation in respect of Parent Company. - 01 CO 4 CO
- Intangible assets under development, inter alia includes qualifying expensestincteding Depreciation of Rs. 95,33,095/-) incurred on product development activities carried out in in-house R & D Centre in respect of Parent Company, (Refer Note No. 35)
- 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 in respect of Parent Company. Ø

FOR THE YEAR ENDED 31st March 2016

### 12 NON CURRENT INVESTMENT (Long Term)

(Rs.)

Partic	cula	ars	31" March 2016	31 <sup>st</sup> March 2015
12.1	Tra	ade Investments (unquoted)		
	Inv	restment in Ultimate Holding Company (At Cost) :		
	D	4,26,50,000 (4,03,50,000) 9% 15 years Non Cumulative Compulsorily Redeemable Preference Share of Rs. 10/- each fully paid of Setco Engineering Private Limited (Refer Note No. 12.4)	42,65,00,000	40,35,00,000
	Inv	restment in other related entities (At Cost) :		11 TH 100 OLD 1 FOR SOME TOWNS IN 1991 IN
	ij	30,70,000 (9,70,000)Equity Share @ Rs. 50/- each fully paid up of SE Transstadia Private Limited (Refer Note No. 12.5)	15,35,00,000	4,85,00,000
12.2	No	n Trade Investment (unquoted) (At Cost) :		
	i)	10 (10) Equity Shares of Rs. 25/- each of Kalol Urban Co.op. Bank Limited	250	250
		Total	58,00,00,250	45,20,00,250

- 12.3 Investments in other related entities & Ultimate Holding Company have been made in terms of investment limits approved by Board of Directors of the company from time to time.
- 12.4 Based on the legal opinion obtained by the company from legal expert on its eligibility to make further investments in holding company u/s 19(1) of Companies Act, 2013, the company has during the year further subscribed to 9% 15 years non-cumulative compulsorily redeemable preference share in Setco Engineering Private Limited, Ultimate Holding Company.
- 12.5 During the year, the company has further invested Rs. 10,50,00,000 in 21,00,000 equity shares of Rs. 10 each at a price of Rs. 50 per share (including premium of Rs. 40/- per share) SE Transstadia Private Ltd. The said investment was made at a price which is reasonable based on the equity share valuation report of Investee Company issued by an independent Chartered Accountant.

### 13 LONG TERM LOANS AND ADVANCES

	Particulars	31" March 2016	31" March 2015
	Unsecured, considered good		
	Capital Advances	6,13,56,545	15,35,30,406
	Other Deposits	1,68,27,005	1,26,51,398
	MAT Credit Entitlement	18,87,65,530	19,41,06,125
	Total	26,69,49,080	36,02,87,929
14	OTHER NON CURRENT ASSETS		(Rs.)
	Particulars	31" March 2016	31" March 2015
	Fixed Deposit Account (Lien-marked on Margin Account)	37,92,878	1,23,13,337
15	INVENTORIES	-	(Rs.)
	Particulars	31" March 2016	31* March 2015
	Inventories	1,44,61,25,693	1,31,12,95,016
16	TRADE RECEIVABLES	·	(Rs.)
	Particulars	31" March 2016	31" March 2015
	Debts outstanding for a period exceeding six months		
	Unsecured		
	Considered Good	4,60,94,306	7,04,87,134
	Considered Doubtful	1,81,352	22,47,822
		4,62,75,658	7,27,34,956
	Less : Provision for Doubtful Debts	1,81,352	22,47,822
		4,60,94,306	7,04,87,134
	Other Debts (Unsecured and Considered Good)	1,06,79,71,400	70,97,01,617
	Total	1,11,40,65,706	78,01,88,751

FOR THE YEAR ENDED 31st March 2016

Cheques on Hand

17	CASH AND CASH EQUIVALENTS (Rs.			
	Particulars	31" March 2016	31 <sup>st</sup> March 2015	
	Cash and Cash Equivalents			
	Cash Balance	30,29,668	31,01,665	
	Bank Balances	2,40,17,345	8,78,23,913	
	Fixed Deposit Account (Lien-marked on Margin Account)	87,281	80,267	

Total 2,71,34,294 9,30,89,844 Others:-Fixed Deposit Account (Lien-marked on Margin Account) 1,35,40,637 74,68,256 Unpaid/Unclaimed Dividend 67,79,257 65,12,436 Total 4,74,54,188 10,70,70,536

### SHORT TERM LOANS AND ADVANCES

(Rs.)

20,83,998

Particulars	31" March 2016	31" March 2015
Loans And Advances to related parties		
Unsecured, considered good		
Western Engineering Works	7,60,50,864	7,78,09,391
Setco Engineering Pvt Ltd.	7,82,295	
SE Transstadia Private Limited	1,94,56,187	1,26,62,928
Advances recoverable in cash or kind		
Prepaid Expenses	1,86,13,911	1,07,78,478
Advance for Goods & Services	13,15,00,259	9,84,79,192
Advance Paid to Gratuity Fund	2,94,482	
Other Loans And Advances		
Balance with Central Excise	3,35,47,001	1,54,78,488
Employees Advances	30.02,431	16,38,753
MAT Credit Entitlement	2,00,00,000	34
Other Receivables	8,41,070	1,39,883
Statutory Dues Receivable - VAT	7,70,24,756	4,55,46,997
- Excise	1,80,10,580	1,95,25,884
- Service Tax	79,34,609	44,84,848
- Income Tax	36,50,393	11,01,048
Total	41,07,08,838	28,76,45,890

### **REVENUE FROM OPERATIONS (NET)** 19

Pai	rticulars	Year ended 31st March 2016	Year ended 31 <sup>st</sup> March 2015
i)	Sales of Finished Goods	6,22,37,75,911	5,82,99,72,889
	Less : Sales in Transit	1,64,82,931	3,18,80,276
	Less : Sales Taxes & VAT	25,75,54,973	27,26,99,946
	Total	5,94,97,38,007	5,52,53,92,668
	Less : Excise Duty	32,53,67,259	28,30,31,420
	Total	5,62,43,70,748	5,24,23,61,248
ii)	Other Operating Revenue		
	Duty Drawback *	1,24,21,750	-
		1,24,21,750	-
	Total	5,63,67,92,498	5,24,23,61,248

<sup>\*</sup>Includes duty drawback claims of previous years Rs.83,24,676/- approved by competent authority during the

FOR THE YEAR ENDED 31st March 2016

20 OTHER INCOME (Rs.)

Particulars	Year ended 31st March 2016	Year ended 31 <sup>st</sup> March 2015
Gain on Insurance Claim	3,82,174	7%
Lease Rent	24,000	24,000
Dividend - Ultimate Holding Company *	3,22,80,000	2,87,10,000
Profit on Sale of Fixed Assets (Net)	43,83,056	19,48,165
Interest Income - Ultimate Holding Company	7,82,295	
Others	55,00,873	15,39,344
Miscellaneous Income	74,419	48.10,044
Foreign Exchange Gain/(Loss) (Net)	1,82,26,455	47,84,097
Sundry Balances Written back	20,14,014	25,70,645
Total	6,36,67,286	4,43,86,295

<sup>\*</sup>The Company has subscribed to the 9% 15 years non-cumulative compulsorily redeemable preference shares of Rs. 10/- each of Setco Engineering Private Limited, the Ultimate Holding Company. In view of the statutory constraints caused due to non-availability of adequate distributable profit, the ultimate holding company could declare and pay dividend of only 8% on the said preference shares.

### 21 COST OF MATERIALS AND COMPONENTS CONSUMED

(Rs.)

Particulars	Year ended 31 <sup>st</sup> March 2016	Year ended 31" March 2015
Cost of Materials & Components Consumed	3,04,80,90,265	2,95,29,29,352

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

(Rs.)

Particulars	Year ended 31 <sup>st</sup> March 2016	Year ended 31" March 2015
Decrease / (Increase) in Inventories	2,93,41,505	(2,60,05,618)

### 23 EMPLOYEE BENEFITS

(Rs.)

Particulars	Year ended 31st March 2016	Year ended 31" March 2015
Salaries, Wages and Bonus	56,85,77,739	49,98,50,855
Contribution to Employees welfare funds	7,42,76,238	7,54,08,037
Staff Welfare expenses	2,24,71,059	2,38,66,780
Total	66,53,25,036	59,91,25,672

### 24 FINANCE COST

Particulars	Year ended 31" March 2016	Year ended 31" March 2015
Interest Expense	31,81,57,948	25,25,72,002
Other Financial Charges	1,57,07,153	1,05,82,503
Total	33,38,65,100	26,31,54,504

FOR THE YEAR ENDED 31st March 2016

25 OTHER EXPENSES (Rs.)

		(110.)
Particulars	Year ended 31* March 2016	Year ended 31 <sup>st</sup> March 2015
Stores and Tools Consumed	9,69,23,745	10,93,74,442
Carriage Inward	8,76,19,440	8,78,00,010
Power and Fuel	7,54,21,141	7,19,15,846
Job work Charges	8,20,27,502	7,78,33,034
Repairs and Maintenance to Machineries	1,42,11,744	1,62,35,117
Repairs to Building	38,11,680	38,08,252
Other Repairs	59,30,350	37,34,503
Computer Expenses	1,96,26,836	1,95,61,424
Factory Expenses	1,16,13,221	1,11,86,233
Rent	1,21,03,542	1,57,44,154
Rates and Taxes	1,35,65,122	1,05,77,185
Insurance	1,37,58,499	1,33,86,299
Conveyance	1,81,68,033	1,65,50,193
Travelling Expenses	5,38,00,567	5,48,73,945
Legal & Professional Charges	6,80,58,022	5,87,09,654
Statutory Auditors' Remuneration	44,69,098	36,22,946
Printing and Stationary	52,06,993	53,75,882
Communication Expenses	97,22,579	93,34,116
Books, Subscription and Membership	7,09,684	8,16,019
Directors' Sitting Fees	31,45,000	4,80,000
Commission to Non Executive Directors	44,85,846	31,30,000
Office Expenses	33,59,539	30,71,325
Corporate Social Responsibility Expenses	70,59,840	61,15,909
Donation	4,61,900	42,30,552
General Expenses	3,63,57,343	3,92,05,979
Sundry Balance Written off	36,33,653	50,67,626
Swachh Bharat Cess (SBC)	4,28,086	9
Marketing and Sales Promotion	8,78,89,370	8,46,96,557
Advertisement Expenses	19,86,604	47,07,876
Discount, Commission and other Expenses on Sales	21,84,68,840	16,60,98,845
Doubtful Debts	2	22.47.822
Packing and Forwarding Expenses	18,62,98,411	16,66,34,259
Loss on Insurance Claim	38,49,498	12
Excise Duty on Finished Goods Stock *	(15,77,537)	15,48,477
Total	1,15,25,94,190	1,07,76,74,478

### 26 MAT CREDIT

During the year, company has recognized MAT Credit of Rs. 1,47,36,195/- for current financial year (Previous year Rs. 94,24,987/-) and Rs. NIL (Previous year Rs. 16,28,432/-) in respect of previous periods and same is shown as adjustment from the current tax amount in the statement of profit and loss. The company has also recognised reversal of Net MAT credit of Rs. 76,790/- (Rs. NIL) in respect of previous periods.

FOR THE YEAR ENDED 31st March 2016

### 27 EARNING PER SHARE

(Rs.)

Particulars	2015-16	2014-15
Profit available to Equity Shareholders after Tax and minority interest	23,20,22,826	20,67,38,632
Weighted Average Number of Equity Shares of Rs. 2/- each		
Basic	13,35,96,675	13,34,51,820
Diluted	13,35,96,675	13,34,51,820
Earnings Per Share in Rs. :		
Basic	1.74	1.55
Diluted	1.74	1.55

Pursuant to the approval of members in the Annual General Meeting held on 28th September, 2015, the equity shares of face value of Rs. 10/- each have been subdivided into equity shares of face value of Rs. 2/- each with effect from 17th December, 2015. As a result, the number of equity shares has increased from 2,67,19,335 to 13,35,96,675 shares. The earning per share for all the periods presented has been restated accordingly in terms of Accounting Standard - 20 "Earning Per Share" specified \( \sqrt{s} \) 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014.

### 28 SALES- IN- TRANSIT

- i. In respect of Parent Company, Setco Automotive Limited, 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. 1,64,82,931/- (Rs. 3,18,80,276/-). 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. 1,28,62,783/- (Rs. 2,65,35,212/-) is shown under the head "Finished Goods" 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.

### 29 Enterprises consolidated as subsidiary in accordance with Accounting Standard 21 - "Consolidated Financial Statements"

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)	81.67%	April to March

FOR THE YEAR ENDED 31st March 2016

### 30 Additional Information, as required under Schedule III to the Companies Act, 2013, of Enterprises Consolidated as Subsidiary

Sr. Name of Enterprise No.	Net Assets i.e. Total Assets minus Total Liabilities		Share in Profit or Loss	
	As % of	Amount	As % of	Amount
	Consolidated	(Rs.)	Consolidated	(Rs.)
	Net Assets		Profit or Loss	
I. Parent				
Setco Automotive Limited	103.34	2,21,34,82,118	144.03	33,41,93,581
II. Subsidiaries				
a. Indian				
Lava Cast Private Limited	3.51	7,51,59,042	(5.29)	(1,22,69,420)
b. Foreign				
1. Setco Automotive (UK) Limited	(2.23)	(4,78,05,061)	(30.29)	(7,02,89,301)
2. Setco Automotive (NA) Inc.	(0.42)	(90,79,291)	(9.73)	(2,25,65,863)
3. WEW Holdings Limited	0.00	65,303	(0.02)	(51,513)
Minority Interest in Subsidiary	(4.19)	(8,98,38,345)	1.30	30,05,342

### 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 Parent Company, Setco Automotive Limited Rs. 1,12,32,290/- (Rs. 1,07,93,861/-).
- Guarantees given by the bank on behalf of Indian Subsidiary, Lava Cast Private Limited Rs. 7,40,03,387/- (Rs. 6,69,57,837/-).
- Letters of Credit issued by the bank on behalf of Indian Subsidiary, Lava Cast Private Limited Rs. Nil/- (Rs. 6,20,59,327/-)
- iv) Guarantee given for £ 1.40 million (£ 1.40 million) to ICICI Bank Limited, U.K. for Wholly Owned Ultimate Foreign Subsidiary, Setco Automotive (UK) Limited's credit facilities Rs. 13,37,98,000/- (Rs. 13,04,66,000/-).
- v) Guarantee given for \$ Nil (\$ 0.65 million) to ICICI Bank Limited, Singapore for Wholly Owned Ultimate Foreign Subsidiary, Setco Automotive (N.A.) INC. 's credit facilities Rs. Nil (Rs. 4,09,69,500/-).
- vi) Guarantee given for \$ 4.00 million (\$ 4.00 million) to Bank of Baroda, New York, USA for Wholly Owned Ultimate Foreign Subsidiary, Setco Automotive (N.A.) INC. 's credit facilities Rs. 26,64,00,000/- (Rs. 25,21,20,000/-).
- vii) Guarantee given for Rs. 1,83,26,00,000/- (Rs. 1,17,05,00,000/-) to Bank of Baroda, Mumbai, India, for Indian subsidiary, Lava Cast Private Limited's credit facilities.
- viii) Warranty Claims raised by Customer but not acknowledged as debt Rs. 1,18,98,637/- (Rs. 1,84,41,563/-).

### B. Note on Pending Litigation:

(In respect of Parent Company, Setco Automotive Limited)

- 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 infractuous, and the process of withdrawal of the case is under process.
- iii) The company has preferred an appeal to Deputy Commissioner of Sales Tax Gujarat, Vadodara against the order of Commercial tax Officer imposing penalty of Rs. 10,88,178/- which is paid and disclosed under the head short

FOR THE YEAR ENDED 31st March 2016

- term loans and advances. The company is confident of receiving adjudication in its favour.
- iv) The Company has preferred an appeal against an order issued by DCIT, Godhra imposing penalty of Rs. 12,01,090/- for A.Y. 2004-05 to CIT(A) -4 Vadodara. The company is confident of receiving adjudication in its favour.
- v) The company had preferred an appeal to Cff (A) for assessment years 2002-03, 2003-04, 2004-05,2005-06,2006-07 and 2007-08 wherein company has received adjudication in their favour. However, the department has preferred appeals for the above assessment years at ITAT (Tribunal). Out of which appeals of revenue for A.Y. 2002-03 and 2007-08 are dismissed and adjudication is received in company's favour.
- vi) The company has preferred an appeal to ITAT against the order issued by CIT(A) for A.Y. 2010-11 raising demand of Rs. 16,520/- against the valuation of stock. The company is confident of receiving adjudication in its favour.
  - The Company's Management reasonably expects that these cases when ultimately concluded / adjudicated will not have any material or adverse effect on the Company's results of the operations or financial condition.

### C. Commitments:

Estimated amount of contracts remaining to be executed on capital account and not provided for Rs. 2,61,80,068/- (Rs. 21,38,33,460/-).

### 33 TRADE PAYABLES & RECEIVABLES

- i) In Respect of Parent 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 Parent Company, Setco Automotive Limited, 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. The said scheme ceased during preceding previous year.

### 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		208,000		

### Information in respect of options outstanding as at March 31, 2016

Particulars		2014-15		
	Grant 1	Grant 2	Total	
Revised Exercise Price pursuant to Bonus issue	Nil	Nil	Nil	
Revised Options Outstanding at the beginning of the year	Nil	Nil	Nil	47,312
Add:- Option granted during the year	Nil	Nit	Nil	Nil
Forfeited/Expired during the year	Nil	Nii	Nil	6,001
Exercised during the year	Nil	Nil	Nil	41,311
Option Outstanding at end of Year	Nil	Nil	Nil	Nil

FOR THE YEAR ENDED 31st March 2016

### 35 Research & Development

The Parent Company, Setco Automotive Limited has a set up of recognized Research & Development Centre (R & D Centre) at its Kalol plant. The activities of this R & D Centre are exclusively confined to the product development, particularly development of new products for domestic & international markets. The qualifying product development expenses of the said R & D Centre which satisfy recognition criteria for intangible asset as set out in Accounting Standard - 26 "Intangible Asset" are capitalized by the company as Intangible Asset and is included under the head "Intangible Asset under development in Note no. 11 - Fixed Assets" and the same shall be amortised as per amortization policy consistently followed by the company. Based on the Accounting Expert's opinion obtained by the company, the accounting treatment referred to above is within the purview of Accounting Standard - 26 "Intangible Assets".

Till previous financial year, such expenses were treated as revenue in nature & charged off in the statement of Profit & loss since the recognition criteria for intangible asset as set out in Accounting Standard - 26 "Intangible Assets" were not fully met.

The company had treated these R & D expenditure as revenue expenditure in its declared interim financial results for three quarters (i.e. up to 31.12.15) of EY. 2015-16 submitted to stock exchange. Based on accounting expert's opinion referred to above, the company has restated said interim financial results incorporating the impact of above revision in accounting treatment & submitted the restated results for above-referred three quarters of EY. 2015-16 to stock exchange for public dissemination.

The details of expenditure incurred during financial year 2015-2016 are as under:

(Rs.)

Particulars	2015-16			2014-15	
0	Approved (DSIR) R&D Expenditure	Other R & D Expenditure	Total	Amount	
Capital Expenditure	79,57,336	**	79,57,336	21,04,571	
Intangible assets under development (Including Depreciation of As. 95,33,095/-)		3,70,26,992	3,70,26,992		
Revenue Expenditure		25,310	25,310	3,67,82,069	
Total R&D Expenditure	79,57,336	3,70,52,302	4.50,09,638	3,88,86,640	

- In respect of Indian Subsidiary, Since Plant was not able to produce products in commercially feasible quality & quantity, and based on Technical Expert's Opinion and Accounting Expert's Opinion obtained by the Company in the matter, the management is of opinion that the Company is under trial run as at 31.03.2016. Accordingly, Costs associated with Trial Production (Net of Realisation of Revenue from Trial Production) are treated as "Pre-Operative Expenses" to be apportioned to Fixed Assets in accordance with applicable Accounting Standards and that capitalisation of assets will be carried out when the assets are completely ready for their intended use.
- 37 Setco Automotive (UK) Limited, the Wholly Owned Foreign Subsidiary has recognised income of Rs. 40,68,588/pertaining to F. Y. 2014-15 & restated its accounts for F. Y. 2014-15 as mandated by its Local Laws. The impact of the said income has been factored into in F. Y. 2015-16 while consolidating the accounts for the group as a whole, as required by Indian Generally Accepted Accounting Principles.
- 38 During the year, the company has made contribution of Rs. NIL (Rs. 35,00,000/-) to Political Party.
- 39 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.
- 40 Figures in brackets represent previous year's figures.
- 41 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 30, 2016 For and on behalf of the Board

Place : Mumbal Date : May 30, 2016

# NOTES ......

# NOTES ......



To,

The Company Secretary

Setco Automotive Limited

Corporate Office: 2/A, Ground Floor,

Film Centre Building, 68, Tardeo Road,

Mumbai - 400 034, India.

# NATIONAL ELECTRONIC CLEARING SERVICE (NECS) MANDATE FORM

1.	Shareholder's Name				
2.	Folio No.				
3.	No. of Shares	31			
4.	Bank Name				
5.	Branch Name:				
	Address	1			
	Telephone No.				
6.	Bank Account Numbe	r: (	10-Digit or mor	e number only)	
7.	Ledger Folio No. of the	е Асс	ount:(if appeari	ng on Cheque Bo	ok)
8.	Account type	: [	Savings	Current	Cash Credit
	[Please tick 🗸]		555 455 855 1		
9.	9-Digit Code Number	· : F			
	of the Bank & Branch	0.50			
	appearing on the	, L			
	MICR Cheque issued				
	by the Bank				
10.	11-Digit IFSC Code				
	(Optional)				

I agree to avail the NECS introduced by RBI with respect to payment of dividend to me.

I hereby declare that the particulars given above are correct and complete. If the transaction is delayed or not effected at all for reasons beyond the control of the Company, I would not hold Setco Automotive Limited responsible.

Date

Signature of the Sole/First Shareholder

(Please attach (i) self-attested photocopies of any two of your Passport / PAN Card / Driving License / Voters Identity Card towards proof of identification & (ii) a blank cancelled cheque or photocopy of a cheque issued by your Bank for verification of the 9-digit code Number provided above).









CIN: L35999GJ1982PLC005203

Regd. Office: Baroda - Godhra Highway, Kalol (Panchmahals), Pincode - 389 330, Gujarat, India Phone: 02676-305600, Fax: 02676-235524. Email: investor:relations@setcoauto.com.Website: www.setcoauto.com

NOTICE is hereby given that the Thirty Third Annual General Meeting of the Members of the Company will be held at the Registered Office of the Company at Baroda-Godhra Highway, Kalol, District Panchmahals, Pin Code — 389 330. Gujarat, India, on Thursday, September 29, 2016 at 3.00 p.m. to transact the following business:

### ORDINARY BUSINESS:

- 1. To receive, consider and adopt:
  - (a) the Audited Financial Statements of the Company for the financial year ended March 31, 2016 together with the Reports of the Board of Directors and the Auditors thereon; and
  - (b) the audited consolidated financial statements of the Company for the financial year ended March 31, 2016.
- 2. To declare Dividend for the Financial Year 2015-16:
- To appoint a Director in place of Mr. Harish Sheth, who retires by rotation and being eligible offers himself for re-appointment;
- 4. To ratify the appointment of Messrs Manesh Mehta & Associates, Chartered Accountants, as the Statutory Auditors from the conclusion of Thirty Third Annual General Meeting until the conclusion of the Thirty Fourth Annual General Meeting and to fix their remuneration and if thought fit, to pass with or without modification(s) the following resolution proposed as an Ordinary Resolution:

"RESOLVED THAT pursuant to provisions of Section 139 and other applicable provisions, if any, of the Companies Act, 2013, and rules made thereunder, including any statutory modification(s) or re-enactment(s) thereof for the time being in force, the appointment of M/s. Manesh Mehta & Associates, Chartered Accountants (Firm Registration No. 115832W) as the Statutory Auditors of the Company be and is hereby ratified. to hold office from the conclusion of this Thirty Third Annual General Meeting until the conclusion of the Thirty Fourth Annual General Meeting of the Company on a remuneration to be fixed by the Board of Directors of the Company, based on the recommendation of the Audit Committee and reimbursement of all out of pocket expenses in connection with the audit for the financial year 2016-17."

### SPECIAL BUSINESS:

### Alteration of Articles of Association of the Company:

To consider and, if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution:-

"RESOLVED THAT pursuant to the provisions of Section 14 and all other applicable provisions of the Companies Act, 2013 read with Companies (Incorporation) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), the draft regulations contained in the Articles of Association submitted to this meeting be and are hereby approved and adopted in substitution, and to the entire exclusion, of the regulations contained in the existing Articles of Association of the Company."

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution."

### 6. Issue of Further Securities:

To consider and, if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution:-

"RESOLVED THAT in accordance with the provisions of section 23, 42 and 62(1)(c), as may be applicable, and other applicable provisions, if any, of the Companies Act, 2013 and the applicable rules framed thereunder ("Act") (including any amendment thereto or re-enactment thereof, and in accordance with the provisions of the Memorandum and Articles of Association of the Company and subject to and in accordance with any other applicable law or regulation, in India or outside India, including without limitation, the Listing Regulation entered into with the stock exchanges where the equity shares of the Company are listed ("Stock Exchanges"), the provisions of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations 2009 ("SEBI ICDR Regulations") (including any amendment thereto or reenactment thereof, for the time being in force), the Foreign Exchange Management Act. 1999

("FEMA"), as amended, Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000, as amended, and in accordance with the rules, regulations, guidelines, notifications, circulars and clarifications issued thereon, from time to time, by the Securities and Exchange Board of India, Reserve Bank of India, the Stock Exchanges, the Government of India, the Registrar of Companies or any other relevant authority from time to time ("Governmental Authorities"), to the extent applicable, and subject to such approvals, consents, permissions and sanctions as may be required from such Governmental Authorities, and subject to such conditions and modifications as may be prescribed, stipulated or imposed by such Governmental Authorities while granting such approvals, consents, permissions and sanctions, which the Board of Directors of the Company (hereinafter referred to as the "Board" which term shall be deemed to include any committee(s) thereof constituted/to be constituted by the Board to exercise its powers including the powers conferred by this Resolution) is hereby authorized to accept, the Board be and is hereby authorized, on behalf of the Company, to create, issue, offer and allot, (including the provisions for reservation on firm and/or competitive basis, of such part of issue and for such categories of persons including employees of the Company, as may be permitted), in the course of one or more public or private offerings with or without a green shoe option (including Qualified Institutions Placement ("QIP") under SEBI ICDR Regulations), equity shares of the Company with a face value of Rs.2 (Rupees two) each ("Equity Shares") and/or Equity Shares through convertible bonds, depository receipts and/or other securities convertible into Equity Shares at the option of the Company and/or the holder(s) of such securities, and/or securities linked to Equity Shares or other securities with or without warrants, which may either be detachable or linked, and which warrant has a right exercisable by the warrant holder to subscribe for the Equity Shares and/or warrants with an option exercisable by the warrant-holder to subscribe for Equity Shares and/or any instruments or securities representing either Equity Shares and/or convertible securities linked to Equity Shares (including the issue and allotment of Equity Shares pursuant to a green shoe option, if any), (all of which are hereinafter collectively referred to as "Securities") or any combination of Securities, to eligible investors under applicable laws, regulations and guidelines as decided by the Board, including

but not limited to qualified institutional buyers in accordance with Chapter VIII of the SEBI ICDR Regulations, (whether residents and/or nonresidents and/or institutions/banks and/or incorporated bodies, mutual funds, venture capital funds, and Indian and/or multi-lateral financial institutions, other eligible investors and/or individuals and/or trustees and/or stabilising agents or otherwise, and whether or not such investors are members of the Company), through placement document and/or letter of offer or circular and/or on public and/or private/preferential placement basis, such issue and allotment to be made at such time/times, in one or more tranches, for cash, at such price or prices, including at discount / premium to the market price in such manner and on such terms and conditions including security, rate of interest etc., considering the then prevailing market conditions and other relevant factors wherever necessary, in consultation with the merchant bankers and/or other advisors or otherwise, on such terms and conditions as the Board, may, in its absolute discretion, decide at the time of issue of Securities provided that the total amount raised through the issuance of such Securities shall not exceed Rs. 100 crores or its equivalent in one or more currencies, if any, as may be decided by the Board, to investors as mentioned above and that the combination of Securities would result in a maximum issue of up to 2,10,00,000 equity shares of Rs.2/- each of the Company, if and after they are exchanged with the equity shares of the Company AND THAT the new equity shares to be issued would result in a maximum dilution of up to 20% of the expanded issued and paid up equity share capital of the Company, taking into consideration the un-exercised stock options as on date."

The pricing of the Securities that may be issued to qualified institutional buyers pursuant to a QIP shall be freely determined subject to such price not being less than the price calculated in accordance with Chapter VIII of the SEBI ICDR Regulations. The Company may, in accordance with applicable law, offer a discount of not more than 5% or such percentage as permitted under applicable law on the price determined pursuant to the SEBI ICDR Regulations.

"RESOLVED FURTHER THAT without prejudice to the generality of the above, the aforesaid issue of the Securities may have all or any terms or conditions or combination of terms in accordance with applicable regulations, prevalent market practices, etc." "RESOLVED FURTHER THAT any issue of Securities made by way of QIP in terms of Chapter VIII of the SEBI ICDR Regulations, the allotment of the Securities, or any combination of Securities as may be decided by the Board shall be completed within 12 months from the date of this Resolution or such other time as may be allowed under the SEBI ICDR Regulations from time to time."

"RESOLVED FURTHER THAT in the event the Equity Shares are issued pursuant to the QIP, the "relevant date" for the purpose of pricing of the Equity Shares shall be the date of the meeting in which the Board (including a committee of the Board) decides to open the proposed issue, and in the event that convertible securities (as defined under the SEBI ICOR Regulations) are issued pursuant to the QIP, the relevant date for the purpose of pricing of such convertible securities, shall be the date of the meeting in which the Board of the Company (including a committee of the Board) decides to open the proposed issue of such convertible securities."

"RESOLVED FURTHER THAT the Board be and is hereby authorized to issue and allot such number of Securities as may be required to be issued and allotted, including issue and allotment of Equity Shares upon conversion of any Securities referred to above or as may be necessary in accordance with the terms of the offer. Subject to the provisions of the Memorandum and Articles of Association of the Company, all such Equity Shares shall rank pari passu inter-se and with the then existing Equity Shares of the Company in all respects, including dividend, which shall be subject to relevant provisions on that behalf contained in the Articles of Association of the Company."

"RESOLVED FURTHER THAT for the purpose of giving effect to any offer, issue or allotment of Equity Shares or Securities or instruments representing the same, as described above, the Board, where required in consultation with the merchant bankers and/or other advisors, be and is hereby authorised on behalf of the Company, to do all such acts, deeds, matters and things as it may. in its absolute discretion, deem necessary or desirable for such purpose, including but not limited to finalization and approval of the preliminary as well as final offer document(s), determining the form and manner of the issue, including the selection of qualified institutional buyers to whom the Securities are to be offered, issued and allotted, number of Securities to be allotted, issue price, face value, discounts permitted under applicable law (now or hereafter),

premium amount on issue/conversion of the Securities, if any, rate of interest, and matters related thereto, and with power on behalf of the Company to settle all questions, difficulties or doubts that may arise in regard to such issue(s) or allotment(s) as it may, in its absolute discretion, deem fit."

"RESOLVED FURTHER THAT the Board be and is hereby authorized to appoint lead managers, underwriters, guarantors, depositories, custodians, registrars, stabilizing agents. trustees, bankers, lawyers, advisors and all such agencies as may be involved or concerned in such offerings of Securities and to remunerate them by way of commission, brokerage, fees or the like and also to enter into and execute all such arrangements, agreements, memorandum, documents, etc., with such agencies and also to seek the listing of such Securities on the Stock Exchange(s) and the Equity Shares to be issued on conversion of the Securities as set forth in the aforesaid resolution, if any, on the Stock Exchange(s), authorising any director(s) or any officer(s) of the Company to sign for and on behalf of the Company, the offer document(s), agreement(s), arrangement(s), application(s), authority letter(s), or any other related paper(s) / document(s) and give any undertaking(s), affidavit(s), certificate(s), declaration(s) as the Board may in its absolute discretion deem fit including the authority to amend or modify the aforesaid document(s)."

"RESOLVED FURTHER THAT the Board be and is hereby authorized to form a committee and/or delegate all or any of its power to any committee of directors (including any officer(s) of the company) to give effect to the aforesaid resolutions and is authorized to take such steps and to do all such acts, deeds, matters and things and accept any alterations or modification(s) as they may deem fit and proper and give such directions as may be necessary to settle any question or difficulty that may arise in regard to issue and allotment of Equity Shares."

Registered Office: Baroda-Godhra Highway, Kalol, District Panchmahals, Pin Code – 389 330, Gujarat, India.

Date: August 11, 2016

By Order of the Board of Directors

Bhautesh Shah Company Secretary

### NOTES:

- The relative Explanatory Statement pursuant to Section 102 of the Companies Act, 2013, in respect of resolutions set out hereinabove at Item No. 5 & 6 is annexed hereto and forms part of this Notice.
- 2. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.
- 3. The instrument appointing Proxy(ies) must be deposited at the Registered Office of the Company not less than 48 hours before the commencement of the meeting. Proxies submitted on behalf of the companies, societies etc., must be supported by an appropriate resolution/authority, as applicable. A person can act as proxy on behalf of members not exceeding fifty (50) and holding in the aggregate not more than 10% of the total share capital of the Company. A member holding more than 10% of the total share capital of the Company may appoint a single person as proxy and such person shall not act as proxy for any other person or shareholder.
- Corporate members intending to send their authorized representatives to attend the meeting are requested to send to the Company a certified copy of the Board resolution authorizing their representatives to attend and vote on their behalf at the Meeting.
- 5. During the period beginning 24 hours before the time fixed for the commencement of the meeting and ending with the conclusion of the meeting, a member would be entitled to inspect, at any time during the business hours of the Company, the proxies lodged provided not less than three days' notice in writing of the intention so to inspect is given to the Company.
- Members / proxies are requested to bring duly filled attendance slip sent herewith to attend the meeting.
- All documents referred to in the accompanying Notice and the Explanatory Statement shall be open for inspection at the Registered Office of the Company between 11.00 a.m. to 3.00 p.m. on all working days except Tuesdays, up to and including the date of the Meeting.
- The Register of Members and the Share Transfer Books of the Company will be closed from Thursday, September 22, 2016 to Thursday, September 29, 2016 (both days inclusive).
- Dividend as recommended by the Board, if declared at the meeting, will be payable on or after

- September 30, 2016, to those members whose names appear on the Register of Members as on Book Closure Date.
- Members holding shares in demat form are requested to direct their Depository Participants for any change in address or update their bank account details.
- Members are requested to address all correspondence including dividend matters to the Registrar and Share Transfer Agents, Link Intime India Private Limited, C-13, Pannalal Silk Mills Compound L.B.S. Marg, Bhandup (West), Mumbai 400 078.
- 10. Members who have not claimed their dividends pertaining to earlier years are requested to correspond with the Registrar and Share Transfer Agents of the Company viz., Link Intime India Private Limited at their address specified above or the Company Secretary, at the Corporate Office of the Company for claiming the unclaimed dividends.
- 11. In terms of provisions of Section 124 and 125 of the Companies Act, 2013 (corresponding to Section 205C of the Companies Act, 1956), any dividend not encashed or claimed within seven years from the date of transfer to the Company's Unpaid Dividend Account, will be transferred to 'Investor Education & Protection Fund' according to statutory stipulations. The relevant dates of transfer to Investor Education & Protection Fund are provided in the Corporate Governance Report forming part of the Annual Report of the Company.
- As required under Regulation 27 of SEBI (LODR)
  Regulations, 2015 with the Stock Exchange, the
  details of Director seeking re-appointment at the
  ensuing Annual General Meeting are provided in
  the Corporate Governance Report.
- 13. The members are requested to update their Bank Account details and address details with the Registrar (in case of physical holding) and with their Depository Participant (in case of electronic holding). The Bank Account / Address details can be updated in the prescribed format as attached or can be downloaded from the Company's website viz., www.setcoauto.com.
- Entire Annual Report is available on the Company's website viz., www.setcoauto.com.
- 15. This Notice is being sent to all the Members, whose names appear in the Register of Members / Statements of beneficial ownership maintained by the Depositories i.e., National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) as on the close of business hours on August 19, 2016.

- 16. In compliance with Listing Regulation with the Stock Exchange(s) and the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014, the Company is offering e-voting facility to all its Members as an alternate mode to exercise their right to vote. For this purpose, the Company has entered into an agreement with Central Depository Services (India) Limited (CDSL) for facilitating e-voting to enable the Members to cast their votes electronically. Please note that e-voting is optional.
- 17. The facility for voting through ballot paper shall be made available at the Meeting and the members attending the Meeting who have not cast their vote by remote e-voting shall be able to exercise their right to vote at the meeting through ballot paper.
- The Members who have cast their vote by remote e-voting prior to the Meeting may also attend the Meeting but shall not be entitled to cast their vote again.
- 19. Voting through electronic means

The instructions for shareholders voting electronically are as under:

- (i) The voting period begins on September 26, 2016 at 9.00 a.m. and ends on September 28, 2016 at 5.00 p.m. During this period shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (Record Date) of September 22, 2016, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (ii) The shareholders should log on to the e-voting website www.evotingindia.com.
- (iii) Click on Shareholders.
- (iv) Enter User ID:
  - a. For CDSL: 16 digits beneficiary ID,
  - For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
  - Members holding shares in Physical Form should enter Folio Number registered with the Company.
- (v) Enter the Image Verification as displayed and Click on Login.
- (vi) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.
- (vii) If you are a first time user follow the steps given below:

### For Members holding shares in Demat Form and Physical Form

### PAN

Enter your 10 digit alphanumeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)

 Members who have not updated their PAN with the Company/Depository Participant are requested to use the sequence number which is printed on Attendance Slip indicated in the PAN field.

### Dividend Bank Details or Date of Birth (DOB)

Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login.

- If both the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (iv).
- (viii) After entering these details appropriately, click on "SUBMIT" tab.
- (ix) Members holding shares in physical form will then directly reach the Company selection screen. However, Members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for evoting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xi) Click on the EVSN for Setco Automotive Limited on which you choose to vote.
- (xii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xiii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (xiv) After selecting the resolution you have

- decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- (xv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xvi) You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.
- (xvii) If Demat account holder has forgotten the existing password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xviii) Shareholders can also cast their vote using CDSL's mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store. Apple and Windows phone users can download the app from the App Store and the Windows Phone Store respectively. Please follow the instructions as prompted by the mobile app while voting on your mobile.
- (xix) Note for Non Individual Shareholders and Custodians
  - Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to www.evotingindia.com and register themselves as Corporates.
  - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
  - After receiving the login details a compliance user should be created using the admin login and password. The Compliance user would be able to link the account(s) for which they wish to vote on.
  - The list of accounts should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
  - A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- (xx) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and evoting manual available at www.evotingindia.com, under help section or write an email to helpdesk.evoting@cdslindia.com.

### EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT. 2013

### Item No. 5:

The Articles of Association ("AoA") of the Company as presently in force from time of incorporation of the Company. The existing AoA are based on the Companies Act, 1956 and several regulations in the existing AoA contain references to specific sections of the Companies Act, 1956 and some regulations in the existing AoA are no longer in conformity with the Act.

The Act is now largely in force. On September 12, 2013, the Ministry of Corporate Affairs ("MCA") had notified 98 Sections for implementation. Subsequently, on March 26, 2014, MCA notified most of the remaining Sections. Accordingly, substantive sections of the Act which deal with the general working of companies stand notified.

With the coming into force of the Act several regulations of the existing AoA of the Company require alteration or deletions in several articles. Given this position, it is considered expedient to wholly replace the existing AoA by a new set of Articles.

The new AoA to be substituted in place of the existing AoA are based on Table 'F' of the Act which sets out the model articles of association for a company limited by shares.

The proposed new draft AoA is being uploaded on the Company's website for perusal by the shareholders.

None of the Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in the Special Resolution set out at Item No. 5 of the Notice.

The Board recommends the Special Resolution set out at Item No.5 of the Notice for approval by the shareholders.

### Item No. 6:

The Company's business plan envisages organic as well as inorganic growth opportunities and also provides for further expansion of its manufacturing facilities. Company requires adequate capital to meet these growth objectives as well as meet general corporate requirements that arises from time to time. While internal accruals and debt raising would meet part of these requirements, it is thought prudent to have enabling approvals to raise part of the balance funds requirements through the issue of appropriate securities as defined in the Resolution.

Section 62(1)(c) of the Companies Act, 2013 ("Act") provides that, inter-alia, such further shares may be offered to any persons whether or not such persons are existing holders of equity shares of the Company as on the date of offer by way of a Special Resolution passed to that effect by the Company. Accordingly, consent of the shareholders is being sought, pursuant to the provisions of Section 62(1)(c) and other applicable provisions of the Companies Act. 2013 and in terms of the provisions of the Listing Regulations, 2015 and such other approvals as may be necessary to issue and allot securities as stated in the Special Resolution.

Accordingly, the Company proposes to create/offer/ issue/allot securities allot securities including equity

shares of the Company ("Securities") for an aggregate amount not exceeding Rs. 100 crores, in one or more tranches, including, to qualified institutional buyers ("OIBs") under Chapter VIII of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended (the "SEBI ICDR Regulations") in consultation with the lead manager(s) etc.

The following would inter alia be broad terms and conditions of the proposed Issue:

- Objects of the Issue -To augment the longterm resources of the Company
- Total number of shares or other securities to be issued

The Company proposes to issue/allot securities including equity shares of the Company ("Securities") for an aggregate amount not exceeding Rs. 100 crores, in one or more tranches.

If the Warrants/convertible securities are exchanged with the equity shares of the Corporation, it would result in a maximum issue of upto 2.10,00.000 equity shares of Rs. 2/- each of the Company. The maximum dilution that could take place in future, if all the Warrants/convertible securities are exchanged with the equity shares of the Company, would not exceed 20% of the expanded issued and paid up share capital of the Company, taking into consideration the unexercised stock options as on date.

### c. Price or Price Band

The price of the equity shares to be issued on conversion of the Warrants/convertible securities would be decided by the Board and shall not be less than the price that is determined in accordance with the ICDR Regulations in relation to QIP. Further the ICDR Regulations permit the granting of discount after seeking shareholder approval. In the present case discount is intended to be given and accordingly shareholder approval is being sought for granting such discounts as per the ICDR Regulations. The discount may be given as may be permitted under applicable regulations to the floor price as determined in terms of SEBI Regulations, subject to section 53 of Companies Act., 2013.

The Warrants/Convertible Securities would be issued at a value as may be decided by the Board and the amount paid on Warrants is not refundable and would not be adjusted with the conversion price at the time of exercise of option to convert the Warrants.

### d. Basis on which the Price has been arrived along with the Report of Registered Valuer

The pricing would be arrived at by the Board depending on market conditions and on the guidance of the lead managers/merchant bankers

to the issue. The pricing would not be less than the price that is determined in accordance with ICDA Regulations in relation to QIP.

### e. Relevant Date

The relevant date for the purpose of pricing of the equity shares to be issued upon exchange with the Warrants/combination of securities, shall be the date of the meeting in which the Board (hereinafter referred to as the 'Board') decides to open the proposed issue of the Warrants or combination of securities, in accordance with the ICDR Regulations.

The holder of warrant and combination of securities will be entitled to exchange the Warrants or any convertible security with the equity shares of the Corporation at such time and within such period as may be decided by the Board in its sole and absolute discretion and at a price, which will be at a premium to the price to be determined at the time of issue of the Warrants in accordance with the ICDR Regulations. The equity shares issued and allotted pursuant to the resolution as set out in Item No. 6 shall rank paripassu inter se with the then existing equity shares of the Corporation, in all respects.

The Warrants and combination of securities will be issued simultaneously and listed separately on recognized stock exchanges.

### f. Class or classes of persons to whom the allotment is proposed to be made

The allotment would be made only to qualified institutional buyers (QIBs) who are permitted to acquire such warrants/convertible securities under the ICDR Regulations.

### g. Proposed time within which the allotment shall be completed

The Allotment of the equity, warrants and combination of securities, if any, would be completed within a period of 12 months from the date of this Meeting.

### Name of the proposed allottees and the percentage of the capital post allotment

The allottees would be identified pursuant to the process for the QIP and accordingly at this time it is not possible to indicate who would be the proposed allottees and their capital post allotment.

### i. Change in control

No change in control or management of the company is expected as a result of the subject issue

### Number of persons to whom preferential allotment has already been made during the year.

Company has made no preferential allotment

### k. Pre and post issue shareholding pattern of the company

			ng Pre-QIP due Rs. 2)	Shareholding Post-QIP (Face Value Rs. 2)*	
Category Code	Category of Shareholder	Total number shares	of % to Capital	Total number of shares	% to Capital
(A)	Shareholding of Promoter and Promoter Group				
1	Indian				
(a)	Individuals/ Hindu Undivided Family	1,55,22,880	11.62	1,55,22,880	10.04
(b)	Bodies Corporate	6,93,63,845	51.92	6,93,63,845	44.87
	Total Shareholding of Promoter and Promoter Group	8,48,86,725	63.54	8,48,86,725	54.91
(B)	Public shareholding				
(1)	Institutions				
(a)	Mutual Funds/ UTI	4,46,377	0.33	4,46,377	0.29
(b)	Financial Institutions/ Banks	45,750	0.03	45,750	0.03
(c)	Foreign Portfolio Investors	51,52,500	3.86	51,52,500	3.33
(d)	Financial Institutions/ Banks (QIP)	-	- 20	2,10,00,000	13.58
	Sub-Total (B)(1)	56,44,627	4.22	2,66,44,627	17.23
(B)(2)	Non-Institutions				
(a)	Bodies Corporate	76,98,996	5.76	76,98,996	4.98
(b)	Foreign Companies	1,17,64,915	8.81	1,17,64,915	7,61
(c)	Others	2,36,01,412	17.67	2,36,01,412	15.27
	Sub-Total (B)(2)	4,30,65,323	32.24	4,30,65,323	27.86
(B)	Total Public Shareholding (B)= (B)(1)+(B)(2)	4,87,09,950	36.46	6,97,09,950	45.09
	GRAND TOTAL (A)+(B)	13,35,96,675	100.00	15,45,96,675	100.00

<sup>\*</sup> Note: Post QIP shareholding will depend upon actual price and number of shares / securities issued.

The net worth of the Corporation as on March 31, 2016 was Rs193 crores and thus the funds to be raised through the said issue of equity/Warrants/ combination of securities on a QIP basis is within the limits prescribed under the ICDR Regulations.

In terms of the provisions of the ICDR Regulations, the resolution as set out in Item No. 6, to issue equity shares/Warrants/combination of securities on a QIP basis, is valid for a period of 12 months from the date of passing of the said resolution.

Pursuant to Section 62(1)(c) of the Companies Act, 2013, further equity shares may be issued to persons other than the existing Members of the Corporation as specified in Section 62(1)(a) of the Companies Act, 2013, including any amendment, modification, variation or reenactment thereof, provided the Members of the Corporation approve the issue of such equity shares by means of a special resolution.

In terms of Rule 14(2) of the Companies (Prospectus and Allotment of Securities) Rules, 2014, a company can make a private placement of its securities under the Companies Act, 2013 only after the prior approval of its members by way of a special resolution.

Consent of the Members in general meeting would therefore be necessary pursuant to the provisions of Section 42, 62(1)(c) and 71 of the Companies Act, 2013 and the Listing Regulations, 2015. The resolution as set out in Item No. 6 and the terms stated therein and in the explanatory statement hereinabove shall be subject to the guidelines / regulations issued / to be issued by the

Government of India or the Securities and Exchange Board of India or the Reserve Bank of India or the Ministry of Corporate Affairs or any other regulatory/ statutory authorities in that behalf and the Board shall have the absolute authority to modify the terms contained herein or in the said resolution, if required by the aforesaid regulatory/ statutory authorities or in case they do not conform with the ICDR Regulations including any amendment, modification, variation or re-enactment thereof.

The approval of the Members is being sought to enable the Board to decide on the issue of the equity shares/ Warrants/combination of securities on public offering, QIP basis to the extent and in the manner as set out in the resolution, with the authority to the Board to decide on the timing of the issue, the tranches in which the equity / Warrants/combination of securities are to be issued, the price at which the Warrants/combination of securities will be exchanged with equity shares of the Company and the manner in which the issue will be made, as it may deem appropriate in its sole and absolute discretion.

Save and except for the shares of the Company held by them, none of the Directors or Key Managerial Personnel of the Corporation or their relatives, are in any way, concerned or interested, financially or otherwise, in the said resolution.

Registered Office: Baroda-Godhra Highway, Kalol, District Panchmahals, Pin Code – 389 330, Gujarat, India.

Board of Directors

Bhautesh Shah

Company Secretary

By Order of the

Date: August 11, 2016

ATTENDANCE SLIP

Serial No.:



CIN: L35999GJ1982PLC005203

Regd. Office: Baroda - Godhra Highway, Kalol (Panchmahals), Pincode - 389 330, Gujarat, India Phone: 02676-305600, Fax: 02676-235524. Email: investor:relations@setcoauto.com,Website: www.setcoauto.com

### 33rd ANNUAL GENERAL MEETING ON THURSDAY, SEPTEMBER 29, 2016

Registered Folio No./ DP ID/Client ID	
Name and address of the Member(s)	
Joint Holder 1 Joint Holder 2	

We hereby record my/our presence at the 33rd Annual General Meeting of the Company at the Registered Office on Thursday, September 29, 2016 at 3.00 p.m.

Member's/Proxy's name in Block Letters

Member's/Proxy's Signature

Please hand it over at the Attendance Verification Counter at the ENTRANCE OF THE MEETING HALL.
PLEASE CUT HERE AND BRING THE ABOVE ATTENDANCE SLIP TO THE MEETING HALL.





PROXY FORM

CIN: L35999GJ1982PL0005203

Regd. Office: Baroda - Godhra Highway, Kalol (Panchmahals), Pincode - 389 330, Gujarat, India Phone: 02676-305600, Fax: 02676-235524. Email: investor relations@setcoauto.com, Website: www.setcoauto.com

(Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014]

ANNUAL GENERAL MEETING ON THURSDAY, SEPTEMBER 29, 2016

Name of the Member(s):	
Registered Address:	
E-mail ID:	
I/We being member(s) of Setco Automotive Limited, holding	shares of the Company, hereby appoint:
(1) Name	Address
Email ID:	Signatureor failing him:
(2) Name	Address
Email ID:	Signature or failing him:

ELECTRONIC VOTING PARTICULARS			
EVSN (Electronic Voting Sequence Number)	*Default PAN / Sequence No.		
160823018			

 (3) Name
 Address

 Email ID:
 Signature

\*Only Members who have not updated their PAN with Company / Depository Participant shall use default PAN / sequence number in the Pan field. Note: Please read the instructions printed under the Note No. 19 to the Notice of Annual General Meeting dated September 29, 2015. The Voting period starts from 9.00 a.m. on Monday, September 26, 2016 and ends at 5.00 p.m. on Wednesday, September 28, 2016. The voting module shall be disabled by CDSL for voting thereafter.





As my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the Annual General Meeting of the Company to be held on Thursday, September 29. 2016 at 3.00 p.m. at the Registered Office of the Company and at any adjournment thereof in respect of such resolutions as are indicated below:

### Resolutions:

- Adoption of standalone and consolidated Audited Financial Statements of the Company for the financial year ended March 31, 2016 together with the Reports of the Board of Directors and the Auditors thereon.
- 2. Declaration of Dividend for the Financial Year 2015-16
- 3. Appointment of a Director in place of Mr. Harish Sheth, who retires by rotation and being eligible, offers himself for re-appointment
- 4. Ratification of Appointment of Messrs Manesh Mehta & Associates, Chartered Accountants, as Statutory Auditors of the Company
- 5. Alteration of Articles of Association
- 6. Issue of Further Securities

Signed this day of	Affix Revenue Stamp
Signature of the Shareholder	
Signature of the Proxy holder(s)	

### Notes:

- This form of proxy in order to be effective, should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.
- 2. For the Resolutions, Explanatory Statement and Notes, please refer to the Notice of the Annual General Meeting.