

October 16, 2018

To,

BSE Limited, Dept. of Corporate Services, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai – 400 001 Company Code: 505075	National Stock Exchange of India Ltd, Listing Department Exchange Plaza, Bandra Kurla Complex, Bandra (East), Mumbai – 400051 Scrip Symbol: SETCO
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Dear Sir,

Sub: Annual Report - Setco Automotive Ltd.

In terms of Regulation 34 of SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015, please find enclosed the 35th Annual Report of Setco Automotive Limited for the information of the investor community at large.

The above may also be accessed on the website of the Company i.e. www.setcoauto.com

We request you to take note of the above on your records and oblige.

Thanking you,

Yours faithfully,

For Setco Automotive Limited



Vinay Shahane
Vice President - Finance



Encl: As above



SETCO
LIPE
CLUTCH



Efficient Engineering

35TH ANNUAL REPORT 2017-18





CORPORATE

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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.



CORPORATE INFORMATION

BOARD OF DIRECTORS:

MR. HARISH SHETH	CHAIRMAN & MANAGING DIRECTOR
MR. UDIT SHETH	VICE CHAIRMAN
MR. SHVETAL VAKIL	EXECUTIVE DIRECTOR
MS. URJA SHAH	EXECUTIVE DIRECTOR
DR. ARUN ARORA	INDEPENDENT DIRECTOR
MR. ASHOK JHA	INDEPENDENT DIRECTOR
MR. BHALCHANDRA NAIK	INDEPENDENT DIRECTOR
MR. PRATAP MERCHANT	INDEPENDENT DIRECTOR
[*RESIGNED W.E.F. MAY 30, 2017]	
MS. SUHASINI SATHE	INDEPENDENT DIRECTOR

AUDIT COMMITTEE:

MR. BHALCHANDRA NAIK	CHAIRMAN
DR. ARUN ARORA	MEMBER
MR. ASHOK JHA	MEMBER

NOMINATION & REMUNERATION COMMITTEE:

DR. ARUN ARORA	CHAIRMAN
MR. ASHOK JHA	MEMBER
MR. BHALCHANDRA NAIK	MEMBER

STAKEHOLDERS GRIEVANCES & RELATIONSHIP COMMITTEE:

DR. ARUN ARORA	CHAIRMAN
MR. HARISH SHETH	MEMBER
MS. URJA SHAH	MEMBER

CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

MS. URJA SHAH	CHAIRPERSON
MR. UDIT SHETH	MEMBER
DR. ARUN ARORA	MEMBER
MS. SUHASINI SATHE	MEMBER

BANKERS:

BANK OF BARODA
HDFC BANK LIMITED
YES BANK
IDBI BANK LIMITED

STATUTORY AUDITORS:

V. PAREKH & ASSOCIATES
CHARTERED ACCOUNTANTS,
MUMBAI, MAHARASHTRA - INDIA

SECRETARIAL AUDITORS:

P. P. SHAH & CO.
PRACTICING COMPANY SECRETARY,
MUMBAI, MAHARASHTRA - INDIA

REGISTRAR & SHARE TRANSFER AGENTS

LINK INTIME INDIA PRIVATE LIMITED
C-101, 247 PARK, L. B. S. MARG, VIKHROLI (WEST),
MUMBAI - 400 083, MAHARASHTRA, INDIA.

COMPANY COMMUNICATION:

REGISTERED OFFICE:-
VADODARA - GODHRA HIGHWAY,
KALOL, DIST. PANCHMAHAL,
PIN CODE - 389 330,
GUJARAT - INDIA.

CORPORATE OFFICE:-

2A, FILM CENTRE BUILDING,
GROUND FLOOR, 68,
TARDEO ROAD,
MUMBAI - 400 034,
MAHARASHTRA - INDIA.

SUBSIDIARIES & MANUFACTURING INFORMATION:

SETCO INDIA

1. VADODARA - GODHRA HIGHWAY, KALOL, DIST. PANCHMAHAL,
PIN CODE - 389 330, GUJARAT - INDIA.
2. SITARGANJ, DIST. UDHAM SINGH NAGAR, PIN CODE - 262 405,
UTTARAKHAND - INDIA.

LAVA CAST PRIVATE LIMITED

ALINDRA VILLAGE, VADODARA - GODHRA HIGHWAY,
KALOL (PANCHMAHALS), PINCODE - 389 330, GUJARAT, INDIA

SETCO AUTOMOTIVE (UK) LIMITED

YORK AVENUE, HASLINGDEN, LANCASHIRE, UNITED KINGDOM BB4 4HU.

SETCO AUTOMOTIVE (NA) INC.

565 HWY, 77, PARIS, TENNESSEE 38242

SETCO MEA DMCC

UNIT NO. 3558, DMCC BUSINESS CENTRE, LEVEL NO. 1,
JEWELLERY & GEMPLEX 3, UNITED ARAB EMIRATES



SETCO FACTSHEET



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
SAFETY & HYGIENE

OUR BRANDS:

CORPORATE BRAND



CSR BRAND



PRODUCT BRANDS



FOUR MANUFACTURING UNITS ACROSS THREE COUNTRIES

KALOL (PANCHMAHAL), GUJARAT, INDIA

SITARGANJ, UTTARAKHAND, INDIA

HASLINGDEN, LANCASHIRE, UK

PARIS, TENNESSEE, USA

PRODUCTS:

CLUTCH PRODUCTS & SYSTEMS.

HYDRAULICS (PRESSURE CONVERTERS)

OTHER INFORMATION:

A. CORPORATE IDENTIFICATION NUMBER (CIN): L35999GJ1982PLC005203

B. LISTING INFORMATION:

LISTED WITH: BSE LIMITED (BSE) & NATIONAL STOCK EXCHANGE OF INDIA LIMITED (NSE)

BSE SCRIP COD: 505075

NSE SCRIP SYMBOL: SETCO

C. WEBSITE: WWW.SETCOAUTO.COM

D. 35TH ANNUAL GENERAL MEETING INFORMATION:

DATE: SEPTEMBER 28, 2018

DAY: FRIDAY

TIME: 4.00 P.M.

PLACE: VADODARA - GODHRA HIGHWAY,

KALOL, DIST. PANCHMAHAL,

PIN CODE - 389 330,

GUJARAT - INDIA.

E. INVESTOR GRIEVANCE: EMAIL:- INVESTOR.RELATIONS@SETCOAUTO.COM



KEY MILESTONES



INCORPORATION

1982

1999-2000

TECHNICAL COLLABORATION
WITH LIPE UK (DIVISION OF
DANA CORP., (USA) DURING
INDIA'S BS MIGRATION

2005 - 06

- PE INVESTMENT BY NEW VERNON
- SET UP SETCO UK - ACQUIRED LIPE (UK) FROM DANA CORP, USA
- SET UP SETCO NA- ACQUIRED US FACILITY FROM HALDEX AB SWEDEN

2009-11

- FORAYED INTO NEW GLOBAL MARKETS - CENTRAL ASIA, MENA REGION, AFRICA, LATIN AMERICA AND SOUTH ASIA
- STARTED VERTICAL INTEGRATION
- SET UP R&D
- SET UP SOA PRESS SHOP



LAUNCH OF CLUTCHES TO CATER
AFTERMARKET SEGMENT

2013-14

- SETTING UP OF DIAPHRAGM SPRING
MANUFACTURING FACILITY
- LAUNCHED FOUNDRY (LAVA CAST PVT. LTD.)
UNDER JV ARRANGEMENT

2014-15

- SUPPLY OF NEW CLUTCH COVER
ASSEMBLY TO OEMS
- COMMENCEMENT OF COMMERCIAL
OPERATIONS OF LAVA CAST

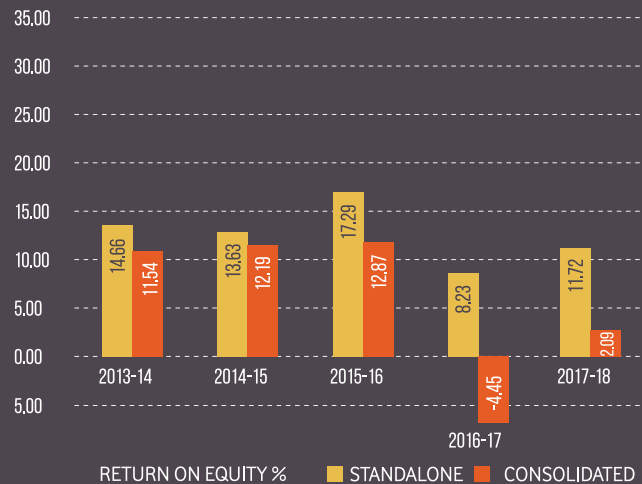
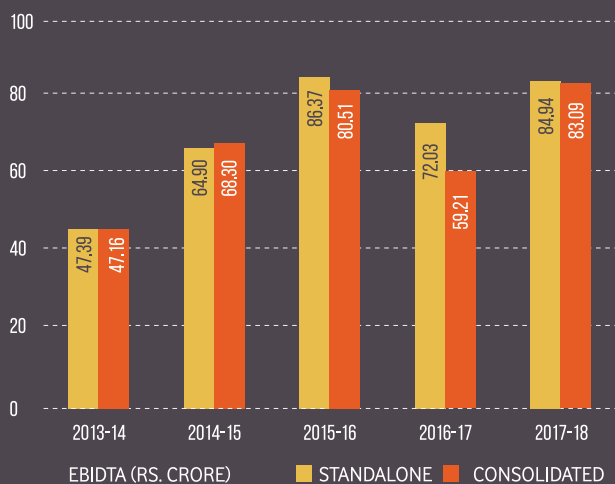
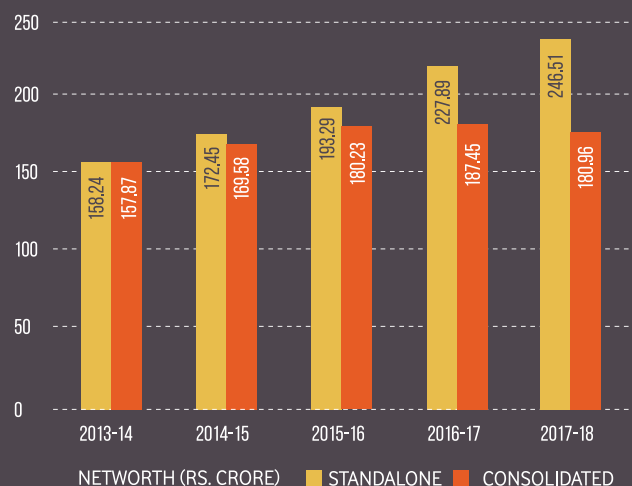
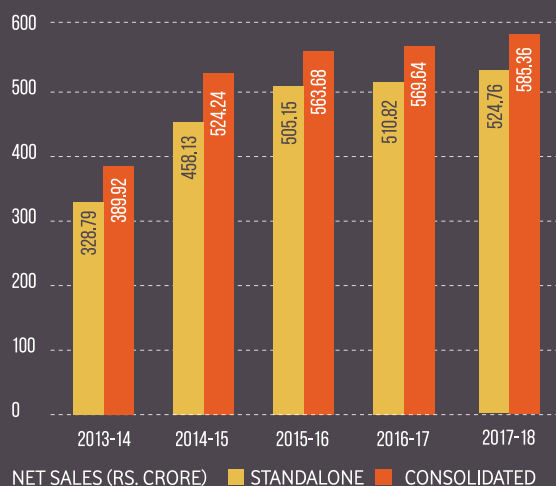
2016-17

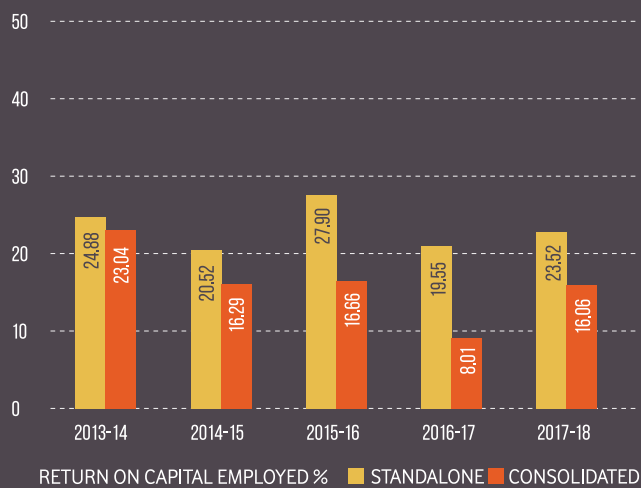
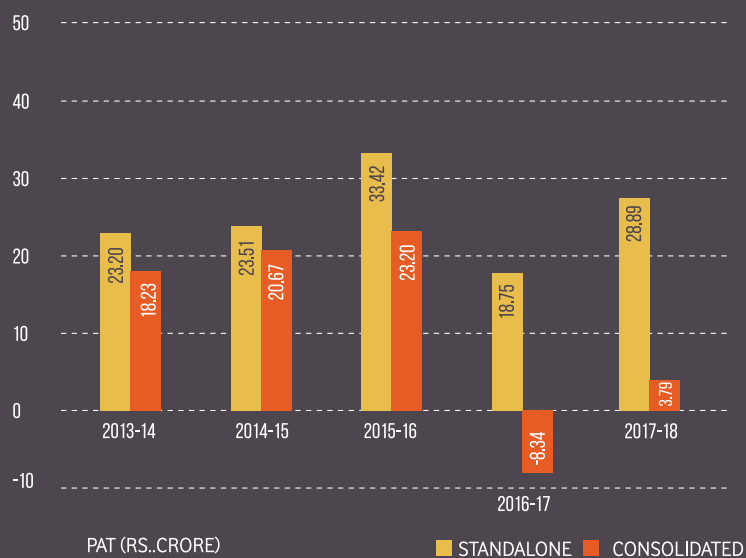
LAUNCH OF CLUTCHES FOR FARM
EQUIPMENT (TRACTOR) SEGMENT
AND AMERICAN MARKET

2017-18



5 YEARS FINANCIAL SNAPSHOT





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



CUSTOMERS



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

CHAIRMAN'S MESSAGE



**'A RIVER CUTS THROUGH
ROCK NOT BECAUSE OF ITS
POWER, BUT BECAUSE OF
ITS PERSEVERANCE.'**

Dear Shareholders,

It is our pleasure to present the Annual Report of your company for the financial year 2017-18.

It has been a transformative year for the Indian economy with the introduction of Goods & Services Tax (GST), arguably the biggest tax reform since Independence. It has removed regional boundaries and created a single national market that benefits industry and of course the consumer.

Implementation of BS IV norms and GST disrupted the demand in the industry, due to initial adjustments made by business partners which also affected our performance in the

first quarter. Though business sentiment and sales picked up during remaining three quarters, full benefits of GST will be realized gradually. I feel it will be beneficial for the organized trade and industry and bring about a better fiscal discipline.

The medium & heavy commercial vehicle (MHCV) segment has a direct correlation with the economic growth. While the growth in FY 2017-18 was driven by urban growth, current year growth is likely to be driven by strong rural demand. There has been a focused approach by our government on rural spend, spurred further by good monsoons, which are good signs for the MHCV segment. This growth momentum will continue for the next 3 to 4 years and thereafter will get further impetus from the scrappage norms for old vehicles and the implementation of BS VI norms post April 2020. Our Research and Development (R&D) centre is working in close coordination with OEM customers, on development of new clutches, with a strong focus on Noise Vibration Harmonics (NVH). The company's foray into the farm equipment (tractors) segment during the year is a strategic step in our overall business plans and will be consolidated in the coming years.

While the Indian operations have continued to spearhead the performance, company's all three subsidiaries have reported improved performance on the back of better capacity utilization, streamlining of operations and market demand. We are confident that their contribution in the overall performance in the future will continue to grow.



Our four growth drivers for the coming years will be OEMs, Farm Segment, Aftermarket & Exports and Lava Cast – thus we have managed to de-risk our portfolio from a cyclical CV industry and managed to diversify with a high growth area of precision machined castings as well.

This year we have introduced a fresh philosophy and guiding principle for our company – Efficient Engineering. In these two words we outline efficiency, controls, quality, R&D, environment focus and customer focus. Our organization is working to re-invent itself as a nimble and growth oriented organization while we attain newer heights. Our entire team is now fully geared towards providing growth through new products and markets, while enhancing profitability on the back of better efficiencies and cost controls.

We at Setco strongly believe in socio-economic empowerment in the surrounding communities as a natural extension of the company's growth and profits. Through the Setco Foundation, we support extensive, multi-disciplinary interventions in maternal-infant health, child health & nutrition, early childhood development, special needs & disability support, education, adolescent outreach and women's empowerment.

We believe that only well-equipped people and their collective capabilities can help us achieve sustainable growth. We continue to invest in developing our team to enhance their skills and adapt best-in-industry practices and have introduced an industry leading career development program STYLE (Setco Team's Young Leaders Excellence) Program.

Finally, we would like to extend our gratitude to all our stakeholders including customers, suppliers, lenders and employees and shareholders for their unstinted support. We

are committed towards driving value for all. Led by values and a drive for excellence, we will also endeavour to achieve the milestone of making your company clock Rs. 1000 crore in revenues by 2020.

Sincerely Yours,

HARISH SHETH
Chairman & Managing Director



This year the company has adopted a new theme to drive and motivate every action within the group, which is Efficient Engineering. These two words capture the very essence of what our values, mission and vision stand for.

EFFICIENT ENGINEERING

GAINING THE MANUFACTURING EDGE

At Setco, embracing efficiencies is a continuous effort, thanks to unrelenting market demand and our quest for manufacturing excellence. Habitually, we have reduced time lines between drawing-to-delivery, while maintaining cost competitiveness in the manufacture of quality and reliable products. While we manage various parameters it is critical to reduce wastage and ensure the best use of time of every team member.

Integrated Manufacturing Facilities

With its technical expertise and experience, your company designs and manufactures both coil spring clutches (direct and angular) and diaphragm spring clutches (European) which are validated and approved by OEM vehicle manufacturers.

Your company has a high tonnage press shop as well as in-house surface treatment and heat treatment facilities. Today, your company manufactures almost everything in-house except friction material and coil springs. It has also indigenized production of

diaphragm springs which were fully imported, resulting in cost reduction and better working capital. It is perhaps the only vertically integrated clutch manufacturer with its own state-of-the-art foundry and machine shop. It has given our business model a distinct strategic advantage. More importantly, it gives control over costs while giving the customers the assurance of timely delivery. Our efficient manufacturing initiatives ensure that foundry meets high standards in terms of automation and machining set-up, while also complying with environmental norms.

LAUNCHING NEW PRODUCTS & TECHNOLOGIES

Our footprint in the global markets has kept us abreast of latest manufacturing technologies. The four manufacturing facilities of SETCO (two in India and one each in US and UK) are strategically located not only due to the geographical advantage but because they are also considered as hubs of innovations; for products, process and technology innovations.

Euro VI emission norms that were introduced in Europe in 2014, forced the introduction of a new generation of truck technologies for all new commercial vehicles sold in the region. Being present in the international market, we are well aware of what it takes to brace up for the new norms back home. BS VI norms will become applicable in India starting April 2020.

Cutting-edge engineering

The clutch is the fuse of the drive train and it sits between the engine and the gearbox. To make the engine BS VI compliant, clutch is supposed to dampen vibrations that the gearbox cannot (as per the norms). It requires extra engineering as well as more technology to execute it. Moreover, the clutch needs to be customized to fit the engine and gearbox configurations of different OEM customers. Our efficient engineering team is fully geared for the challenges and is well aware of the new requirements of the clutch systems including higher torque capabilities and stringent vibration damping capabilities. That's not all. With our recent foray into the tractor market, we are also developing a superior range of tractor clutches that can operate the transmission and the power takeoff individually or in unison as the requirement may be.

'Quality is not an act, it's a habit', said Aristotle. At Setco, quality assurance (QA) is close to our heart. QA at Setco is everyone's responsibility and is about leading by example than just meeting standards and protocols. We ensure all our plants adhere to highest quality standards (TS/OHSAS/EMS certifications). Our Kalol plant at Gujarat is a VDA 6.3 certified plant. Moreover, we continuously train people across our manufacturing facilities on the best practices, while maintaining a highly adaptable modern assembly line.



EFFICIENT ENGINEERING

Product Research, Design and Development

A synergy between manufacturing and Design & Development (D&D) function is crucial for successful development of products in a time-bound manner. At Setco, our R&D team is an important driver of our efficient engineering efforts. It not only helps us develop products faster but also in a better way - in terms of superior performance, longevity or value-for-money. In addition they are also designed for manufacturing.

Faster development cycles allow us to broaden our client base and capture new markets. Moreover, it also enables our OEM customers to shorten their own time-to-market and launch new vehicles sooner. Your company has today adequately invested into rapid prototyping & 3D printing to assist designing and reduce lead-times and costs for development of new products.

Driving innovation

Your company constantly strives to break moulds for the process of continuous innovation. At Setco, innovation is actually a managerial commitment that is unquestioningly imbibed across the organizational levels. And that has shown results in many ways. For instance, continuous research on the properties of material as well as field testing enabled us to introduce innovative products with lower material weight, greater durability and smoother clutch engagements - ahead of the market. A strong analysis cell and NVH team actually drives the 'future product engineering of your company.

Our R&D team strives for:

Technological innovation and Design efficiency

Enhancing DVP (Design Validation Programs) & Testing

Strong quality assurance to ensure customer delight

Bench marking Competition

Performance using precision technology

Realising the importance of R&D in our strategic framework, we continuously invest in R&D activities. Last year, we invested around 1.7% of our revenues into R&D. Our R&D facility is unique in a way that it leverages

on market knowledge and engineering wisdom from two distinct markets - India and UK. These R&D facilities are poised to play a key role in our national and global plans. In the last 3 years, we have developed over 50 variants of clutches in farm and commercial vehicles (including exports). Moreover, thanks to our efficient engineering efforts, we also customized solutions to suit different power trains of OEM's for meeting BSIV/BSVI/EUROVI norms (exports).

SALES AND MARKETING, CASTING TURNAROUND

Indian economy, after getting hit by demonetization and GST blues, appears to be out of woods with the fourth quarter of 2017-18 clocking a strong GDP growth rate of 7.7 percent. The Reserve Bank of India expects India's economy growth rate to strengthen to 7.4% in FY 19 as against 6.6% a year before.

Global economy also continues to be promising. While things are looking positive at some of our important export markets, sentiments of trade protectionism has also mounted resulting in uncertainty over policy making as well as elevated geopolitical risks.

Domestic OEM

At home, we are expecting an up cycle in the OEM clutch business over the next 4-5 years; with an average growth of 15% per annum. In addition to the infrastructure push given by the Government, implementation of BS VI norms as well as the scrappage policy (that effectively bans all commercial vehicles over 20 years of age from plying on the roads) are expected to give a further fillip to new sales of MHCV till 2020 and thereafter.

The clutch, being a critical part of the drive train, is designed to fail optimally saving the engine and the gear-box. Our efficient engineering team is fully geared to meet challenges of BS-VI norms that will require our clutches to dampen vibrations of the gearbox. Interestingly, by customizing the clutches for different OEMs, we will also be creating a ground for improving share in our aftermarket business post BS-VI.

Our strong relations with various OEM players over the last 15 years have enabled us to command around 90% market share in the MHCV space. Reputed brands like Tata Motors, Ashok Leyland, Daimler India, Eicher Motors and Mahindra & Mahindra and MAN continue to be our large revenue contributors.



EFFICIENT ENGINEERING

Tractor - inflection point

During the year, we have diversified into the farm equipment (tractor) sector. Its initiatives are now bearing fruit. We have already started supplying clutches to a major OEM customer and are at various stages of discussions with other OEMs.

Indian tractor industry is actually at an inflection point. We are expecting low double digit of revenue contribution from this segment alone. The Indian tractor industry clocked sales of 7.1 lakh units in FY '18, a 22% increase over that of the previous year. Acute labour scarcity in the rural areas is leading to increased mechanization. Moreover, tractors are being put to different uses than in the past.

We have developed 34 variants of these clutches which are at various stages of testing and validation. In addition to an approval already obtained from a leading OEM manufacturer, we expect to add 3-4 OEMs over the next six months. We are currently at various stages of the approval process whether it is field testing or lab testing at the OEM ends.

Also, more and more tractors are moving towards higher horse power tractors leading to growth in dual clutch technology, which currently has only one supplier in the market. We are expecting to garner about 20-30 percent market share to begin with.

Aftermarket

Aftermarket business comprises sales through i) distribution network of OEM and ii) our own network of independent distributors catering to the replacement demand for clutches through major part of vehicle life.

Last year was a challenging year for the aftermarket due to the rolling-out of GST as well as adoption of BSIV norms. The OEM market actually grew at the cost of the Aftermarket and we lost some business due to supply chain constraints. Normally, aftermarket comprises around 60 % of our annual revenues.

Post the GST blues, when the pent-up demand for clutches grew from OEM, supply chain constraints were faced by the company during the second half of the year. While it affected the ability to serve the aftermarket,

we have now initiated steps like second sourcing as well as rationalization of supply chain. Efficient engineering processes are expected to avert similar loss of business in the future.

Market leader

We are proud to be the second-best brand in the aftermarket after the OES brand, commanding around 60% of the market. The balance market share of 40% is fragmented – with market share shared between 12-13 regional brands. Moreover, these players often face service-related issues as they are only marketers of the product and don't have extensive reach or service network.

We will offer products that will offer better value to customers in this segment. Moreover, by being present across the lifecycle of the vehicle; from the OEM stage through its entire Aftermarket life, we strive to provide its owner a true "LIPE for LIFE" experience.

We currently have 42 touch points and 23 distributors covering retailers and garages across India. We plan to augment the existing distribution network. We conduct extensive training programs, interactive sessions and field visits on servicing and troubleshooting & maintenance of clutch systems with retailers, mechanics and garage owners.



'Eco' foray

Over the approximate life of 15 years of a commercial vehicle, it requires about 5 to 6 replacements of clutches. Till now, our current offerings were catering to around first 10 years of the lifecycle. We plan to enter the 'eco' segment (10-15 years), which roughly comprises 40% in terms of overall clutch volumes. While the segment is price-sensitive, post GST, non-compliance costs have gone up for unorganized players, giving us a level-playing field.

The International business

US economy is now showing signs of changing fortunes. Heavy-duty truck (Class 8) sales were up 59 percent to 2,96,440 vehicles in 2017 on the back of improved freight demand emanating from improving economy and growth in manufacturing. The strong uptrend is expected to continue in 2018 as well, according to research reports.

EFFICIENT ENGINEERING

US turnaround

US is actually a huge aftermarket with annual volumes of 5,00,000 clutches. We are happy to inform that during the year, we launched our clutches in the US aftermarket under our own brand name and the initial response has been encouraging. The majority of market till now was catered by a single, large OEM supplier, who had a majority market share. What the rest of the market lacked was a good stable product from an OEM manufacturer. We plan to fill that slot effectively. Our efficient engineering team developed these products, tested them to the OE standards and did the field testing in US. And the results were encouraging. We are also happy to announce that our US operations have turned around last year and made profits.

We are also working towards making an entry into the Russian OEM with the biggest manufacturer who is looking for an alternative to their European supplier. After a testing and validation cycle of around 2.5 years, we recently got an approval for our products. We expect this business to start giving us some volumes in the coming years.

Our efforts towards improving operational efficiency of our UK operations are showing results with its losses coming down last year. We believe that turnaround of its operations is just around the corner. Setco Automotive (UK) Limited largely focuses on R&D support for the alignment of products with the very latest European OE vehicle manufacturers' requirements. It plays a critical role in making transition of various emission norms in the Indian market.

Setco will continue to leverage its overseas subsidiaries in UK and USA for breaking into new markets. It is targeting US, Europe, Middle East and Africa for future growth and developing new products for it. Recently, we opened our Dubai Subsidiary to cater to the Middle East and African markets.

CUSTOMER CARE - WINNING THE GOOD WORD

'Make a customer, not a sale' goes a wise saying. This is important as a good customer experience automatically generates a positive word-of-mouth image for your brand. In fact, the product one offers is only as good

as the service one backs it up with. Today, in the connected world, consumer expectations are high and they are quick to share their experiences – whether good or bad. So, it is important that customer needs and concerns are proactively taken care of. It could result in heightened customer experience and make them come back asking for more

Don't say 'sorry'

And what, if something goes wrong? Just saying 'sorry' to customers wouldn't do and can actually backfire, finds a recent Harvard Business Review report. Rather the customer wants your service team to demonstrate how creatively and energetically they are trying to solve his or her problem.

Ears to the ground

Given its importance, a good customer service is at the heart of our business model. As a clutch manufacturer, our core team of customer service works closely with OEMs, retailers, mechanics and drivers – our real, end use customers. Whenever we launch a product, first of all, we do the normal lab validation as well as testing and back it up with field tests to evaluate its on-road performance. We have been doing this diligently for all our launches – be it in India or abroad. Based on the feedback received, we have tweaked designs and made commercial launches sans surprises.

Moreover, our service team also gathers intelligence about competitor's products to understand how their products stack up as compared to that of ours. They also closely interact with customers and try to get a whiff of performance issues, if any. Such information is regularly shared with a cross-functional team comprising members from manufacturing, quality assurance and design department.

Training and workshops - the groundwork

On an annual basis, Setco meticulously carries out training programs for the OEM network on servicing and troubleshooting & maintenance of our clutch systems. During the year, the Company conducted 214 workshops / training sessions with OEM clients and its service teams and dealer network and trained more than 3000 technicians. Besides the service team conducts news and refresher training courses for the local garages too. When these trained personnel quit, they either join another dealer or set up their own garage. Knowledge of SETCO 'LIPE' clutch is thus carried forward and our training cost pays back in one way or the other.



EFFICIENT ENGINEERING

HUMAN CAPITAL ENHANCEMENT

A vibrant and progressive intellectual capital drives engineering excellence. At SETCO, we understand this and therefore put our people first. Our employees are our greatest assets and our company works towards building and nurturing the best of talent in the world.

Creative lab

Enhancing productivity is core to our operating philosophy. Safe and ergonomic workplace with unparalleled hygiene not only eliminates fatigue but also facilitates building a culture of high productivity and synergy at work. At Setco, our efforts are largely set towards preserving values of transparency, accountability, integrity and teamwork at all times. We endeavor to provide an open work culture where free exchange of ideas takes place between employees in a transparent manner and where workplace becomes playground for creative ideas to fly.

Strengthening bonds

Every year, our company organizes plenty of employee engagement activities to foster team bonding and to create a positive work environment. Moreover, there are learning and development programs for employees to keep abreast of latest developments in their field – be it quality, engineering or management.

Employee engagement activities were carried out throughout the year including on the Women's Day, International Yoga Day, Independence Day, Safety Week and Environment Day. Moreover, we also celebrated festivals like Dasshera and Diwali with active participation from our employees.

Safety of the employees is of paramount importance to us and we conducted regular safety audits as well as workshops. We also run an Employee Benevolence Scheme under which monetary benefit and support is provided to the family of the employee in case of an unfortunate event.

Learning and Development

Training sessions are regularly organized for our employees by internal trainers and domain experts. Additionally, the company also encourages its employees to participate in various soft skills and leadership development programs organized by reputed institutes. Some of the training programs organized by HR include those for ISO/ TS Awareness and Internal Auditor as well as Core Tools - SPC, APQP, MSA, PPAP, PFMEA, DFMEA.

We also do the competency mapping for all positions at our manufacturing units. Apart from the existing Suggestion Scheme (Sujhaav.... *Ek behtar kal ke liye*), Kaizen Awards, other rewards and recognition initiatives like 'I Appreciate' Note, 'Leading by Example', 'Chairman's Awards', and special productivity linked incentive scheme for Workmen.

Moreover, for the sports inclined, we have an integrated sports calendar comprising both indoor and outdoor games. Chess, Carrom, Tug of War, Cricket, Badminton, Football and Table Tennis are some of the sports the company focuses on. Qualified trainers are taken on board to help participants prepare for the annual Marathon event. The Company also regularly participates in 'ACMA Excellence in HR Awards' and the feedback it receives from industry experts shapes our

future employee engagement activities.

As part of initiative towards Succession Planning, potential successors are identified for critical positions and their career development plans chalked out. In order to develop talent pipeline, company has launched its STYLE programme (Setco Team's Young Leaders Excellence) focusing on live projects to be attempted by the participants under caring and watchful eyes of the mentors assigned to each of the participants.

In everything we do - whether its production, quality, customer interface, human capital management or finance, our approach is immersive and efficient.

To us Efficient Engineering is about taking all our values and devoting them towards being a better Setco Automotive for all our stakeholders.



CORPORATE SOCIAL RESPONSIBILITY

HOW ARE WE MAKING A DIFFERENCE

The Setco group holds as its core, the vision of socio-economic empowerment in surrounding communities as a natural extension of the company's growth and profits. Your company sets aside 5% of its average net profit to support community development programs through Seto Foundation, far beyond the 2% norm under the Companies Act.

INR 105.41 lakhs contributed in 2017 - 2018

Set up in 2009, the foundation drives extensive, holistic and multi-disciplinary interventions that focus on both behaviour change and services.

5300 beneficiaries impacted in 18 urban & rural communities

Since 2003, well before the introduction of CSR policies and regulations in India, your company had begun investing in the future of its communities by providing school fee subsidies, books and textbooks, and merit scholarships for children of our employees. Additionally, those families with girls are given cash an incentive for each year a girl child completes a school year to improve school retention rates and support a culture that values and educates girls.

Setco Auto supports 700 children annually & 1200 children graduated from school

THEMATIC MODEL

Our intervention models are designed to target multiple, inter-linked factors within a community and can be replicated and scaled through collaborative partnerships.

LIFE-CYCLE HEALTH APPROACH AYUSHI

- Grassroots field team consists of trained community health workers (CHW), pre-school teachers, child development aides (CDA) and special educators
- Maternal-Infant Health through pre & post natal care and services
- Adolescent Health - supporting girls and future mothers
- Malnutrition eradication by screening, referrals and nutrition support in early years from age 0-6 years

EARLY CHILDHOOD DEVELOPMENT
PAHEL & NANDGHAR

- School Readiness in the Play-Way & Montessori approaches in anganwadis
- Screening, Referral and Therapy Interventions for Developmental Delays and Disabilities
- Our Child Development Aides, specializing in early intervention, provide therapy services to approximately 150 children with developmental delays and disabilities

EMPOWERMENT - SHIKHAR AESHANI

- Sports for development, leadership and life - skills among children and adolescents
- Women's economic empowerment - Livelihoods, SHGs, Skill-building
- Promotes leadership, team-work, gender parity and self-esteem, especially critical to the young women wherein in the last year, not a single girl enrolled in Shikhar dropped-out of school or opted to marry underage

INNOVATION FOR SUSTAINABLE LIVING

- Access to clean water, sanitation, fuel
- Quality of Life
- BLUELab, a global student internship program of the University of Michigan, Ann Arbor to support learning and innovation in partnership with our communities to address the problems pertaining to water, sanitation, indoor air pollution, fuel and quality of life
- Partnered with Gujarat State Financial Services and Hero Motorcorp for implementation of health and empowerment objectives. Approximately Rs. 45 lakh have been committed for 2018 by our partners towards these programs
- Partnered with SNEHA Mumbai, Ummeed Child Development, Mumbai, Shreyas Foundation, Ahmedabad and SEWA Rural, Jhagadia to help build grassroots capacity, logic frame models and monitoring and evaluation frameworks



PROGRAMMATIC OUTCOMES

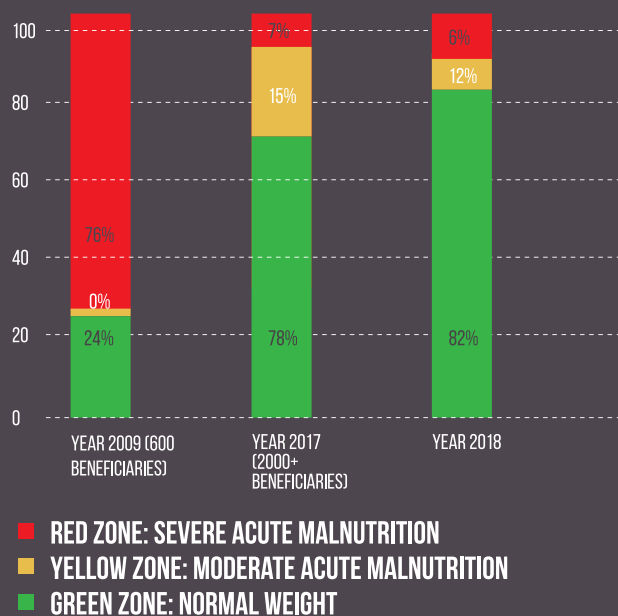
Given below are the outreach and outcomes of our various programs, thematically framed. Wherever applicable these outcomes are compared with state level statistics.

Health Program	Thematic Area	Indicator	IMPACT 2018	
Comparative Statistics in Percentages			Setco Foundation	Gujarat
Ayushi	Maternal Infant Health	Birthweight $\geq$ 2.5 kgs		
	533 women received pre / post natal care		92%	80%
	350 (94%) Live births		NA	NA
	Nutritional Status (weight for height)	Green Zone - acceptable nutritional status or normal weight for height		
	2264 children aged 0-6 were monitored for growth	Age 0-3 years	77%	NA
		Age 3-6 years	82%	NA
		Overall	82%	63%
	Adolscent Health 741 Girls screened	Normal Weight BMI	25% in 2018, from 19% in 2017. State level data not available	

Program	Thematic Area	Results	
Nandghar	Pre-School Program		
	656 children attend anganwadis regularly	96% of anganwadi graduate to primary school	
Pahel	Child Development		
	547 families screened and counselled	Prevalence of Delay and Disability: 18% in 2018 vs of 38% in 2011	
	153 children get special services		
Shikhar	Sports for Empowerment		
	367 Participants in 2018	137 Medallists	5 Sports Scholarships
Aeshani	Women's Socio-Economic Empowerment		
	18 Self Help Groups with 220 members		
	Combined Savings Rs. 1,00,000		
	300+ women financially self-reliant through jobs and micro-enterprises		

OUR TRAJECTORY BATTLING MALNUTRITION FROM 2009 ONWARDS

MALNUTRITION RATE



REFERENCES:

NFHS Factsheet - 4 (2015 - 16)

1) India - <http://rchiips.org/NFHS/pdf/NFHS4/India.pdf>

2) Gujarat - http://rchiips.org/NFHS/pdf/NFHS4/GJ_FactSheet.pdf

3) Panchmahal - http://rchiips.org/NFHS/FCTS/GJ/GJ_FactSheet_484_Panchmahal.pdf

RSOC 2013 - 14

1) State Fact sheet - <http://wcd.nic.in/sites/default/files/State%20RSOC.pdf> (Gujarat : Page 256 - 266)

2) Nation - <http://wcd.nic.in/sites/default/files/RSOC%20National%20Report%202013-14%20Final.pdf>



PRODUCTS AT A GLANCE



352mm
Single & Twin Direct
Pressure Coil Spring



380mm
Single Push Coil Spring



15.5 Inch
Angular Spring Twin Clutch



400mm
Twin Diaphragm Spring



380mm
Single & Twin Direct
Pressure Coil Spring



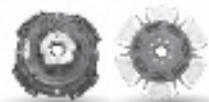
330 mm
Single Direct Pressure
Coil Spring



395mm
Single Push Diaphragm Spring



430mm
Single Diaphragm Spring



Anglar Spring Design Clutches



Tractor Clutches
Dual Clutch - 280 Dia - 7P



Tractor Clutches
Dual Clutch - 280 Dia - 4P



280 Dia Clutch
Set Ceramic Single

**STATUTORY
INFORMATION AND
ANNUAL REPORT
2017-18**

BOARD OF DIRECTORS'

PROFILE



Harish Sheth

Chairman & Managing Director

Mr. Harish Sheth is the founder of Setco Automotive Limited. A core visionary of the Company, Mr. Harish 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. Harish 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.

Mr. Udit 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. Udit 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.



Udit Sheth

Non-Executive Director



Shveta 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.

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.



Urja Shah

Executive Director



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.

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.



Ashok Kumar Jha
IAS (Retired)
Independent Director



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.

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.



Suhasini Sathe
Independent Director

MANAGEMENT DISCUSSION & ANALYSIS

Economic Outlook:

The global economic upswing witnessed since mid-2016 continued to strengthen in 2017 and the global economy witnessed a growth of 3.8% in 2017. Global economic growth is expected to remain strong in 2018 also with both advanced economies as well as emerging markets expected to report better results. IMF predicts the global growth rate to be 3.9% in 2018 and 2019 aided by strong momentum, favorable market sentiment and the expansionary fiscal policy of the US. These projections however could be influenced by increasing US unilateralism in trade, higher inflation, slackening Eurozone reforms and climate shocks.

India retained its status of a major fastest growing economy with GDP registering 6.7% growth driven by strong growth in agriculture, manufacturing and construction sectors. The January – March quarter witnessed a growth of 7.7% on the back of acceleration in manufacturing, rise in sales growth, higher capacity utilization, strong revival in the services sector and record agricultural output.

The country's commitments to long-term reforms are evident from the leap in "Ease of Doing Business" ranking from 130 in 2017 to 100 in 2018. Large-scale government-driven infrastructure programmes covering real estate, ports, roads and power are expected to boost job creation and investment revival. The Union Budget 2018-19 has allocated almost Rs. Six lakhs crores for the development of infrastructure facilities. Various initiatives like "Atal Mission for Rejuvenation and Urban Transformation", "Smart Cities" and "Housing for All" are likely to play a key role in transforming India's infrastructure landscape. Our government aims to achieve 175 GW renewable energy and better power scenario in rural areas. The government's drive towards digitization has seen rural India getting connected through high-speed optical fibre networks and enabled broadband access to about 2.50 lakhs villages. IMF predicts that India will remain the fastest growing world economy with 7.3% growth in 2018 and 7.5% in 2019.

It is important to state that the current government has made steadfast progress in ensuring wealth distribution across sectors that is laying the foundation of a strong economy for the years to come.

Preamble:

The year 2017-18 has been a decisive and game-changing year for the Indian Economy as well as the automotive sector. The year saw the Indian economy going through two major structural reforms in the form of Goods and Services Tax (GST) and the new Indian Bankruptcy code. GST, the most significant reform in indirect taxation in India, is proving to be a transparent and technology-driven system to sharpen the competitive edge of the economy which was facing internal trade barriers and multiple central, state and local taxes.

Initial turbulence associated with implementation of GST combined with continuing pressure from implementation of demonetization in the previous year impacted business sentiment and growth rate during the beginning of the year. Though these factors recovered subsequently and posted encouraging results with strong economic fundamentals, significant risks exist in the form of rising oil prices, worsening NPAs of banks, higher interest rates, weakening trade and pressure on the currency.

Indian banks are facing a challenge of rising Non-Performing Assets (NPAs). While RBI is tightening their monitoring of the banks, the newly adopted Insolvency and Bankruptcy Code is expected to be effective in dealing with these NPAs.

In the words of Rabindranath Tagore, "You can't cross the sea by merely standing and staring at the water." Your company stands true to this thought-provoking quote and has taken various initiatives to drive sales on the back of motivating teams, developing new products, and penetrating new markets. It is important to state that your company has also commenced the BSVI Emission Management journey with a strong focus on NVH (Noise Vibration Harmonics) so that the new set of products meet the challenging requirements of future vehicles.

Over and above it is important to mention that your company has successfully forayed into the Farm Equipment Sector – a new additional section has been added to throw light on this sunrise sector for your company.

The MHCV Industry:

As per the SIAM report, India is expected to become the 4th largest global automobile producer by 2020. The auto component industry is also likely to register a commensurate growth and is expected to become globally the 3rd largest by 2025.

The Indian automobile industry occupies an important place in the economy and has a strong multiplier effect driving economic growth. Commercial vehicle volumes dropped sharply in the first quarter of the financial year due to pre-buying in March 2017 ahead of BS-IV roll out and deferment of fleet purchases before the introduction of the Goods & Services Tax (GST). However, robust demand from increased construction demand and pick up of mining sectors saw the revival of the sector in the remaining year. The MHCV segment also witnessed a shift towards production of higher tonnage, multi axle vehicles.

The commercial vehicles industry is expected to gather momentum as India gears to adopt BS-VI emission norms by the year 2020. Increased thrust on infrastructure, rural areas, ports and mines, and the proposed vehicle modernisation programme will further support its growth. The proposed move of emission norms from BS-IV to BS-VI by 2020 would necessitate upgradation in clutch design to reduce the noise and vibrations generated from engines and being transferred to the transmission systems in various models. Besides focusing on up-gradation, measuring Noise Vibration Harmonics (NVH) is a key aspect for clutch manufacturers as it has a positive impact on the driver, the customer and the environment. Better clutches also lead to greater fuel efficiency as the vehicle take off is judder free and efficient. The Company has created capability to carry out NVH lab and field testing and measure vibrations to optimise its clutch dampening systems. The Company is working with all its OEM customers to migrate from existing clutch design to BS-VI compliant designs.

MANAGEMENT DISCUSSION & ANALYSIS

The Farm Equipment Sector:

The Company has entered the farm equipment (tractors) segment as it is a natural, strong fit to MHCV segment. India is the largest market for farm tractors, accounting for around 1/3 of global tractor production, which is dominated by Indian manufacturers. Following good monsoons, tractor sales have grown by 12% and 22% in last 2 calendar years and the growth is expected to continue in medium term. Historically, an upturn in tractor segment has lasted for 5 years with average annual growth of 12-19%. But this paradigm is fast changing as the Indian tractor manufacturers are looking at a global future.

The tractor clutch sizes are already in our existing product range and can be manufactured with minimal addition / alteration to existing equipment whether it is a component or the assembly. Within the tractor clutches, segment of dual and double clutches is fast replacing the single clutches. Double clutches are technologically advanced and allow use of different implements for various operations, which have to be done in the field with the tractor, which a single clutch does not allow. With standard of living fast improving and labor hands becoming scarce, this is the way the market will move now. This segment is growing faster than the farm tractor itself. Currently around 20%, 25% of the tractors being made are with dual and double clutches. Your Company will be only the second manufacturer in the segment. Hence, the farm tractor business is going to be a significant portion of our growth story in near future.

Your Company's Operational Highlights in FY 2017 -18:

- Revenue from operations (Net) increased to Rs. 524.76 cr from Rs. 510.82 cr, up by 2.7% YoY for FY 2017-18.
- Performance during the year can be reviewed in two parts –
 - Performance in the First Quarter witnessed a massive downturn in view of transition of emission norms from BS-III to BS-IV as well as all-round inventory reduction at all distribution channels, prior to GST implementation w.e.f. July 2017.
 - Performance in remaining nine months of the year showed a great recovery from low levels of first quarter.

The below table shows segment-wise comparative sales performance:

	Q1 FY17	Q1 FY18	Q2-Q4 FY17	Q2-Q4 FY18	Rs. in Cr. Growth%YoY
OEM	52.0	20.5	136.0	213.7	57.20%
Aftermarket	57.8	44.3	216.2	214.6	-0.70%
International Business	3.7	3.8	15.1	17.9	18.20%
Other Operating Income	0.1	0.1	0.3	9.8	-
Total	113.6	68.7	367.6	456.0	21.50%

Revenues: In normal business scenarios, first half of the financial year accounts for around 35-45% of annual revenues and the second half contributes the balance 55-65% of the annual revenues. Significant business upswing in the second half of the financial year and resultant higher OEM demand put pressure on the supply chain network, limiting the sales growth.

EBIDTA: Q1 FY18 performance, which was an aberration due to the GST roll-out & transition to BS-IV norms, registered EBIDTA of (-) Rs. 3.4 cr. However, business recovery in subsequent 9-months saw EBIDTA margin at 15.3%, an improvement of 2.2% over corresponding period of FY17. Also, Q4 FY18 EBIDTA margin of **16.4% is the highest** in the last 4 years. The annual EBIDTA for FY18 comes to 12.6%.

Particulars	FY 2017-18 (INR in Cr)	FY 2016-17 (INR in Cr)
Sales	524.76	510.82
EBIDTA	66.24	64.80
Profit before Tax (including Other Income)	35.99	24.46
Profit After Tax	28.90	18.75

- In view of improved profits, the Board of Directors have recommended a dividend of Rs. 0.80 per equity share of Rs 2 each (40.00%) compared to Rs. 0.65 per equity share of Rs 2 each (32.50%) in the previous year.

MANAGEMENT DISCUSSION & ANALYSIS

Original Equipment Manufacturer (OEM): Production for MHCV trucks during the year was marginally higher at 3.75 lakh units (3.65 lakh units in previous year), still lower than the previous cycle peak of 3.85 lakhs units during 2011-12. This has to be viewed in the context of the first quarter drop of 42.3% in volumes, as explained earlier. However, subsequent revival saw a growth of 20% in the remaining part of the year. The Company continues to maintain its market share and leadership position across all customers / segments. Supply of new clutch cover assemblies to Ashok Leyland since the second half of the previous year enabled the company to register 21.9% growth in revenues from OEM segment. The Company's OE fitment share continues to be more than 90%.

The initial setback witnessed during the first quarter was an exception and performance in the remaining year has seen a revival in OEM production as a result of government priorities and expenditure focused on infrastructure and agriculture sector as well as development of rural areas. With fears of transition to BS IV norms and GST implementation behind, MHCV production is expected to be in upward trajectory for next 3-4 years supported by higher GDP, implementation of BS VI norms from the year 2020 and 'old vehicle scrapping policy'.

Company also made a foray into the fast-growing farm equipment and construction machinery segments during the year with focus on growing segment of dual and double clutches. These products are at advanced stage of commercial introduction with major OEM customers. India is the largest tractor market in the world with annual production of around 6,50,000 units getting produced & CAGR of 7%, so the opportunity opened is very significant.

Replacement Market: 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 to the Independent aftermarket (IAM) network of distributors/dealers and local garages under our 'LIPE' brand. The OES business primarily focuses on 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. Total sales from the aftermarket segment were at Rs. 260 cr during the year compared to the equivalent of Rs. 273 cr (post GST) in the previous year. This was because of supply constraints faced in the second half of the year as a result of increase in demand from all segments putting pressure on tier II supply partners. It resulted in production loss for the Company, thereby affecting sales in aftermarket market. The Company has already taken steps to minimize these constraints and exploit this segment more fully.

Implementation of GST has seen reduction in margins of and ceding of market share by the unorganized segment to the organized segment. With country-wide reach to the ultimate customer through its OES and IAM network and regular customer interaction by way of training programmes / personal visits to garage owners / mechanics, the Company has created a brand value for itself. After a decline in FY13 and FY14, MHCV production has witnessed revival since FY15. Larger first-replacement demand for vehicles produced during FY15 / FY16 will boost the sales and the Company expects a double-digit growth in this segment in coming years.

International Business (IB): During the year, the Company's focus was on improving performance of its overseas subsidiaries, including rationalizing inventory levels, to result in better consolidated financial results. At the same time, the Company continues to develop its export product portfolio to meet demand from international markets. The Company's new range of clutches for the American aftermarket were launched in December 2017 and has received an encouraging response. However, supply chain constraints witnessed in the later part of the year restricted export turnover to Rs. 22 cr (Rs. 19 cr in the previous year)

The Company believes that international business will be the driving factor in its medium-term growth plans and substantially improve its margins.

Our Overseas Subsidiaries:

Setco Automotive (UK) Ltd - (SAUL)

Business and organizational restructuring done in the previous year started showing better results, despite flat market conditions.

Particulars	FY 2017-18 (£ MN)	FY 2016-17 (£ MN)	FY 2017-18 (INR in Cr)	FY 2016-17 (INR in Cr)
Sales	3.71	3.76	31.85	33.08
EBIDTA	1.73	(0.94)	1.48	(0.83)
Profit After Tax	(0.60)	(1.07)	(5.14)	(9.37)

The U.K. subsidiary registered 1.4% decline in sales compared to the previous year. However, better operating margins resulted in improved EBIDTA. With reduction in overall interest cost, subsidiary has reported a reduced loss.

Management expects various measures already taken to increase operating efficiency to yield positive EBITDA contributions. Your management believes that the SAUL operations contribute positively to the group performance by providing a strong research and development base for global operations; additionally, the team also drives sales and supports the UK and European customers. The operation is strategically critical to the success of the company's global vision and on a standalone basis is poised to turnaround in the immediate future.

Setco Automotive (NA) Inc. (SANAI)

Setco have started supplies of the ASD (Angular Spring Design) clutches into the North American market. These new products have been accepted very well by the market and have shown remarkable performance at par or better than the market leader there. Further the revival of the mining and infrastructure industry in the US resulted in production of class 7 & 8 trucks during the year increasing by 58% (291K units, up from 185K units in the previous year). Economic recovery also saw sales of hydraulic pressure convertors increasing by 45% during the year. Total sales recorded an increase of 33%. Overall performance of the subsidiary was as under:

MANAGEMENT DISCUSSION & ANALYSIS

Particulars	FY 2017-18 (\$ MN)	FY 2016-17 (\$ MN)	FY 2017-18 (INR in Cr)	FY 2016-17 (INR in Cr)
Sales	7.02	5.28	45.31	36.07
EBIDTA	0.88	0.12	5.34	0.79
Profit After Tax	0.06	(0.37)	0.55	(2.50)

Improved turnover and organizational restructuring have resulted in substantial improvement in profitability. The trend is going to positively continue as the sales growth starts.

Setco MEA DMCC – Dubai

The Company's new subsidiary, Setco MEA DMCC, started its operations from Dubai in December 2017. It will provide the company with better access to the African and Middle East markets, reduce logistics costs and help improve its market share. In the first 3 months of operations, it recorded a sale of AED 0.58 Mn (Rs. 1.04 cr). However, impact of full year establishment & other costs resulted in reporting a loss of AED 0.16 (Rs. 0.29 cr)

Lava Cast Private Limited – Our state of the art machined castings foundry

In its second year of operation, Lava Cast produced 10116 MT of machined castings as compared to around 7425 MT in the previous year. Turbulence witnessed in automobile industry during the year affected company's performance because of reduced market demand as well as delays in new customer acquisitions. During the year, though the company has not been able to ramp up production to desired levels due to the aforementioned reasons, it has taken strong initiatives to bolster management bandwidth as well as build capabilities to service outside customers including 2 major OEMs.

Particulars	FY 2017-18 (INR in Cr)	FY 2016-17 (INR in Cr)
Sales	73.64	49.36
EBIDTA	(0.77)	(5.93)
Profit After Tax	(23.77)	(21.02)

The company has the ability to produce high quality fully machined ferrous components like clutch covers, pressure plates, release bearing housings as well as brake discs, brake drums, etc. Expansion of its customer base and a wider range of products are expected to yield much better results during the year. With the automotive industry poised for a significant turnaround, high quality castings will be in great demand and Lava Cast is poised to fill this need efficiently.

OPPORTUNITIES:

- Continued improvement in broad economic fundamentals and focus on infrastructure, improvement in mining, investment in housing and rural sectors will drive growth in the auto sector.
- 'Auto Mission Plan 2016-26' projects commercial vehicle production to reach the two million mark by 2026 creating vast opportunity in OEM as well as aftermarket segments.
- The planned Voluntary Vehicle Fleet Modernisation Plan will incentivize fleet owners to replace old vehicles. It will result in significant number of old vehicles being replaced by new vehicles, reducing vehicle pollution. This is expected to be implemented from the year 2020, it will boost the commercial vehicle industry.
- Agriculture still remains a significant factor in India's GDP and demand for tractors has been steadily growing over the years. With newer technologies and reducing availability of labour, demand for dual / double clutch for tractors is on the rise. Sensing this potential, the Company has started production of clutches for tractors in this niche segment. Vast potential of both OEM as well as aftermarket segments is likely to contribute significantly to the Company's growth in the future.
- Higher MHCV production from FY15 onwards will drive a significant growth in demand for first replacement cycle opportunities.

Threats:

- Volatility in commodity prices and / or foreign exchange fluctuations can have a direct bearing on operating margins in the short term.
- Possibility of competition and loss of market share can dent the company's competitive advantage and margins.
- The Indian economy is still predominantly agriculture based. Dependence on the monsoon and poor irrigation network can affect overall economic growth with the potential of adverse impact on our business.
- The Company currently earns the bulk of its revenue and profits from the domestic market. A general economic slowdown or disruptions in the country can affect the performance of the Company significantly.
- The 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 Resources:

Our Human Resource function is closely integrated with the Company's business and has been an important pillar for supporting growth. A robust organization with a world-class performance management system is in place with a clear sight on goals, which are in sync with overall corporate goals and basis their achieving goals appropriate rewards are offered keeping them motivated. Your company believes in the empowerment of the youth and has built and executed an excellent career development program STYLE (Setco Team's Young Leaders Excellence), which has been



MANAGEMENT DISCUSSION & ANALYSIS

implemented with much excitement and is yielding great results. The program is designed to not only nurture talent but make each and every person in the company feel like they are part of the team and contributing. Company has clear guidelines in place for authority and responsibilities thereby employees are clearly accountable to perform their role with full clarity.

Risk Management & Internal Controls:

The Company has a comprehensive risk management policy and a framework to identify, evaluate and mitigate business risks. It focuses on ensuring that risks are identified on a timely basis and reasonably addressed. Risks are broadly classified into strategic risks, operational risks, financial risks and statutory compliance risks. The risk rating is periodically reviewed to devise adequate mitigation plans.

The Company has a proper and adequate internal control system in place to safeguard its assets and protect against loss from unauthorized use or disposition. The system authorizes records and reports transactions and ensures reliability of data to prepare financial information. The Company's internal controls are supplemented by an extensive programme of internal audits, review by the management and documented policies, guidelines and procedures.

Cautionary Statement:

Statements in this Report on Management Discussion and Analysis, describing the company's objectives, projections, estimates and forecasts may be viewed as "forward looking statements" within the meaning of applicable securities 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 changes in the political and/or economic environment in India, downturn in the commercial vehicles segment, exchange rate fluctuations, tax laws, labour relations, interest and other costs and other factors such as litigation and industrial relations.

DIRECTORS' REPORT

Dear Members,

Your Directors are pleased to present the Thirty Fifth Annual Report together with the audited financial statements for the financial year (FY) ended March 31, 2018. This report states compliance as per the requirements of the Companies' Act, 2013 ("the Act"), the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") and other rules and 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. except for EPS)

Particulars	Standalone		Consolidated	
	2017-18	2016-17	2017-18	2016-17
Revenue from Operation & Other Income	547.72	549.86	603.58	607.92
Gross Profit before Finance Cost & Depreciation	84.94	72.03	83.09	59.21
Less: Finance Cost	31.25	31.32	50.41	51.04
Less: Depreciation	17.76	16.61	32.21	30.22
Profit/(Loss) before Tax	35.93	24.10	0.47	(22.05)
Less: Provisions for Tax Expenses	7.12	5.80	1.43	(8.45)
Profit/ (Loss) from continuing operations	28.00	18.30	(0.96)	(13.60)
Other Comprehensive Income	0.09	0.45	0.03	0.40
Profit/(Loss) after Taxes including other Comprehensive Income	28.90	18.75	(0.93)	(13.20)
Less: Non-Controlling Interest	-	-	(4.72)	(4.86)
Profit/(Loss) for the Year attributable to Equity Holders of the parent	28.90	18.75	3.79	(8.34)
Earning Per Share (Rs.)	2.16	1.37	0.28	(0.65)

The Financial Results of the Company are discussed in detail in the Management Discussion & Analysis Report.

SHARE CAPITAL

During the financial year 2017-18, there was no change in the paid up share capital of the Company. Total 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/-. Details of Directors' shareholding as on March 31, 2018 are mentioned in the Annexure to this Directors' Report in 'Form MGT – 9'.

The equity shares of the Company continue to be listed on BSE Limited ("BSE") and National Stock Exchange ("NSE"). The stipulated listing fees for FY2018-19 have been paid to both stock exchanges.

DIRECTORS' REPORT

DIVIDEND

The Board of Directors at its meeting held on May 23, 2018 has recommended a dividend of Rs. 0.80 paisa i.e. @ 40% per equity share for the year ended March 31, 2018. The amount of Dividend and Tax thereon aggregate to Rs. 1288.50 lakhs. The dividend on equity shares, subject to the approval of shareholders at the Annual General Meeting (AGM) to be held on September 28, 2018 will be paid on or after September 29, 2018 to the Members whose names appear in the Register of Members as of the close of business hours on Friday, September 21, 2018 [Adjusted as Members' Register and Share Transfer Books shall be closed from Saturday, September 22, 2018 to Friday, September 28, 2018 (both days inclusive)].

Shares that may be allotted on exercise of stock options granted under the Employees Stock Options Scheme before the book closure date for payment of dividend will rank pari-passu with the existing shares and be entitled to receive the dividend.

FIXED DEPOSITS

Your Company has not accepted any fixed deposits including from the public and, as such, no amount of principle or interest was outstanding as of the Balance Sheet date.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

The particulars of loans, guarantees and investments covered under Section 186 of the Act read with the Companies (Meetings of Board and its Powers) Rules, 2014, form part of the Notes to the financial statements provided in this Annual Report.

CONTRACTS AND ARRANGEMENTS WITH RELATED PARTIES

The Company undertakes various transactions with related parties in the ordinary course of its business. 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.

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.

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 Indian Accounting Standard (Ind AS-24) 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 37 to the financial statements.

EMPLOYEE STOCK OPTION PLAN (ESOPS)

(The Company implemented the Employee Stock Option Scheme ("Scheme") in accordance with the Securities & Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 ('the SEBI (SBEB) Regulations') as a measure to reward and motivate the employees by creating an employee ownership as also to attract and retain talent.

Disclosures pertaining to the Scheme of the Company pursuant to SEBI (SBEB) Regulations are placed on the company's website: www.setcoauto.com. Details of options vested, exercised and cancelled are provided in the Notes to the standalone financial statements. No employee has been issued stock options, during the year, equal to or exceeding 1% of the issued capital of the company at the time of grant.

The Company has received a certificate from the Statutory Auditors of the Company that the Scheme have been implemented in accordance with the SEBI (SBEB) Regulations and the resolution passed by the shareholders of the Company. The certificate would be placed at the Annual General Meeting for inspection of the members.

There has been no material change in the subsisting scheme. In terms of the provisions of the SEBI (SBEB) Regulations, the details of the Stock Options granted under the ESOP Scheme is annexed herewith as Annexure 1.

MANAGEMENT'S DISCUSSION AND ANALYSIS REPORT

In terms of the provisions of Regulation 34 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Management's Discussion and analysis is set out in this Annual Report.

DIRECTORS' REPORT

SUBSIDIARIES

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

Your Company has five subsidiaries across the globe which includes Lava Cast Private Ltd. (CIN: U27205GJ2011PTC100777), Setco Automotive (UK) Ltd (SAUL), Setco Automotive (NA) Inc. (SANAI), Setco MEA DMCC, Dubai and WEW Holdings Ltd.

Section 136 of the Companies Act, 2013 has exempted companies from attaching the annual reports and other particulars of its subsidiary Companies with the annual report of the Company. Accordingly, the Annual Reports of the subsidiaries are not attached with this Annual Report. However, statement containing salient features of financial statements of subsidiaries as per 129 (3) of the Act, is also included in this Annual Report in form AOC-1 as Annexure 2 to the Directors' Report. The financial statements of the subsidiary companies are available for inspection of the shareholders 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 Policy for determining material subsidiaries as approved may be accessed on the Company's website at the link <http://www.setcoauto.com/statutory-policies>.

INTERNAL FINANCIAL CONTROLS

The Company has appropriate internal control system in place to ensure reliability of financial reporting, orderly and efficient conduct of business, compliance with policies, procedures, safeguarding of assets and economical and efficient use of resources. Appropriate review and control mechanisms are in place to ensure that such control systems are adequate and operate effectively.

Audit Committee and the Board review these internal control systems to ensure they remain effective and are achieving their intended purpose. 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.

INDIAN ACCOUNTING STANDARDS (IND AS), 2015

The financial statements up to the year ended March 31, 2017 were prepared in accordance with the Indian Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006 (as amended) and other relevant provisions of the Act.

The annexed financial statements comply in all material aspects with the Indian Accounting Standards (Ind AS) notified under section 133 of the Act [Companies (Indian Accounting Standards) Rules, 2015] and other relevant provisions of the Act.

These financial statements are the first financial statements of the Company under Ind AS.

Detailed information on the impact of the transition from the previous GAPP to Ind AS is provided in the annexed financial statements.

CONSOLIDATED ACCOUNTS

The consolidated financial statements of your Company for the financial year 2017-18, are prepared in compliance with applicable provisions of the Companies Act, 2013, Indian Accounting Standards (Ind AS) and LODR as prescribed by the Securities and Exchange Board of India (SEBI). The consolidated financial statements have been prepared on the basis of audited financial statements of the Company and its subsidiaries as approved by their respective Board of Directors.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

The Company primarily works through Setco Foundation and also supports other NGOs, towards supporting projects to facilitate a neighbourhood to ensure full access to healthcare, nutrition, education and opportunity for growth. We strongly believe that, as a model corporate citizen, our Corporate Social Responsibility (CSR) activities should CSR – Care, Support and Revive. It is our way of giving back to the community and environment which has helped us grow and thrive. Details of the CSR activities are more particularly exhibited at the link <http://setcofoundation.org/what-we-do/>.

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. 88.70 lakhs on CSR activities. The Annual Report on CSR activities is given at Annexure 3 hereto.

DIRECTORS' REPORT

HUMAN RESOURCES

Your Company takes great pride in its Human Capital and takes significant effort in hiring, advancing and retaining the talent. The Company's comprehensive Human resource strategy takes into cognizance the key aspects of people development such as employee engagement, talent management, performance management capability development and progressive industrial relations. Training and consequent learning, therefore, forms an important element of each employee's career growth. The endeavor is to build and strengthen organizational capabilities thereby enabling the Organization to sustain attractive growth in a dynamic business environment.

Setco ensure that there is full adherence to the code of ethics and fair business practices. It provides an equal opportunities employer and employees are evaluated solely on the basis of their qualifications and performance. The Human Resource function is a business partner that focusses on improving the way of life, work culture, employee engagement, productivity, effectiveness and efficiency. The Company believes in developing an efficient and committed employee base that is aware and empowered.

Industrial relations with the employees have continued to remain cordial.

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

In accordance with the provisions of Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, the company has framed a Policy on Prevention of Sexual Harassment at Workplace and constituted an Internal Complaints Committee for Prohibition, Prevention and Redressal of Sexual Harassment and matters connected therewith or incidental thereto covering all the related aspects.

All employees (permanent, contract, temporary, trainees) are covered under the policy. During the year under review, there were no cases reported under the said scheme.

VIGIL MECHANISM

The Company believes to conduct its affairs in a fair and transparent manner by adopting highest standards of professionalism, integrity, honesty and ethical behaviour. The Company is committed to developing a culture where it is safe for all employees to raise concerns about any wrongful conduct.

Your Company has adopted a Vigil Mechanism / whistle blower Policy to enable employees to raise concerns about unacceptable, improper practices and/or any unethical practices being carried out in the organisation without the knowledge of management. This Whistle Blower Policy will also be applicable to the Directors of the Company.

The Audit Committee oversees the vigil mechanism. No employee has been denied access to the Audit Committee. The Audit Committee reviews on a quarterly basis, reports made under this policy and implements corrective actions, wherever necessary. The policy has been appropriately communicated to all the employees and posted 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 well-defined risk management policy and framework in place to ensure proper identification and treatment of risks. The identification and mitigation of strategic, business, operational and process risks are carried out for all functions. Your Company is committed to managing the risks in a proactive and efficient manner.

Your Company, through its risk management process, strives to contain impact and likelihood of the risks within the risk appetite as agreed from time to time with the Board of Directors.

BOARD OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

The composition of the Board of Directors of the Company is furnished in the Corporate Governance Report annexed to this report.

Changes in the Board

During the year, Mr. Pratap Merchant (DIN 00022223), Independent Director of the Company, resigned w.e.f. May 30, 2017 on personal grounds. The Board places on records its appreciation of the contribution made Mr. Merchant as Director of the Company.

During the year, at the 34th (thirty fourth) Annual General Meeting, Mr. Harish Sheth (DIN 01434459), Mr. Udit Sheth (DIN 00187221), Mr. Shveta Vakil (DIN: 00140956) and Mrs. Urja Shah (DIN: 02675341) were re-appointed as directors.

Mr. Bhalchandra Naik (DIN: 02490022), Independent Director of the Company, resigned w.e.f. March 08, 2018 due to his pre-occupations.

Mr. Udit Sheth (DIN 00187221) was re-designated as Non-Executive Director of the Company vide circular resolution of the Board of Directors on March 9, 2018.

DIRECTORS' REPORT

In order to strengthen the Board and to continue to avail the benefit of his vast experience, on the recommendation of Nomination and Remuneration Committee, the Board of Directors appointed Mr. Bhalchandra Naik (DIN:02490022) as an Additional Director of the Company w.e.f. May 30, 2018 in the category of Non-Executive and Independent Directors.

Further, in order to strengthen the Board, on the recommendation of Nomination and Remuneration Committee, the Board of Directors appointed Mr. Arun Tiwari (DIN: 05345547) as an Additional Director of the Company w.e.f. July 31, 2018 in the category of Non-Executive and Independent Director.

In accordance with Section 161 of the Act, aforesaid Additional Directors hold office upto the date of the forthcoming Annual General Meeting of the Company and being eligible, offer their candidature for re-appointment as Directors. Your approval for their appointment as Directors in the category of Non-Executive Independent Directors has been sought in the Notice convening the forthcoming Annual General Meeting of the Company.

As on date of this report, Company's Board comprises of 9 (nine) Directors, out of which 5 (five) are Non-Executive Directors (NEDs) including 1 (one) Woman Director. NEDs represent 56% of the total strength. All 5 (five) NEDs are independent directors.

Re-appointment

In accordance with the provisions of the Companies Act, 2013 and the Articles of Association of the Company, Mrs. Urja Shah, retires by rotation at the ensuing Annual General Meeting and being eligible, offers herself for re-appointment as a Director.

The information as required to be disclosed under Regulation 36 of SEBI (LODR) Regulations in case of re-appointment of the said director is provided in the notice of the ensuing Annual General Meeting.

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.

Independent Directors

The Independent Directors hold office for a fixed term of five years and are not liable to retire by rotation. In accordance with Section 149(7) of the Act, each Independent Director has given a written declaration to the Company confirming that he/she meets the criteria of independence as mentioned under Section 149(6) of the Act and Regulation 16(1)(b) of the Listing Regulations.

BOARD EFFECTIVENESS:

FAMILIARIZATION PROGRAM FOR THE INDEPENDENT DIRECTORS

In compliance with the requirement of the Listing Regulations, the Company has put in place a familiarization programme for the Independent Directors to familiarize them with their roles, rights, responsibilities as directors, nature of the industry in which the Company operates, business model of the Company and related matters. The details of familiarization programmes are explained in the Corporate Governance Report. The said details are also available on the website of the Company at the link <http://www.setcoauto.com/statutory-policies>.

EVALUATION PROCESS

In line with the statutory requirements enshrined under the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board carried out a performance evaluation.

As per the SEBI Guidance note on Board Evaluation, a Board effectiveness assessment questionnaire was designed for the performance evaluation of the Board, its Committees, Chairman and individual directors and in accordance with the criteria set and covering various aspects of performance including structure of the board, meetings of the board, functions of the board, role and responsibilities of the board, governance and compliance, evaluation of risks, grievance redressal for investors, conflict of interest, stakeholder value and responsibility, relationship among directors, director competency, board procedures, processes, functioning and effectiveness. The said questionnaire was circulated to all the directors of the Bank for the annual performance evaluation.

Based on the assessment of the responses received to the questionnaire from the directors on the annual evaluation of the Board, its Committees, Chairman and the individual Directors, the Board Evaluation Report was placed before the meeting of the Independent Directors for consideration.

Similarly, the Board at its meeting assessed the performance of the Independent Directors. The Directors were quite satisfied with the results of the performance evaluation of the Board & its Committees, Chairman and individual directors.

DIRECTORS' REPORT

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. Jatinder Bir Singh Gujral, Chief Executive Officer (w.e.f. July 1, 2017)
- Mr. Vinay Shahane, Vice President Finance (Chief Financial Officer)
- Mr. Nishant Javlekar, Company Secretary and Compliance officer. (w.e.f. May 2, 2018)
- Mr. Bhautesh Shah, the earlier Company Secretary of the Company and KMP resigned from the services of the Company w.e.f. August 14, 2017.

Policy on Remuneration of Directors, KMPs and Senior Managerial Personnel and criteria for matters under Section 178 of the Act

Information regarding the Policy on Remuneration of Directors, KMPs and Senior Managerial Personnel and 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 4 to the Directors' Report.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 134(3)(c) of the Companies Act, 2013, the Directors confirm that:

- in the preparation of the annual accounts for the financial year ended 31st March, 2018, the applicable accounting standards and Schedule III of the Companies Act, 2013, have been followed and there are no material departures from the same;
- 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 your Company as at 31st March, 2018 and of the profit and loss of the Company for the financial year ended 31st March, 2018;
- proper and sufficient care has been taken 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;
- the annual accounts have been prepared on a 'going concern' basis;
- proper internal financial controls laid down by the Directors were followed by the Company and that such internal financial controls are adequate and were operating effectively; and
- proper systems to ensure compliance with the provisions of all applicable laws were in place and that such systems were adequate and operating effectively.

MEETINGS

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

BOARD MEETINGS

During the year, seven 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, 2015.

AUDIT COMMITTEE

The Company has in place an Audit Committee in terms of the requirements of the Act read with the Rules made thereunder and Regulation 18 of the Listing Regulations. The details relating to the same are given in the Report on Corporate Governance with forms part of this Annual Report.

The Company also has CSR Committee, Nomination & Remuneration Committee, Stakeholders Relationship Committee, Finance & Operation Committee, Selection Committee, Shares allotment Committee and Qualified Institutional Placement Committee. The constitution and details of their meetings are given in the report on Corporate Governance.

AUDITORS

Statutory Auditors

M/s. V. Parekh & Associates, Chartered Accountants (Firm Registration No. 107488W) were appointed as the Statutory Auditors of the Company to hold office from the conclusion of the 34th Annual General Meeting of the Company held on September 27, 2017 until the conclusion of the fifth consecutive Annual General Meeting of the company to be held in the financial year 2021-22, subject to ratification of their appointment by the Members at every AGM held after the AGM held on September 27, 2017.

DIRECTORS' REPORT

As required under the provisions of Section 139(1) of the Act, the Company has received a written consent from M/s. V. Parekh & Associates, Chartered Accountants and a certificate to the effect that their appointment, if made, would be in accordance with the provisions of the Act and the Rules framed thereunder and that they satisfy the criteria provided in Section 141 of the Act.

The Members are requested to ratify the appointment of the Statutory Auditors and fix their remuneration.

Directors' comments on Auditors Qualification in Consolidated Auditors Report:

The Auditors have made qualification in 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 Indian Accounting Standard-110, "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.

SECRETARIAL AUDITOR

Pursuant to the provisions of Section 204 of the Act and Rules thereunder, the Company had appointed M/s. P. P. Shah & Co., Practicing Company Secretaries, (Membership No.1483, CP No. 436) to conduct Secretarial Audit for the financial year 2017-18. The Secretarial Audit Report for the financial year ended March 31, 2018 is annexed herewith marked as Annexure 5 in Form MR-3 to this Report. The Secretarial Audit Report does not contain any qualification, reservation or adverse remark.

CORPORATE GOVERNANCE

A report on Corporate Governance along with a certificate from the Secretarial Auditors of the Company regarding the compliance with provisions of corporate governance as stipulated under Schedule V of the Listing Regulations forms a part of this Annual Report.

All Board members and senior management personnel have affirmed compliance with the Code of Conduct for the year 2017-18. 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 2017-18 are furnished in Notes to the Accounts.

QUALITY STANDARD ACCREDITATION

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

Further, the Company's Unit is accredited with Environmental Management System (EMS) (ISO 14001) as well as Occupational Health, 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 6 to this Report.

PARTICULARS OF EMPLOYEES AND RELATED DISCLOSURES

Disclosures pertaining to the remuneration of Directors, KMPs and employees under Section 197(12) of the Act read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, is detailed in the Corporate Governance Report.

In terms of Section 136 of the Act, the copy of the Financial Statements of the Company, including the Consolidated Financial Statements, the Auditors' Report and relevant Annexures to the said financial statements and reports are being sent to the Members and other persons entitled therefor, excluding the information in respect of the said employees containing the particulars as specified in Rule 5(2) of the said Rules, which is available for inspection by the Members at Registered Office of the Company during all working days except on Tuesday, Public Holidays and

DIRECTORS' REPORT

National Holidays between 10.00 a.m. and 5.00 p.m. upto the date of the AGM. If any member is interested in obtaining a copy thereof, he/she may write to the Company Secretary of the Company at its Registered Office.

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:

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

ACKNOWLEDGEMENTS

The Board of Directors takes this opportunity to thank its Customers, Suppliers, Bankers, Members, Business Partners / Associates and the Government Authorities for the support and cooperation received by the Company. The Board would also like to place on record their appreciation to employees at all levels for their hard work, dedication and commitment.

Place: Mumbai
Date: July 31, 2018

For and on behalf of the Board

Harish Seth
Chairman and Managing Director
DIN: 01434459

DIRECTORS' REPORT

ANNEXURE 1 TO DIRECTORS' REPORT

Disclosure pursuant to Regulation 14 of SEBI (Share Based Employee Benefits) Regulations, 2014 as amended.

A General Disclosure

Disclosures in terms of the Guidance note on accounting for employee share-based payments or any other relevant Indian Accounting Standards. For details please refer to notes to Financial Statement mentioned in Annual Report 2017-18

B Summary

	Description	
1	Date of Shareholders Approval	June 5, 2015 – Extra Ordinary General Meeting
2	Total number of options approved under the scheme*	25,00,000 stock options were approved under the Setco Employee Stock Option 2015
3	Date of Grant	May 30, 2016
4	Options Granted	6,10,000 stock options
5	Vesting Schedule	20% of the total options – 30.5.2017 30% of the total options – 30.5.2018 50% of the total options – 30.5.2019
6	Pricing Formula	The options are granted to Eligible Employees and Directors of the Company at an Exercise Price of Rs. 16/- per share (as against closing price of Rs.31.95/- as on May 27, 2016) in accordance with the provisions of the Scheme.
7	Maximum Term of Options Granted	Four years from the date of grant
8	Source of Shares	Primary
9	Variation in terms of Options	--
10	Method used for Accounting of ESOP	Fair Value Method
11	Where the Company has calculated the employee compensation cost using the intrinsic value of the stock option, the difference between employee compensation cost so computed and the employee compensation cost that shall have been recognised if it had used the fair value of the option, shall be disclosed. The impact of this difference on profits and on EPS of the Company shall also be disclosed.	The Company is following accounting as per (Indian Accounting Standard) Ind-AS 102 issued by the Ministry of Corporate Affairs
12	Diluted Earnings Per Share (EPS) pursuant to issue of shares on exercise of option calculated in accordance with (IND-AS) Earnings Per Share	The diluted EPS of the Company after considering the effect of potential equity shares arising on account of exercise of options is Rs. 1.44 per share
13	Weighted average exercise price and weighted average fair value of the options shall be disclosed separately for options whose exercise price either equals or is less than the market price for the stock	Weighted average exercise price: Rs. 16.00 Weighted average fair value of options based on Black Scholes methodology: Rs. 16.48

DIRECTORS' REPORT

C Options Movement During the year

	Description	
1	Options Outstanding at the beginning of the Year	5,38,000
2	Option Granted during the year	Nil
3	Options vested during the year	1,07,600
4	Options exercised during the year	Nil
5	No. of shares arising as a result of exercise of options during the year	Nil
6	Options cancelled & lapsed during the year	1,03,000
7	Options Outstanding at the end of the year	4,35,000
8	Options Exercisable at the end of the year	4,35,000
9	Money realized by the exercise of options (in Rs.)	Nil

D Options granted to Senior Management Personnel/s

The company has granted options during the previous financial year i.e. 2016-17 under the ESOP scheme to Senior Management Personnel/s.

E Options granted to any employee during the year amounting to 5% or more of options granted during the year

The company has not granted options during the current financial year under the ESOP scheme to employees during the year amounting to 5% or more of options.

F Options granted to any employee equal to or exceeding 1% of the issued capital of the company at the time of grant

The company has not granted options during the current financial year under the ESOP scheme to any employee equal to or exceeding 1% of the issued capital of the company.

G A description of the method and significant assumption used during the year to estimate the fair values of options.

For share options granted to employees, in many cases market prices are not available, because the options granted are subject to terms and conditions that do not apply to traded options. If traded options with similar terms and conditions do not exist, the fair value of the options granted shall be estimated by applying a Black Scholes option pricing model.

The inputs to the model are:

- Underlying price of the shares as on the date of the grant
- Exercise price of the options
- Expected life of the options
- Expected volatility of the options
- Expected dividend yield of the option
- Risk free rate of interest

*The Shareholders at the Extra Ordinary General Meeting of the Company held on June 5, 2015 had approved the 5,00,000 (Five Lakhs) stock options under the Setco Stock Option scheme 2015 of Rs. 10/- each. Further, at the Annual General meeting of the Company held on September 28, 2015, the shareholders approved the sub- division of shares from face value Rs.10/- each into five equity shares of Rs. 2/- each w.e.f. December 17, 2015, consequently the number of options now stands at 25,00,000 (Twenty Five lakhs) of Rs.2/- each.

DIRECTORS' REPORT

Annexure 2 to Directors' Report

Form AOC-1

Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014

Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures

PART "A": Subsidiaries

Name of the Subsidiary	Reporting period for the subsidiary concerned, if different from the company's reporting period	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries*	Share Capital	Reserve and Surplus	Total Assets	Total Liabilities	Investments	Turnover	Profit before taxation	Provision for taxation	Profit after taxation	Proposed Dividend	% of share holding
WEW Holdings Limited	Same as Holding Company	1 GBP = Rs. 92.75	591.60	-8.95	586.00	3.35	585.92	-	-0.82	-	-0.82	-	100.00
Lava Cast Private Limited	Same as Holding Company	INR	9,706.00	-3,596.37	21,005.48	14,895.85	-	7,487.39	-3,009.97	632.60	-2,377.37	-	86.12
Setco Automotive (UK) Ltd.	Same as Holding Company	1 GBP = Rs. 92.75	2,536.03	-2,347.87	6,985.87	6,797.71	1,528.18	3,184.85	-529.59	15.41	-514.18	-	100.00
Setco Automotive (NA) Inc	Same as Holding Company	1 USD = Rs.65.30	1,714.13	-423.92	5,262.71	3,972.50	-	4,531.23	139.95	85.02	54.93	-	100.00
SETCO MEA DMCC	Same as Holding Company	1 AED = Rs. 17.74	17.74	-23.34	493.78	499.38	-	104.43	-29.45	-	-29.45	-	100.00

*Rates as on March 31, 2018

DIRECTORS' REPORT

ANNEXURE 3 TO DIRECTORS' REPORT ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES FOR THE FINANCIAL YEAR 2017-18

1	A brief outline of the company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs.	CSR activities at Setco are carried out as per the CSR Policy with primary focus on Health and Nutrition, Education and Women Empowerment.
2	The Composition of the CSR Committee.	1. Mrs. Urja Shah, Executive Director (Chairman) 2. Mr. Udit Sheth, Executive Director 3. Dr. Arun Arora, Independent Director 4. Mrs. Suhasini Sathe, Independent Director
3	Average net profit of the company for last three financial years (Amount in crores)	Rs. 31.76 Cr.
4	Prescribed CSR Expenditure (two percent of the amount as in item 3 above)	Rs. 63.53 Lakhs
5	Details of CSR spent during the financial year:	Rs. 88.70 Lakhs
	(1) Total amount to be spent for the Financial Year	
	(2) Amount unspent, if any;	Not Applicable
	(3) Manner in which the amount spent during the financial year:	The manner in which the amount is spent is detailed as under:

(2)		(3)	(4)	(5)	(6)	(7)	(8)
CSR Project or Activity identified		Sector in which the Project is covered	Projects or programs (1) Local area or other (2) Specify the state and district where projects or programs was undertaken	Amount outlay (budget) project or programs wise	Amount spent on the projects or programs (1) Direct Expenditure on projects or programs (2) Overhead	Cumulative Expenditure upto the reporting period	Amount spent: Direct or through implementing agency
(A) Improving the nutritional and health status of adolescent girls, women; and children aged 0-6 years; (B) Pre-school education system at the Anganwadi level (C) Empowering women at the grass root level enabling them to become financially and socially independent, thereby empowering the community around them		Eradicating hunger and malnutrition; Promoting healthcare including preventive healthcare; Promoting education; Empowering women.	Kalol, Panchmahals, Gujarat; and other parts of Gujarat	85.00	88.70	88.70	Implementing Agency - Setco Foundation

DIRECTORS' REPORT

ANNEXURE 4 TO DIRECTORS' REPORT

Appointment & Remuneration Policy

A. Introduction:

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

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

B. 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.

C. 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.

D. 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.

DIRECTORS' REPORT

ANNEXURE 5 TO DIRECTOR'S REPORT

FORM NO. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2018

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule 9 of the Companies (Appointment and Remuneration 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 our opinion thereon.

Based on our verification of 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 31st March, 2018 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 the Company for the financial year ended on 31st March, 2018, according to the provisions of:

1. The Companies Act, 2013 (the Act) and the rules made thereunder;
2. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
3. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
4. 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;
5. 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, 2015;
 - 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:

1. Secretarial Standards issued by The Institute of Company Secretaries of India i.e. Secretarial Standards – 1 for Board Meetings and Secretarial Standards – 2 for General Meetings.
2. The Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 [SEBI (LODR) Regulations, 2015];

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

DIRECTORS' REPORT

A. Appointment of Company Secretary:

As per Section 203 (1) (ii), the Company is required to appoint Company Secretary. The Company Secretary has resigned on 14th August, 2017. The new Company Secretary was appointed on 2nd May, 2018. During gap of this period, the Company do not have Company Secretary. In this regard the management of the Company has provided the following reply:

- i. The Company has made efforts for appointment of Company Secretary but no suitable candidate was found during this period.

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 operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

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

1. Public / Right / Preferential issue of shares / Debentures / Sweat Equity etc.;
2. Redemption / Buy Back of Securities;
3. Major decisions taken by the members in pursuance to Section 180 of the Companies Act, 2013;
4. Merger / Amalgamation / Reconstruction etc.;
5. Foreign Technical Collaborations.

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

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

Place: Mumbai
Date: July 31, 2018

DIRECTORS' REPORT

ANNEXURE 6 TO DIRECTOR'S REPORT

FORM NO. MGT 9

EXTRACT OF ANNUAL RETURN

as on financial year ended on 31.03.2018

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

I REGISTRATION & OTHER DETAILS:

i	CIN	L35999GJ1982PLC005203
ii	Registration Date	5-May-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-101, 247 Park, L.B.S. Marg, Vikhroli (West), Mumbai – 400 083; Contact No: 022 49186000

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

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

III PARTICULARS OF HOLDING, SUBSIDIARY & ASSOCIATE COMPANIES

Sr No	Name & Address of the Company	CIN/GLN	HOLDING/ SUBSIDIARY/ ASSOCIATE	% OF SHARES HELD	APPLICABLE SECTION
1	Lava Cast Private Limited	U27205MH2011PTC217467	Subsidiary	86.12	2(87)(ii)
2	Setco Automotive (UK) Ltd	N.A.	Subsidiary	100*	2(87)(ii)
3	Setco Automotive (NA), Inc	N.A.	Subsidiary	100#	2(87)(ii)
4	WEW Holdings Limited	N.A.	Subsidiary	100	2(87)(ii)
5	Setco MEA DMCC (w.e.f 31.7.2016)	N.A.	Subsidiary	100	2(87)(ii)

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

Wholly owned Subsidiary of Setco Automotive (UK) Ltd.

Note: Setco Engineering Pvt. Ltd. is now ceased to be the Holding Company from March 19, 2018.

DIRECTORS' REPORT

IV SHAREHOLDING PATTERN (Equity Share capital Break up as % to total Equity)

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/HUF	15,522,880	-	15,522,880	11.62	17,122,880	-	17,122,880	12.82	1.20
b) Central Govt. or State Govt.	-	-	-	-	-	-	-	-	-
c) Bodies Corporates	69,363,845	-	69,363,845	51.92	67,763,845	-	67,763,845	50.72	-1.20
d) Bank/FI	-	-	-	-	-	-	-	-	-
e) Any other	-	-	-	-	-	-	-	-	-
SUB TOTAL: (A) (1)	84,886,725	-	84,886,725	63.54	84,886,725	-	84,886,725	63.54	0.00
(2) Foreign									
a) NRI- Individuals	-	-	-	-	-	-	-	-	-
b) Other Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corp.	-	-	-	-	-	-	-	-	-
d) Banks/FI	-	-	-	-	-	-	-	-	-
e) Any other...	-	-	-	-	-	-	-	-	-
SUB TOTAL (A) (2)	-	-	-	-	-	-	-	-	-
Total Shareholding of Promoter (A)= (A)(1) + (A)(2)	84,886,725	-	84,886,725	63.54	84,886,725	-	84,886,725	63.54	0.00
B. PUBLIC SHAREHOLDING									
(1) Institutions									
a) Mutual Funds	-	-	-	-	-	-	-	-	-
b) Banks/FI	197,197	375	197,572	0.15	454,243	375	454,618	0.34	0.19
c) Central govt	-	-	-	-	-	-	-	-	-
d) State Govt.	-	-	-	-	-	-	-	-	-
e) Venture Capital Fund	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIIS	-	-	-	-	-	-	-	-	-
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (FPI)	2,484,771	-	2,484,771	1.86	100,000	-	100,000	0.07	-1.79
SUB TOTAL (B)(1):	2,681,968	375	2,682,343	2.01	554,243	375	554,618	0.41	-1.60

DIRECTORS' REPORT

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
(2) Non Institutions									
a) Bodies corporates	6,881,793	5,250	6,887,043	5.16	7,136,115	3,950	7,140,065	5.34	0.18
i) Indian	-	-	-	-	-	-	-	-	-
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals	-	-	-	-	-	-	-	-	-
i) Individual shareholders holding nominal share capital upto Rs.2 lakhs	15,596,847	3,530,820	19,127,667	14.32	26,031,183	3,005,080	29,036,263	21.73	7.41
ii) Individuals shareholders holding nominal share capital in excess of Rs.	7,543,402	127,500	7,670,902	5.74	3,922,933	127,500	4,050,433	3.04	-2.70
c) Others (specify)									
i) Clearing Members	713,366	-	713,366	0.53	1,853,438	-	1,853,438	1.39	0.86
ii) IEPF	-	-	-	-	406,580	-	406,580	0.30	0.30
iii) Foreign Nationals	-	-	-	-	-	-	-	-	-
iv) Non Residents Indians (Repat)	4,011,705	-	4,011,705	3.00	651,631	-	651,631	0.49	-2.51
v) Non Residents Indians (Non Repat)	224,466	-	224,466	0.17	1,025,755	-	1,025,755	0.77	0.60
vi) Foreign Companies	5,828,964	-	5,828,964	4.36	2,383,831	-	2,383,831	1.78	-2.58
vii) Trusts	12,000	-	12,000	0.01	750	-	750	0.00	-0.01
viii) Hindu Undivided Family	1,530,644	20,850	1,551,494	1.16	1,585,986	20,600	1,606,586	1.20	0.04
SUB TOTAL (B)(2):	42,343,187	3,684,420	46,027,607	34.45	44,998,202	3,157,130	48,155,332	36.04	1.60
Total Public Shareholding (B)= (B)(1) +(B)(2)	45,025,155	3,684,795	48,709,950	36.46	45,552,445	3,157,505	48,709,950	36.46	0.00
C. Shares held by Custodian for GDRs & ADRs		-	-	-					
Grand Total (A+B+C)	29,911,880	3,684,795	133,596,675	100	130,439,170	3,157,505	133,596,675	100	0.00

DIRECTORS' REPORT

V Sr. No.	SHARE HOLDING OF PROMOTER Shareholders Name	Shareholding at the beginning of the year				Shareholding at the end of the year			% change in shareholding during the year
		No. of shares	% of total shares of the company	% of shares pledged encumbered to total shares		No. of shares	% of total shares of the company	% of shares pledged encumbered to total shares	
1	Harish Kirtibhai Sheth	7,222,655	5.405	-	-	8,822,655	6.604	2.02	1.20
2	Urja Harish Shah	725	0.00	-	-	725	0.00	-	-
3	Sneha Harish Sheth	3,382,500	2.53	-	-	1,032,500	0.77	-	-1.76
4	Udit Harish Sheth	4,917,000	3.68	2.06	2.06	7,267,000	5.44	1.56	1.76
5	Setco Engineering Private Limited	67,713,845	50.69	35.99	35.99	66,113,845	49.49	21.00	-1.20
6	Urdit Investments Private Limited		1.24	-	-	1,650,000	1.24	-	-
	Total	84,886,725	63.54	38.05	38.05	84,886,725	63.54	24.58	0.00

DIRECTORS' REPORT

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

Sr. No	Name	Shareholding		Date	Increase / Decrease in Shareholding	Reason	Cumulative Shareholding during the year	
		No. of shares At the beginning (01-04-2017) / end of the year (31-3-2018)	% of total shares of the company				No of shares	% of total shares of the company
1	Harish Kiritbhai Sheth	7,222,655	5.405	01-Apr-17				
				15-Mar-18	8,00,000	*Refer Note	8,022,655	6.005
				19-Mar-18	8,00,000	*Refer Note	8,822,655	6.604
		8,822,655	6.604	31-Mar-18			8,822,655	6.604
2	Udit Harish Sheth	4,917,000	3.68	01-Apr-17				
				03-May-17	2,350,000	*Refer Note	7,267,000	5.44
		7,267,000	5.44	31-Mar-18			7,267,000	5.44
3	Urja Harish Sheth	725	0.00	01-Apr-17				
		725	0.00	31-Mar-18			725	0.00
4	Sneha Harish Sheth	3,382,500	2.53	01-Apr-17				
				03-May-17	(23,50,000)	*Refer Note	1,032,500	0.77
		1,032,500	0.77	31-Mar-18			1,032,500	0.77
5	Setco Engineering Private Limited	67,713,845	50.69	01-Apr-17				
				15-Mar-18	(8,00,000)	*Refer Note	66,913,845	50.01
				19-Mar-18	(8,00,000)	*Refer Note	66,113,845	49.49
		66,113,845	49.49	31-Mar-18			66,113,845	49.49
6	Urdit Investments Private Limited	1,650,000	1.24	01-Apr-17				
		1,650,000	1.24	31-Mar-18			1,650,000	1.24

* Inter se off market Transfer of Equity Shares.

DIRECTORS' REPORT

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

Sr. No	Name	Shareholding		Date	Increase / Decrease in Shareholding	Reason	Cumulative Shareholding during the year	
		No. of shares At the beginning (01-04-2017) / end of the year (31-3-2018)	% of total shares of the company				No of shares	% of total shares of the company
1	NEW VERNON PRIVATE EQUITY LIMITED	5,828,964	4.36	01-Apr-17				
				07-Apr-17	(412,526)	Sale	5,416,438	4.05
				14-Apr-17	(342,513)	Sale	5,073,925	3.80
				21-Apr-17	(769,065)	Sale	4,304,860	3.22
				28-Apr-17	(365,857)	Sale	3,939,003	2.95
				23-Jun-17	(147,556)	Sale	3,791,447	2.84
				07-Jul-17	(167,684)	Sale	3,623,763	2.71
				14-Jul-17	(18,671)	Sale	3,605,092	2.70
				15-Dec-17	(471,261)	Sale	3,133,831	2.35
				29-Dec-17	(500,000)	Sale	2,633,831	1.97
2	BARCLAYS WEALTH TRUSTEES INDIA PRIVATE LIMITED			09-Feb-18	(250,000)	Sale	2,383,831	1.78
		2,383,831	1.78	31-Mar-18			2,383,831	1.78
		3,100,000	2.32	01-Apr-17				
				28-Apr-17	(300,000)	Sale	2,800,000	2.10
				14-Jul-17	(200,000)	Sale	2,600,000	1.95
				13-Oct-17	(154,590)	Sale	2,445,410	1.83
				20-Oct-17	(45,410)	Sale	2,400,000	1.80
				08-Dec-17	(100,000)	Sale	2,300,000	1.72
		2,300,000	1.72	31-Mar-18			2,300,000	1.72
		770,596	0.58	01-Apr-17				
3	K S GOPALASWAMY	770,596	0.58	31-Mar-18			770,596	0.58

DIRECTORS' REPORT

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

Sr. No	Name	Shareholding		Date	Increase / Decrease in Shareholding	Reason	Cumulative Shareholding during the year	
		No. of shares At the beginning (01-04-2017) / end of the year (31-3-2018)	% of total shares of the company				No of shares	% of total shares of the company
4	NIRMAL BANG FINANCIAL SERVICES PRIVATE LIMITED#	-	0.00	01-Apr-17				
				14-Apr-17	2,000	Purchase	2,000	0.00
				28-Apr-17	549,638	Purchase	551,638	0.41
				05-May-17	24,792	Purchase	576,430	0.43
				12-May-17	(447,019)	Sale	129,411	0.10
				19-May-17	579,808	Purchase	709,219	0.53
				26-May-17	(2,000)	Sale	707,219	0.53
				02-Jun-17	32,484	Purchase	739,703	0.55
				09-Jun-17	(68,884)	Sale	670,819	0.50
				16-Jun-17	28,200	Purchase	699,019	0.52
				23-Jun-17	(171,512)	Sale	527,507	0.39
				30-Jun-17	(21,616)	Sale	505,891	0.38
				07-Jul-17	(14,322)	Sale	491,569	0.37
				14-Jul-17	22,000	Purchase	513,569	0.38
				21-Jul-17	(43,750)	Sale	469,819	0.35
				28-Jul-17	(2,411)	Sale	467,408	0.35
				04-Aug-17	(1,000)	Sale	466,408	0.35
				11-Aug-17	1,196	Purchase	467,604	0.35
				18-Aug-17	(8,500)	Sale	459,104	0.34
				25-Aug-17	(24,377)	Sale	434,727	0.33
				01-Sep-17	(49,895)	Sale	384,832	0.29
				08-Sep-17	54,167	Purchase	438,999	0.33
				15-Sep-17	50,222	Purchase	489,221	0.37
				22-Sep-17	(236,118)	Sale	253,103	0.19
				29-Sep-17	(203,081)	Sale	50,022	0.04

DIRECTORS' REPORT

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

Sr. No	Name	Shareholding		Date	Increase / Decrease in Shareholding	Reason	Cumulative Shareholding during the year	
		No. of shares At the beginning (01-04-2017) / end of the year (31-3-2018)	% of total shares of the company				No of shares	% of total shares of the company
				06-Oct-17	102,000	Purchase	152,022	0.11
				13-Oct-17	19,472	Purchase	171,494	0.13
				20-Oct-17	8,000	Purchase	179,494	0.13
				27-Oct-17	(87,640)	Sale	91,854	0.07
				03-Nov-17	(13,393)	Sale	78,461	0.06
				10-Nov-17	(33,500)	Sale	44,961	0.03
				17-Nov-17	(30,699)	Sale	14,262	0.01
				24-Nov-17	33,699	Purchase	47,961	0.04
				01-Dec-17	(30,811)	Sale	17,150	0.01
				08-Dec-17	(2,187)	Sale	14,963	0.01
				15-Dec-17	162,331	Purchase	177,294	0.13
				22-Dec-17	193,263	Purchase	370,557	0.28
				29-Dec-17	(21,144)	Sale	349,413	0.26
				05-Jan-18	(163,438)	Sale	185,975	0.14
				12-Jan-18	196,475	Purchase	382,450	0.29
				19-Jan-18	(62,500)	Sale	319,950	0.24
				26-Jan-18	(18,500)	Sale	301,450	0.23
				02-Feb-18	250	Purchase	301,700	0.23
				09-Feb-18	34,487	Purchase	336,187	0.25
				16-Feb-18	138,383	Purchase	474,570	0.36
				23-Feb-18	(77,500)	Sale	397,070	0.30
				02-Mar-18	10,000	Purchase	407,070	0.30
				09-Mar-18	(35,709)	Sale	371,361	0.28
				16-Mar-18	262,739	Purchase	634,100	0.47
				23-Mar-18	1,408	Purchase	635,508	0.48
				31-Mar-18	(12,000)	Sale	623,508	0.47
		623,508	0.47	31-Mar-18			623,508	0.47

DIRECTORS' REPORT

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

Sr. No	Name	Shareholding		Date	Increase / Decrease in Shareholding	Reason	Cumulative Shareholding during the year	
		No. of shares At the beginning (01-04-2017) / end of the year (31-3-2018)	% of total shares of the company				No of shares	% of total shares of the company
5	ANGEL BROKING PRIVATE LIMITED#	77,557	0.06	01-Apr-17				
				07-Apr-17	2,111	Purchase	79,668	0.06
				14-Apr-17	52,232	Purchase	131,900	0.10
				21-Apr-17	126,157	Purchase	258,057	0.19
				28-Apr-17	55,161	Purchase	313,218	0.23
				05-May-17	(35,735)	Sale	277,483	0.21
				12-May-17	(29,198)	Sale	248,285	0.19
				19-May-17	(36,788)	Sale	211,497	0.16
				26-May-17	(14,628)	Sale	196,869	0.15
				02-Jun-17	2,476	Purchase	199,345	0.15
				09-Jun-17	(28,299)	Sale	171,046	0.13
				16-Jun-17	724	Purchase	171,770	0.13
				23-Jun-17	(42,565)	Sale	129,205	0.10
				30-Jun-17	4,357	Purchase	133,562	0.10
				07-Jul-17	(3,696)	Sale	129,866	0.10
				14-Jul-17	96,697	Purchase	226,563	0.17
				21-Jul-17	51,486	Purchase	278,049	0.21
				28-Jul-17	(8,354)	Sale	269,695	0.20
				04-Aug-17	(47,333)	Sale	222,362	0.17
				11-Aug-17	3,018	Purchase	225,380	0.17
				18-Aug-17	(1,605)	Sale	223,775	0.17
				25-Aug-17	(8,148)	Sale	215,627	0.16
				01-Sep-17	3,508	Purchase	219,135	0.16
				08-Sep-17	47,864	Purchase	266,999	0.20
				15-Sep-17	(5,093)	Sale	261,906	0.20
				22-Sep-17	(21,408)	Sale	240,498	0.18
				29-Sep-17	7,130	Purchase	247,628	0.19

DIRECTORS' REPORT

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

Sr. No	Name	Shareholding		Date	Increase / Decrease in Shareholding	Reason	Cumulative Shareholding during the year	
		No. of shares At the beginning (01-04-2017) / end of the year (31-3-2018)	% of total shares of the company				No of shares	% of total shares of the company
				06-Oct-17	(7,766)	Sale	239,862	0.18
				13-Oct-17	(693)	Sale	239,169	0.18
				20-Oct-17	(49,375)	Sale	189,794	0.14
				27-Oct-17	46,105	Purchase	235,899	0.18
				03-Nov-17	1,547	Purchase	237,446	0.18
				10-Nov-17	32,646	Purchase	270,092	0.20
				17-Nov-17	4,517	Purchase	274,609	0.21
				24-Nov-17	(9,911)	Sale	264,698	0.20
				01-Dec-17	35,361	Purchase	300,059	0.22
				08-Dec-17	51,912	Purchase	351,971	0.26
				15-Dec-17	137,786	Purchase	489,757	0.37
				22-Dec-17	(79,534)	Sale	410,223	0.31
				29-Dec-17	27,368	Purchase	437,591	0.33
				05-Jan-18	55,477	Purchase	493,068	0.37
				12-Jan-18	41,993	Purchase	535,061	0.40
				19-Jan-18	82,269	Purchase	617,330	0.46
				26-Jan-18	(60,619)	Sale	556,711	0.42
				02-Feb-18	(27,528)	Sale	529,183	0.40
				09-Feb-18	(17,392)	Sale	511,791	0.38
				16-Feb-18	116,232	Purchase	628,023	0.47

DIRECTORS' REPORT

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

Sr. No	Name	Shareholding		Date	Increase / Decrease in Shareholding	Reason	Cumulative Shareholding during the year	
		No. of shares At the beginning (01-04-2017) / end of the year (31-3-2018)	% of total shares of the company				No of shares	% of total shares of the company
6	EDELWEISS CUSTODIAL SERVICES LIMITED#			23-Feb-18	13,436	Purchase	641,459	0.48
				02-Mar-18	(80,752)	Sale	560,707	0.42
				09-Mar-18	110,560	Purchase	671,267	0.50
				16-Mar-18	(160,657)	Sale	510,610	0.38
				23-Mar-18	14,474	Purchase	525,084	0.39
				31-Mar-18	(14,504)	Sale	510,580	0.38
		510,580	0.38	31-Mar-18			510,580	0.38
		22,186	0.02	01-Apr-17				
				07-Apr-17	28,192	Purchase	50,378	0.04
				14-Apr-17	5,726	Purchase	56,104	0.04
				21-Apr-17	39	Purchase	56,143	0.04
				28-Apr-17	26,935	Purchase	83,078	0.06
				05-May-17	5,019	Purchase	88,097	0.07
				12-May-17	55,342	Purchase	143,439	0.11
				19-May-17	6,025	Purchase	149,464	0.11
				26-May-17	4,195	Purchase	153,659	0.12
				02-Jun-17	(72,476)	Sale	81,183	0.06
				09-Jun-17	3,500	Purchase	84,683	0.06
				16-Jun-17	4,064	Purchase	88,747	0.07
				23-Jun-17	8,740	Purchase	97,487	0.07
				30-Jun-17	(8,695)	Sale	88,792	0.07
				07-Jul-17	(2,631)	Sale	86,161	0.06
				14-Jul-17	18,635	Purchase	104,796	0.08
				21-Jul-17	41,122	Purchase	145,918	0.11
				28-Jul-17	119,192	Purchase	265,110	0.20
				04-Aug-17	2,242	Purchase	267,352	0.20
				11-Aug-17	(5,934)	Sale	261,418	0.20

DIRECTORS' REPORT

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

Sr. No	Name	Shareholding		Date	Increase / Decrease in Shareholding	Reason	Cumulative Shareholding during the year	
		No. of shares At the beginning (01-04-2017) / end of the year (31-3-2018)	% of total shares of the company				No of shares	% of total shares of the company
				18-Aug-17	4,431	Purchase	265,849	0.20
				25-Aug-17	(37,306)	Sale	228,543	0.17
				01-Sep-17	(1,366)	Sale	227,177	0.17
				08-Sep-17	6,232	Purchase	233,409	0.17
				15-Sep-17	(14,275)	Sale	219,134	0.16
				22-Sep-17	(11,732)	Sale	207,402	0.16
				29-Sep-17	25,213	Purchase	232,615	0.17
				06-Oct-17	(2,917)	Sale	229,698	0.17
				13-Oct-17	(81,395)	Sale	148,303	0.11
				20-Oct-17	(11,246)	Sale	137,057	0.10
				27-Oct-17	(11,620)	Sale	125,437	0.09
				03-Nov-17	(1,933)	Sale	123,504	0.09
				10-Nov-17	46,515	Purchase	170,019	0.13
				17-Nov-17	13,963	Purchase	183,982	0.14
				24-Nov-17	(37,695)	Sale	146,287	0.11
				01-Dec-17	1,660	Purchase	147,947	0.11
				08-Dec-17	67,895	Purchase	215,842	0.16
				15-Dec-17	316,723	Purchase	532,565	0.40
				22-Dec-17	260,506	Purchase	793,071	0.59
				29-Dec-17	964	Purchase	794,035	0.59
				30-Dec-17	(2,000)	Sale	792,035	0.59
				05-Jan-18	(162,241)	Sale	629,794	0.47
				12-Jan-18	(13,313)	Sale	616,481	0.46
				19-Jan-18	(28,690)	Sale	587,791	0.44
				26-Jan-18	11,325	Purchase	599,116	0.45
				02-Feb-18	212,997	Purchase	812,113	0.61
				09-Feb-18	(31,686)	Sale	780,427	0.58

DIRECTORS' REPORT

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

Sr. No	Name	Shareholding		Date	Increase / Decrease in Shareholding	Reason	Cumulative Shareholding during the year	
		No. of shares At the beginning (01-04-2017) / end of the year (31-3-2018)	% of total shares of the company				No of shares	% of total shares of the company
7	ILA DHRUV KAJI#			16-Feb-18	(25,096)	Sale	755,331	0.57
				23-Feb-18	(384,004)	Sale	371,327	0.28
				02-Mar-18	11,866	Purchase	383,193	0.29
				09-Mar-18	13,001	Purchase	396,194	0.30
				16-Mar-18	85,733	Purchase	481,927	0.36
				23-Mar-18	(37,408)	Sale	444,519	0.33
				31-Mar-18	12,694	Purchase	457,213	0.34
		457,213	0.34	31-Mar-18			457,213	0.34
		423,000	0.32	01-Apr-17				
		423,000	0.32	31-Mar-18			423,000	0.32
8	TEJAL MERCHANTILE PRIVATE LIMITED	694,651	0.52	01-Apr-17				
				14-Apr-17	(94,651)	Sale	600,000	0.45
				21-Apr-17	(97,500)	Sale	502,500	0.38
				26-May-17	167,200	Purchase	669,700	0.50
				08-Sep-17	(103,857)	Sale	565,843	0.42
				15-Sep-17	(129,475)	Sale	436,368	0.33
				27-Oct-17	(30,475)	Sale	405,893	0.30
				15-Dec-17	(8,000)	Sale	397,893	0.30
				22-Dec-17	(200,000)	Sale	197,893	0.15
				29-Dec-17	188,000	Purchase	385,893	0.29
				12-Jan-18	(50,000)	Sale	335,893	0.25
				16-Feb-18	(13,251)	Sale	322,642	0.24
		322,642	0.24	31-Mar-18			322,642	0.24
		532	0.00	01-Apr-17				
				07-Apr-17	12,650	Purchase	13,182	0.01
9	INDIANVESH SECURITIES LIMITED#			14-Apr-17	(4,800)	Sale	8,382	0.01
				21-Apr-17	(7,600)	Sale	782	0.00

DIRECTORS' REPORT

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

Sr. No	Name	Shareholding		Date	Increase / Decrease in Shareholding	Reason	Cumulative Shareholding during the year	
		No. of shares At the beginning (01-04-2017) / end of the year (31-3-2018)	% of total shares of the company				No of shares	% of total shares of the company
				28-Apr-17	21,370	Purchase	22,152	0.02
				05-May-17	1,150	Purchase	23,302	0.02
				12-May-17	400	Purchase	23,702	0.02
				19-May-17	(200)	Sale	23,502	0.02
				26-May-17	(23,250)	Sale	252	0.00
				02-Jun-17	(50)	Sale	202	0.00
				16-Jun-17	(32)	Sale	170	0.00
				23-Jun-17	1,500	Purchase	1,670	0.00
				30-Jun-17	510	Purchase	2,180	0.00
				07-Jul-17	4,100	Purchase	6,280	0.00
				14-Jul-17	(6,010)	Sale	270	0.00
				21-Jul-17	62,765	Purchase	63,035	0.05
				28-Jul-17	(8,030)	Sale	55,005	0.04
				04-Aug-17	(49,000)	Sale	6,005	0.00
				11-Aug-17	3,248	Purchase	9,253	0.01
				18-Aug-17	500	Purchase	9,753	0.01
				25-Aug-17	150	Purchase	9,903	0.01
				15-Sep-17	(9,583)	Sale	320	0.00
				22-Sep-17	10,242	Purchase	10,562	0.01
				29-Sep-17	(4,479)	Sale	6,083	0.00
				06-Oct-17	67	Purchase	6,150	0.00
				13-Oct-17	(5,500)	Sale	650	0.00
				20-Oct-17	20,100	Purchase	20,750	0.02
				27-Oct-17	(15,750)	Sale	5,000	0.00
				03-Nov-17	(4,783)	Sale	217	0.00

DIRECTORS' REPORT

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

Sr. No	Name	Shareholding		Date	Increase / Decrease in Shareholding	Reason	Cumulative Shareholding during the year	
		No. of shares At the beginning (01-04-2017) / end of the year (31-3-2018)	% of total shares of the company				No of shares	% of total shares of the company
				10-Nov-17	283	Purchase	500	0.00
				17-Nov-17	(400)	Sale	100	0.00
				24-Nov-17	200	Purchase	300	0.00
				01-Dec-17	7,237	Purchase	7,537	0.01
				08-Dec-17	(1,588)	Sale	5,949	0.00
				15-Dec-17	(4,563)	Sale	1,386	0.00
				22-Dec-17	9,337	Purchase	10,723	0.01
				29-Dec-17	7,175	Purchase	17,898	0.01
				05-Jan-18	(2,098)	Sale	15,800	0.01
				12-Jan-18	(811)	Sale	14,989	0.01
				19-Jan-18	195,461	Purchase	210,450	0.16
				26-Jan-18	(2,782)	Sale	207,668	0.16
				02-Feb-18	101,688	Purchase	309,356	0.23
				09-Feb-18	(99,268)	Sale	210,088	0.16
				16-Feb-18	(3,615)	Sale	206,473	0.15
				23-Feb-18	96,463	Purchase	302,936	0.23
				02-Mar-18	(1,000)	Sale	301,936	0.23
				09-Mar-18	8,601	Purchase	310,537	0.23
				16-Mar-18	329,482	Purchase	640,019	0.48
				23-Mar-18	(337,557)	Sale	302,462	0.23
				31-Mar-18	(1,953)	Sale	300,509	0.22
		300,509	0.22	31-Mar-18			300,509	0.22
		3,516,345	2.63	01-Apr-17				
10	SHAH PARYANK RAMESH			28-Apr-17	(600,000)	Sale	2,916,345	2.18
				12-May-17	(600,000)	Sale	2,316,345	1.73
				17-Nov-17	(1,000,000)	Sale	1,316,345	0.99
				01-Dec-17	(1,300,000)	Sale	16,345	0.01
		16,345	0.01	31-Mar-18			16,345	0.01

DIRECTORS' REPORT

Sr. No	Name	Shareholding		Date	Increase / Decrease in Shareholding	Reason	Cumulative Shareholding during the year	
		No. of shares At the beginning (01-04-2017) / end of the year (31-3-2018)	% of total shares of the company				No of shares	% of total shares of the company
11	MORGAN STANLEY ASIA (SINGAPORE) PTE **	2,068,250	1.55	01-Apr-17				
				07-Apr-17	(2,068,250)	Sale	-	0.00
		-	0.00	31-Mar-18			-	0.00
12	MINAL BHARAT PATEL **	2,003,666	1.50	01-Apr-17				
				07-Apr-17	805,046	Purchas	2,808,712	2.10
				14-Apr-17	(760,575)	Sale	2,048,137	1.53
				21-Apr-17	(1,251,643)	Sale	796,494	0.60
				28-Apr-17	(243,043)	Sale	553,451	0.41
				05-May-17	(1,394)	Sale	552,057	0.41
				14-Jul-17	(185,641)	Sale	366,416	0.27
				21-Jul-17	(47,204)	Sale	319,212	0.24
				28-Jul-17	(8,718)	Sale	310,494	0.23
				15-Sep-17	(50,000)	Sale	260,494	0.20
				22-Sep-17	(149,775)	Sale	110,719	0.08
				01-Dec-17	(110,719)	Sale	-	0.00
		-	0.00	31-Mar-18			-	0.00
13	IIFL NATIONAL DEVELOPMENT AGENDA FUND**	695,000	0.52	01-Apr-17				
				06-Jan-18	(695,000)	Sale	-	0.00
		-	0.00	31-Mar-18			-	0.00
14	HARDIK BHARAT PATEL **	652,906	0.49	01-Apr-17				
				15-Sep-17	(95,000)	Sale	557,906	0.42
				22-Sep-17	(120,652)	Sale	437,254	0.33
				13-Oct-17	(170,452)	Sale	266,802	0.20
				27-Oct-17	(124,548)	Sale	142,254	0.11
				01-Dec-17	(142,254)	Sale	-	0.00
		-	0.00	31-Mar-18			-	0.00
15	Emerging India Focus Funds**	416,521	0.31	01-Apr-17				
				14-Apr-17	(4,16,521)	Sale	-	0.00
		-	0.00	31-Mar-18			-	0.00

** Ceased to be in the list of Top 10 Shareholders as on 31-03-2018. The same is reflected above since the shareholder was on of the Top 10 shareholders as on 01-04-2017.

DIRECTORS' REPORT

VIII Shareholding of Directors & KMP

Sr. No	Name	Shareholding		Date	Increase / Decrease in Shareholding	Reason	Cumulative Shareholding during the year	
		No. of shares At the beginning (01-04-2017) / end of the year (31-3-2018)	% of total shares of the company				No of shares	% of total shares of the company
1	Harish Sheth	72,22,655	5.405	01-Apr-17				
				15-Mar-18	8,00,000	*Refer Note	8,022,655	6.005
				19-Mar-18	8,00,000	*Refer Note	8,822,655	6.604
		8,822,655	6.604	31-Mar-18			8,822,655	6.604
2	Arun Arora	266,250	0.20	01-Apr-17				
		266,250	0.20	31-Mar-18			266,250	0.20
3	Ashok Kumar Jha	22,500	0.02	01-Apr-17				
		22,500	0.02	31-Mar-18			22,500	0.02
4	B L Naik	41,500	0.03	01-Apr-17				
		41,500	0.03	31-Mar-18			41,500	0.03
5	Pratap Merchant	22,500	0.02	01-Apr-17				
		22,500	0.02	31-Mar-18			22,500	0.02
6	Shveta Vakil	258,750	0.19	01-Apr-17				
		258,750	0.19	31-Mar-18			258,750	0.19
7	Suhasini Sathe	-	-	01-Apr-17				
		-	-	31-Mar-18			-	-
8	Udit Sheth	4,917,000	3.68	01-Apr-17				
				03-May-17	2,350,000	*Refer Note	7,267,000	5.44
		7,267,000	5.44	31-Mar-18			7,267,000	5.44
9	Urja Shah	725	0.00	01-Apr-17				
		725	0.00	31-Mar-18			725	0.00
10	J S Gujral	-	-	01-Apr-17				
		-	-	31-Mar-18			-	-

DIRECTORS' REPORT

VIII Shareholding of Directors & KMP

Sr. No	Name	Shareholding		Date	Increase / Decrease in Shareholding	Reason	Cumulative Shareholding during the year	
		No. of shares At the beginning (01-04-2017) / end of the year (31-3-2018)	% of total shares of the company				No of shares	% of total shares of the company
11	Vinay Shahane	18,750	0.01	01-Apr-17				
		18,750	0.01	31-Mar-18			18,750	0.01
12	Bhautesh Shah**	-	-	01-Apr-17				
		-	-	31-Mar-18			-	-

* Inter se off market Transfer of Equity Shares.

DIRECTORS' REPORT

IX INDEBTEDNESS

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

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	2,466,607,760	138,000,008	-	2,604,607,768
ii) Interest due but not paid	3,526,742	-	-	3,526,742
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	2,470,134,502	138,000,008	-	2,608,134,510
Change in Indebtedness during the financial year				
Additions	54,410,987	390,000,000	-	444,410,987
Reduction	458,399,844	184,805,523	-	643,205,367
Net Change	(403,988,857)	205,194,477	-	(198,794,380)
Indebtedness at the end of the financial year				
i) Principal Amount	2,066,145,645	343,194,485	-	2,409,340,130
ii) Interest due but not paid	6,156,986	-	-	6,156,986
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	2,072,302,631	343,194,485	-	2,415,497,116

DIRECTORS' REPORT

X REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

(Amt in Rs. Lakhs)											
Sr.No	Name of the MD/WTD/Manager	Particulars of Remuneration									
		Gross salary									
		Salary as per provisions contained in section 17(1) of the Income Tax Act, 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 option	Sweat Equity	Commission	as % of profit	others (specify)	Total (A) *
1	Harish Sheth	120.00	-	-	17.10	-	-	-	-	-	120.00
2	Udit Sheth	83.22	-	-	10.71	-	-	-	-	-	83.22
3	Shvetal Vakil	102.75	-	-	7.20	-	-	-	-	-	102.75
4	Urja Shah	31.00	-	-	2.16	-	-	-	-	-	31.00
* Excluding Contribution to Provident Fund: 336.97											

B. Remuneration to other directors:

Sr.No	Name of the Independent Directors	Particulars of Remuneration				Total
		Fee for attending board committee meetings	Commission	Others, please specify		
1	Arun Arora	9.70	7.66	-	17.36	
2	Ashok Kumar Jha	8.10	7.66	-	15.76	
3	Bhalchandra Naik	8.10	7.66	-	15.76	
4	Pratap Merchant	1.50	1.28	-	2.78	
5	Suhasini Sathe	4.90	7.66	-	12.56	
		32.30	31.92		64.22	
	Total (A)	336.97				
	Total (B)	64.22				
	Total Managerial Remuneration	401.19				
	Overall Ceiling as per the Act.	Within 10% of the Companies Act, 2013				

DIRECTORS' REPORT

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD						
Sr. No.	Particulars of Remuneration	Company Secretary	CFO	(Amt in Rs. Lakhs)		
	Gross Salary					
1	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961.	-	51.45		CEO	74.51
	(b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961	-	-			-
	(c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961	-	-			-
2	Stock Option	-	-			-
3	Sweat Equity	-	-			-
4	Commission	-	-			-
	as % of profit	-	-			-
5	Others, please specify	-	-			-
	Total		51.45			74.51

XI PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES					
Type	Section of the Companies	Brief Description	Details of	Authority (RD/NCLT/Court)	Appeal made if any (give details)
A. COMPANY					
Penalty					
Punishment					
Compounding					
B. DIRECTORS					
Penalty					
Punishment					
Compounding					
C. OTHER OFFICERS IN DEFAULT					
Penalty					
Punishment					
Compounding					

Not Applicable

Not Applicable

Not Applicable

CORPORATE GOVERNANCE REPORT

1. Philosophy

Your Company Setco upholds the standards of governance and is compliant with the Corporate Governance provisions as stipulated under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 in both letter and spirit. The Company's core values of honesty and transparency have since its inception been followed in every line of decision making.

The philosophy on corporate governance enshrines the goal of achieving the highest levels of transparency, accountability and equity in all spheres of its operations and in all its dealing with the shareholders, employees, the government and other parties. Setco understands and respects its fiduciary role and responsibility to shareholders. Setting the tone at the top, your Directors cumulatively at the Board level, advocate good governance standards at Setco.

Parameters of Statutory compliances evidencing the standards expected from a listed entity have been duly observed and a Report on Corporate Governance as well as the Certificate from Auditors confirming compliance with the requirements of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 forms part of the Annual Report.

Governance Structure

The Board of Directors of the Company includes individuals who are professionals in their respective areas of specialization and who have held eminent positions. The members of the Board are individuals with leadership qualities and strategic insights. The Company is currently headed by an Executive Chairman who is also the Managing Director. Directors including Non-Executive Directors are professionally competent. Company has an appropriate mix of Executive and Independent Directors to maintain independence of Board, and as at March 31, 2018, the Board consists of seven members, of which three are Non-Executive Independent Directors. Mr. Bhalchandra Naik, an independent director, of the company resigned w.e.f March 8, 2018 due to his pre-occupancy. However, in order to strengthen the Board and to continue to avail benefit of his vast experience, he was appointed as an Additional Independent Director w.e.f. May 23, 2018. Thus, Company is having total Four Independent Director on the Board which is half of total strength. All Directors have informed the Company about the Board Membership and Board's Committee Membership they occupy in other companies including Chairmanship in Board / Committee of such companies. Directors notify Company of any change that take place in these disclosures at the Board Meetings. The Board has unfettered and complete access to all information within the Company and to any of the employees.

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.

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.

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

(i) Composition of the Board

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

The Board comprises of 8 Directors of which 4 (Four) Directors are Independent and 4 (Four) Directors are Executive.

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

Category	Name of the Director	
Executive Directors		
Promoter Directors	1.	Mr. Harish Sheth
	2.	Mrs. Urja Shah
Non Promoter Director	3.	Mr. Shvetal Vakil
Non-Executive Directors		
Promoter Directors	4.	Mr. Udit Seth
Independent	5.	Mr. Ashok Kumar Jha
	6.	Mr. Bhalchandra Naik (Resigned w.e.f. March 8, 2018 and re-appointed w.e.f. May 23, 2018)
	7.	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.

CORPORATE GOVERNANCE REPORT

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.

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

Board Meetings / Procedure

During the financial year, seven board meetings were held on April 25, 2017, May 30, 2017, June 30, 2017, August 21, 2017, September 14, 2017, December 1, 2017 and February 14, 2018. A separate meeting of the Independent directors was held on February 14, 2018.

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 2017-18 and directorships, memberships and chairmanships in other public limited companies at the end of the financial year 2017-18:

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

Table 1: Composition of the Board and attendance record of directors for 2017-18:

Name of the Director (Alphabetically arranged)	Category	Relationship with other Directors	No. of Board Meetings attended	Whether attended last AGM
Dr. Arun Arora	Independent Director	N.A.	6/7	No
Mr. Ashok Kumar Jha	Independent Director	N.A.	6/7	No
Mr. Bhalchandra Naik*	Independent Director	N.A.	6/7	Yes
Mr. Harish Sheth	Chairman & Managing Director	Father of Mr. Udit Sheth & Mrs. Urja Shah	7/7	Yes
Mr. Pratap Merchant**	Independent Director	N.A.	1/7	No
Mr. Shveta Vakil	Executive Director	N.A.	7/7	No
Mrs. Suhasini Sathe	Independent Director	N.A.	6/7	No
Mr. Udit Sheth***	Non- Executive Director	Son of Mr. Harish Sheth & Brother of Mrs. Urja Shah	7/7	Yes
Mrs. Urja Shah	Executive Director	Daughter of Mr. Harish Sheth & Sister of Mr. Udit Sheth	7/7	No

*Resigned on March 8, 2018 and Re-appointed on May 23, 2018.

**Resigned on May 30, 2017

***Re-Designated as Non-Executive Director on March 9, 2018

Table 2: Number of directorships/committee positions of directors as on 31 March 2018:

Name of the Director (Alphabetically arranged)	No. of Directorship of Public Limited Companies @	No. of Membership in Committees#	No. of Chairmanship in Committees#	No. of shares Held\$
Dr. Arun Arora	2	3	1	2,66,250
Mr. Ashok Kumar Jha	5	5	2	22,500
Mr. Bhalchandra Naik*	1	1	1	41,500
Mr. Harish Sheth	1	1	-	88,22,655
Mr. Pratap Merchant**	2	-	-	22,500

CORPORATE GOVERNANCE REPORT

Mr. Shveta Vakil	1	-	-	2,58,750
Mrs. Suhasini Sathe	1	-	-	--
Mr. Udit Sheth***	2	-	-	72,67,000
Mrs. Urja Shah	1	1	-	725

*Resigned on March 8, 2018 and Re-appointed on May 23, 2018.

**Resigned on May 30, 2017

***Re-Designated as Non-Executive Director on March 9, 2018

@ Including Directorship of Setco Automotive Limited.

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

\$ 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 / re-appointment at the 35th Annual General Meeting

I Information about the Appointee			
1	Background details	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. Shah is an Executive Director of the Company and was inducted on September 28, 2015 as a member of the Board.	
2	Age	42 Years	
3	Nature of expertise in specific function areas	Mrs. Urja Shah has been playing a very significant role in the Company's activities related to Corporate Social Responsibility.	
4	Disclosure of inter-se relationships between Directors & KMPs	Mrs. Urja Shah is a daughter of Mr. Harish Sheth and sister of Mr. Udit Sheth.	
5	Listed Companies (other than Setco Group) in which Director holds Directorship and Committee Membership	N.A.	
6	Chairperson/Membership of the Board Committees	Member – Stakeholders Relationship Committee Chairperson – Corporate Social Responsibility (CSR) Committee	
7	Date of Joining	November 11, 2014	
8	Shareholding in the Company	725 Equity Shares	
9	Directorship/Partnership in other Companies/LLPs	Transstadia Capital Private Limited Hrehan Venture Advisors Private Limited Wingspun Funds Advisors LLP	

CORPORATE GOVERNANCE REPORT

II Information about the Appointee		
1	Background details	Mr. Bhalchandra Naik was associated with the Bank of Baroda in various capacities and retired as General Manager in the year 2001. He is a CAIIB by profession. Mr. Bhalchandra Naik was Independent Director of the Company and was inducted on December 24, 2008 as a member of the Board.
2	Age	77 Years
3	Nature of expertise in specific function areas	Mr. Bhalchandra Naik was independent director on the Board during December 20018 to March 2018 and having expertise in the field of finance, management and banking.
4	Disclosure of inter-se relationships between Directors & KMPs	N.A.
5	Listed Companies (other than Setco Group) in which Director holds Directorship and Committee Membership	N.A.
6	Chairperson/Membership of the Board Committees	Member – Audit Committee & Nomination & Remuneration Committee
7	Date of Joining	May 23, 2018
8	Shareholding in the Company	42,500 Equity Shares
9	Directorship/Partnership in other Companies/LLPs	Lava Cast Pvt. Ltd. SE Transstadia Pvt. Ltd.

III Information about the Appointee		
1	Background details	Mr. Arun Tiwari is a post-graduate in chemistry and has over 39 years of rich experience in the field of banking. He was Chairman & Managing Director of the Union Bank of India from December 26, 2013 to June 30, 2017. Prior to this, he was executive Director of Allahabad Bank from June, 2012. He worked with Bank of Baroda for over three decades and was working as General Manager before his elevation to Allahabad Bank.
2	Age	61 Years
3	Nature of expertise in specific function areas	Mr. Arun Tiwari is an independent director on the Board and having expertise in the field of Banking.
4	Disclosure of inter-se relationships between Directors & KMPs	N.A.
5	Listed Companies (other than Setco Group) in which Director holds Directorship and Committee Membership	N.A.
6	Chairperson/Membership of the Board Committees	N.A.
7	Date of Joining	July 31, 2018
8	Shareholding in the Company	Nil
9	Directorship/Partnership in other Companies/LLPs	N.A.

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.

CORPORATE GOVERNANCE REPORT

Audit Committee:

The Audit Committee inter-alia reviews financial statements, compliance with Accounting Standards and listing agreement with stock exchanges 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 five times during the financial year 2017-18 viz., May 30, 2017, August 21, 2017, September 14, 2017, December 1, 2017 and February 14, 2018. 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	5	5
Dr. Arun Arora	Independent Director	Member	5	5
Mr. Ashok Kumar Jha	Independent Director	Member	5	5

*Resigned on March 8, 2018 and Re-joined on May 23, 2018.

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, Group Financial Advisor 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 Nomination and Remuneration Committee determines on behalf of the Board and on behalf of the Shareholders, the Company's policy governing remuneration payable to the Executive Directors as well as the nomination and appointment of Directors. The terms of reference of the Nomination and Remuneration Committee are as per the governing provisions of the Companies Act, 2013 (section 178) and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (specified in Part D of Schedule II).

The Committee inter-alia reviews as well as recommends 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 2017-18 viz. May 30, 2017, June 30, 2017, August 21, 2017, and December 1, 2017. The detailed constitution and attendance at meetings of the Committee is as under:

Name of the Director	Category	Position	No. of meetings	
			Held	Attended
Dr. Arun Arora	Independent Director	Chairman	4	3
Mr. B. L. Naik*	Independent Director	Member	4	4
Mr. Ashok Kumar Jha	Independent Director	Member	4	4

*Resigned on March 8, 2018 and re-joined on May 23, 2018.

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 authorized the Board to determine such commission.

CORPORATE GOVERNANCE REPORT

The detailed information for Directors' remuneration / commission for financial year 2017-18 are as follows:

(Amt. 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	120.00	17.10	--	--	137.10
Dr. Arun Arora	Independent Director	--	--	7.66	9.70	17.36
Mr. Ashok Kumar Jha	Independent Director	--	--	7.66	8.10	15.76
Mr. Bhalchandra Naik*	Independent Director	--	--	7.66	8.10	15.76
Mr. Pratap Merchant	Independent Director	--	--	1.28	1.50	2.78
Mrs. Suhasini Sathe	Independent Director	--	--	7.66	4.90	12.56
Mr. Shveta Vakil	Executive Director	102.75	7.20	--	--	109.95
Mr. Udit Sheth**	Non-Executive Director & Vice Chairman	83.22	10.71	--	--	93.93
Mrs. Urja Shah	Executive Director	31.00	2.16	--	--	33.16

*Resigned on March 8, 2018 and Re-appointed on May 23, 2018.

**Resigned from the position of Jt. Managing Director with effect from March 9, 2018 and appointed as Vice-Chairman on April 17, 2018.

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 2017-18 viz., May 30, 2017, August 21, 2017, December 1, 2017 and February 14, 2018. 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	4
Mr. Harish Sheth	CMD	Member	4	4
Mrs. Urja Shah	Executive Director	Member	4	4

Mr. Nishant Javlekar, Company Secretary is designated as the Compliance Officer of the Company.

The status of investor grievances received during the financial year 2017-18 is as follows:

No. of Complaints pending as on April 1, 2017	Nil
No. of Complaints / queries received during the year	9
No. of Complaints resolved during the year	9
No. of Complaints pending as on March 31, 2018	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, Vice Chairman, Mr. Shveta Vakil, Executive Director and Mr. Bhalchandra L. Naik, Independent Director.

CORPORATE GOVERNANCE REPORT

The Committee met Eight times during the financial year 2017-18.

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, Vice Chairman, Mrs. Urja Shah, Executive Director, Dr. Arun Arora and Mrs. Suhasini Sathe, Independent Directors.

The Committee met once during the financial year 2017-18 viz. May 30, 2017. 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 is 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 2017-18.

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, 2018 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.

CORPORATE GOVERNANCE REPORT

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. Vigil mechanism Policy:

The Whistle Blower Policy of the Company, which also incorporates the vigil mechanism, has been framed by the Company. No personnel have 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
2014-15	Baroda – Godhra	Monday, September 28, 2015	3.00 pm
2015-16	Highway, Kalol, 389330	Thursday, September 29, 2016	3.00 pm
2016-17	District– Panchmahal,	Wednesday, September 27, 2017	3.00 pm

ii. Special Resolutions passed during the last three years

Date of AGM / EGM	Section	Particulars of Special Resolution
Friday, June 5, 2015 (EGM)	1. Section 62(1)(b) of Companies Act, 2013 and provisions of the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014.	Approval of Setco Employee Stock Option Scheme, 2015 and Issue of Securities thereto.
	2. Section 62(1)(b) of Companies Act, 2013 and provisions of the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014.	Approval for extending benefits of Setco Employee Stock Option Scheme, 2015 to the employees of subsidiary company(ies)
	3. Section 62(1)(b) of Companies Act, 2013 and provisions of the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014	Approval for extending benefits of Setco Employee Stock Option Scheme, 2015 to the employees of the holding company
	4. Section 188 of Companies Act, 2013	Approval for payment of remuneration to Mr. Harshal Shah of such amount as may be determined by the Board of Directors from time to time subject to maximum of Rs. 7,50,000 per month for providing services as a member of the Advisory Board of the Company.
	5. Section 14 of the Companies Act, 2013	Amendment of Article 80(a) of the Articles of Association.
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
	5. Section 23, 42 and 62(1)(c) of Companies Act, 2013	Issue of Further Securities
September 29, 2016 (33rd AGM)	1. Section 14 of Companies Act, 2013	Alteration of Articles of Association of the Company
	2. Section 23, 42 and 62(1)(c) of Companies Act, 2013	Issue of Further Securities
September 27, 2017 (34th AGM)	1. Section 196, 197, 203 of the Companies Act, 2013	Re-appointment of Mr. Harish Sheth as Chairman and Managing Director

CORPORATE GOVERNANCE REPORT

Date of AGM / EGM	Section	Particulars of Special Resolution
	2. Section 196 and 197 of the Companies Act, 2013	Re-appointment of Mr. Udit Sheth as Joint Managing Director
	3. Section 196 and 197 of the Companies Act, 2013	Re-appointment of Mr. Shveta Vakil as an Executive Director
	4. Section 196 and 197 of the Companies Act, 2013	Re-appointment of Mrs. Urja Shah as an Executive Director
	5. Section 23, 42 and 62(1)(c) of the Companies Act, 2013	Issue of Further Securities

- iii. There were no resolutions passed through the Postal Ballot during the Financial Year 2017-18. 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) 35th Annual General Meeting

Day & date : Friday, September 28, 2018
 Time : 4 00 P.M.
 Venue : Vadodara – Godhra Highway, Kalol, District Panchmahal, Pin Code – 389 330, Gujarat.

(ii) Financial Year : April 1, 2017 – March 31, 2018

First Quarterly Results : On or before 14th August, 2018
Second Quarterly Results : On or before 14th November, 2018
Third Quarterly Results : On or before 14th February, 2019
Fourth Quarterly Results : On or before 30th May, 2019

(iii) Dates of Book Closure : Saturday, September 22, 2018 to Friday, September 28, 2018

(iv) Dividend Payment Date : On or after September 29, 2018

(v) Listing on Stock Exchange : BSE Ltd.

Stock Code: 505075
 National Stock Exchange of India Ltd.
 Scrip Symbol: SETCO

Demat ISIN in NSDL & CDSL : INE878E01021

Listing Fees : The Company has paid Listing Fees of both the Stock Exchanges for the year 2018-2019.

(vi) Dematerialization of Equity Shares:

About 97.64% of the total equity share capital is held in dematerialized form with NSDL and CDSL

(vii) Market Price Data for Financial Year 2017-18

Month	BSE			NSE		
	Share Price (Rs.)		BSE Sensex	Share Price (Rs.)		NSE Nifty
	High Price*	Low Price*		High Price*	Low Price*	Closing**
April-17	47.00	34.25	29,918.40	46.90	34.35	9304.05
May-17	43.40	37.50	31,145.80	43.45	37.40	9621.25
June-17	41.25	36.35	30,921.61	41.35	36.00	9520.90
July-17	45.25	36.90	32,514.94	45.25	36.80	10077.10
August-17	40.80	35.10	31,730.49	40.90	35.05	9917.90

CORPORATE GOVERNANCE REPORT

September-17	43.00	37.05	31,283.72	43.00	37.35	9788.60
October-17	44.35	37.70	33,213.13	44.35	37.60	10335.30
November-17	45.90	38.25	33,149.35	45.90	38.40	10226.55
December-17	68.15	41.65	34,056.83	68.30	41.55	10530.70
January-18	74.15	60.60	35,965.02	74.25	60.60	11027.70
February-18	73.75	55.40	34,184.04	73.75	55.15	10492.85
March-18	63.90	48.35	32,968.68	63.85	48.40	10113.70

* considered highest price and lowest price during the respective month

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

Face value Rs. 2/- each

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



(ix) Registrar and Share Transfer Agents

Link Intime India Private Limited, Unit: Setco Automotive Limited, C-101, 247 Park, LBS.Marg, Vikhroli (West), Mumbai - 400083, Tel No.:(022) 4918 6000

(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.

CORPORATE GOVERNANCE REPORT

(xi) Distribution of Shareholding as on March 31, 2018

Distribution of Shareholding				
No. of Shares	Shareholders		Shares Held	
	No.	%	Shares	%
1- 500	19,839	64.56	42,10,836	3.15
501-1000	5,095	16.58	42,83,641	3.21
1001-2000	2,968	9.66	44,60,160	3.34
2001-3000	943	3.07	24,46,868	1.83
3001-4000	354	1.15	12,89,604	0.96
4001-5000	427	1.39	20,53,281	1.54
5001-10000	582	1.89	44,39,847	3.32
More than 10000	522	1.70	11,04,12,438	82.65
	30,730	100.00	13,35,96,675	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, 2018, 97.64% of Equity Shares (i.e. 13,04,39,170 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, 2018.

(xiv) Plant Locations in India

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

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

(xv) Address for correspondence

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

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

Unit: Setco Automotive Limited, C-101, 247 Park, LBS Marg, Vikhroli (West), Mumbai -400083, Tel No.:(022) 4918 6000

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.

CORPORATE GOVERNANCE REPORT

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:

- a. The Board: The Board of the Company is chaired by Executive Chairman who maintains the Chairman's Office at the Company's expense.
- b. 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.
- c. Reporting of internal auditor: As per the requirements, the internal auditor may report directly 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.

Transfer of Shares to Investor Education Protection Fund (IEPF)

Pursuant to the provisions of Investor Education and Protection Fund Authority (Accounting, Auditing, Transfer and Refund) Rules, 2016, which have come into effect from September 07, 2016, the shares on which dividend has not been paid or claimed for seven consecutive years or more, such shares have to be transferred to the Investor Education and Protection Fund (IEPF), a Fund constituted by the Government of India under Section 125 of the Companies Act, 2013.

The Company has sent communication to all the concerned Shareholders whose shares are liable to be transferred to IEPF as per the aforesaid Rules, requesting them to encash the unclaimed dividend within three months from the date of the communication sent to them i.e 17.5.2017. The detail of Shareholders to whom communication has been sent along with details of dividend pertaining to them is available on the Company's website i.e. www.setcoauto.com under 'Investors Section'.

In the event valid claim is not received from you within the aforesaid timeline, the Company will proceed to transfer the Equity Shares to IEPF without any further notice. Please note that the concerned Shareholders can claim both, the unclaimed dividend amount and the shares from the IEPF Authority by making an application in the prescribed Form IEPF – 5, online and sending a physical copy of the same, duly signed (as per the specimen signature recorded with the Company), along with requisite documents enumerated in Form IEPF – 5, to the Company Secretary. Please also note that no claim shall lie against the Company in respect of shares/unclaimed Dividend transferred to IEPF pursuant to the said Rules.

To claim above unpaid dividend or in case you need any information/clarification, please write to or contact our RTA M/s. Link Intime India Pvt. Ltd., C-101, 247 Park, LBS.Marg, Vikhroli (West), Mumbai - 400083, Tel No.:(022) 49186270, e-mail : iepf.shares@linkintime.co.in.

Please provide following details in all your communications: 1. Name of the Company, 2. Folio No. or DP and Client ID, 3. Name of shareholder, 4. Contact No., 5. Email ID. Also provide self-attested KYC documents of the shareholder like PAN, cancelled cheque leaf along with Aadhar Card / latest utility bill as address proof.

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:

CORPORATE GOVERNANCE REPORT

Financial Year	Date of declaration of Dividend	Due date to transfer to IEPF
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
Final Dividend 2015-16	29.09.2016	28.09.2023
Final Dividend 2016-17	27.09.2017	26.09.2024

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

Certificate on Corporate Governance

The Certificate from the Practicing Company Secretaries regarding compliance of conditions of corporate governance is annexed and forms part of this Annual Report.in terms of 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.

CORPORATE GOVERNANCE 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, Vice Chairman 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, 2018.

Date: July 31, 2018
Place: Mumbai

Harish K. Sheth
Chairman & Managing Director
DIN: 01434459

Udit Sheth
Vice Chairman
DIN: 00187221

CORPORATE GOVERNANCE REPORT

CERTIFICATE ON 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, 2018 as stipulated in under Chapter IV of the Securities and Exchange Board of India (Listing and Obligations Disclosure Requirements) Regulations, 2015 (collectively referred to as "Corporate Governance Requirements") with BSE Limited and the National Stock Exchange of India Ltd. (NSE) ("the stock exchange/s").

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: July 31, 2018

CORPORATE GOVERNANCE REPORT

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, 2018 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.

Place: Mumbai
Date: July 31, 2018

Harish K. Sheth
Chairman & Managing Director
DIN: 01434459

Vinay Shahane
Vice President – Finance

INDEPENDENT AUDITORS' REPORT

To,
THE MEMBERS OF
SETCO AUTOMOTIVE LIMITED

- **Report on the Standalone Ind AS Financial Statements**

We have audited the accompanying standalone Ind AS financial statements of **SETCO AUTOMOTIVE LIMITED** ("the company"), which comprise the Balance Sheet as at 31st March, 2018, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash flows and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

- **Management's Responsibility for the Standalone Ind AS 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 Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015, as amended.

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 standalone Ind AS 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 Ind AS 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 there under and the Order issued under section 143(11) of the act.

We conducted our audit of the Standalone Ind AS Financial Statements 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 standalone Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the standalone Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone Ind AS 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 standalone Ind AS financial statements that give 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 standalone Ind AS financial statements.

We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the standalone Ind AS financial statements.

- **Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS 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, 2018 and its profit, the total comprehensive income, its cash flows and the changes in equity for the year ended on that date.

- **Other Matters**

The financial Information of the Company for the year ended March 31, 2017 and the transition date opening Balance Sheet as at April 01, 2016 included in these Standalone Ind AS Financial Statements, are based on the previously issued statutory financial statements for the year ended March 31, 2017 and March 31, 2016 prepared in accordance with the Companies (Accounting Standards) Rules, 2006 (as amended) which were audited by previous auditors, on which they expressed an unmodified opinion dated May 30, 2017 and May 30, 2016 respectively. The adjustments to those financial statements for the differences in accounting principles adopted by the Company on transition to the Ind AS have been audited by us.

- **Emphasis of Matters**

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

- a) 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. (Refer Note No. 43 of Standalone Ind AS Financial Statements).
- b) The Company has invested Rs. 2,199.43 lakhs (Rs. 2,199.43 lakhs) 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. 7,178.59 lakhs (Rs.5,671.72 lakhs) from them as at 31.03.2018. 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. 1,342.90 lakhs 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. 2,884.60 lakhs (Rs. 2,404.48 lakhs) as at 31.03.2018 resulting into erosion of fair portion of their consolidated net worth. The management is of the opinion that this is a temporary phase considering business plans, future projected profitable operations, asset base, the investment being strategic in nature,

going concern basis and solvency of subsidiaries supported by the Parent company (i.e. Setco Automotive Ltd), 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. The carrying value of company's investment in equity & preference shares is also supported by valuation report of Independent Chartered Accountant. (Refer Note No. 46 (ii) of Standalone Ind AS Financial Statements).

- c) The company has in earlier years invested Rs. 1,535.00 lakhs in 30,70,000 equity shares of SE Transstadia Private Limited, a sports and entertainment infrastructure company. The said company has completed the project and has commenced commercial operations in March, 2017. The company has accumulated loss of Rs. 1,768.86 lakhs (Rs. 1,236.18 lakhs in F.Y. 2015-2016) as per latest audited financial statements as at 31.03.2017. In the opinion of the management, this investment is strategic in nature which has long term perspective and has comparatively long gestation period. This situation being a temporary phase and considering the future business plans, assets base and other developments, despite accumulated losses, the management firmly believes that there is no erosion in value of its investment in said related entity. The carrying value of Company's investment in equity shares of said related entity is also supported by valuation report obtained from independent chartered accountant. (Refer Note No. 46 (iii) of Standalone Ind AS Financial Statements).
- d) The company has invested Rs. 8,359.00 lakhs (Rs. 5,315.50 lakhs) in 8,35,90,000 (5,31,55,000) equity shares of Rs. 10/- each in its partly owned subsidiary Lava Cast Private Limited. The company's second year of commercial production ended on 31st March, 2018 resulting in accumulated loss of Rs. 4,659.36 lakhs (Rs. 2,281.99 lakhs). The management is of the opinion that this being a temporary phase and Company is in initial years of operations and considering the future business plans, assets base etc., no provision is required to be made for diminution in the value of this investment made in the said subsidiary. The carrying value of Company's investment in equity shares of said related entity is also supported by valuation report obtained from independent chartered accountant. (Refer Note No. 46 (iv) of the Standalone Ind AS Financial Statements).
- e) Pursuant to the Central Government Notification No. F.No.10(1)/2017-DBA-11/NER dated 05th October, 2017, the company has recognised Rs. 549 lakhs as income being eligible reimbursement of Central Goods & Service Tax (CGST)/Integrated Goods & Service Tax (IGST) for its unit situated in Uttarakhand. The Company has further recognised Rs. 398 lakhs as income being reimbursement of Central Goods & Service Tax (CGST)/Integrated Goods & Service Tax (IGST) share of State for the said Uttarakhand unit pending notification of incentives by the State Government. The Company believes, the issuance of notification for Goods & Service Tax (GST) benefits by the State Government is certain based on the notification already issued by the Central Government. The Company shall lodge its formal claims after issue of notification by the State Government. (Refer Note No. 27 of the Standalone Ind AS 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, to the extent applicable.

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

- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- b) In our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
- c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Statement of Cash Flow and the Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.
- d) In our opinion, the aforesaid standalone Ind AS financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act.
- 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 31st March, 2018 and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2018, 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.
- 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:
 - i) The Company has disclosed the impact of pending litigations as at 31st March, 2018 on its financial position in standalone Ind AS financial statements. (Refer Note No. 42 (B) of the Standalone Ind AS Financial Statements);
 - ii) The Company did not have any long-term contracts including derivative contracts as at 31st March, 2018 for which there were any material foreseeable losses;
 - iii) There has been no delay in transferring the amounts, required to be transferred to the Investor Education and Protection Fund by the Company.

For **V. Parekh & Associates**
Chartered Accountants
(Firm Registration No. 107488W)

(Rasesh V. Parekh)
Partner
Membership No. 038615

Place : Mumbai
Date : May 23, 2018

ANNEXURE TO INDEPENDENT AUDITORS' REPORT

Referred to in paragraph under the heading "Report on Other Legal and Regulatory Requirements" of our report of even date to the Members of Setco Automotive Limited on the Ind AS Financial Statements as of and for the year ended on March 31, 2018

1. In respect of its fixed assets:
 - a) The Company has maintained proper records showing full particulars including, quantitative details and situation, of fixed assets on the basis of available information.
 - b) As per the information and explanations given to us, there is a phased program of physical verification of fixed assets as adopted by the Company, which in our opinion, is reasonable having regard to the size of the company and the nature of its assets. As informed to us, no material discrepancies were noticed on such verification.
 - c) The title deeds of immovable properties disclosed in Note No. 2 on Fixed Assets to the Ind AS Financial Statements except self-generated immovable properties are held in the name of the Company.
2. 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. In respect of inventory lying with third parties, these have been substantially been confirmed by them.
3. 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.
4. According to the information and explanations given to us, the Company has complied with the provisions of section 185 and 186 of the Act, with respect to Loans & Investments made.
5. 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.
6. We have been informed that company is not required to maintain cost records u/s. 148 (1) of the Companies Act, 2013.
7. According to the information and explanations given to us and on the basis of our examination of books of account:
 - a) The Company has been generally regular in depositing undisputed statutory dues with appropriate authorities including Provident Fund, Employees' State Insurance, Income Tax, Professional Tax, Central Sales Tax, Service Tax, Custom Duty, Excise Duty, Value Added Tax, Goods and Service Tax, Cess and Tax Deducted at source, except few Instances of delays observed in deposition of Provident Fund, Income Tax, Professional Tax, Service Tax, Tax Deducted at Source, Custom Duty and Goods and Service Tax. According to the information and explanations given to us, there are no undisputed items outstanding as at 31st March, 2018 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 as of 31st March, 2018 which have not been deposited as per following details:

Sr. No.	Name of the Statute	Nature of the dues	Amount (Rs. In Lakhs)	Period to which the amount related	Forum where dispute is pending	Remark, if any
1.	Income Tax Act, 1961	Penalty u/s. 271(1)(c)	12.01	A.Y. 2004 - 05	ITAT, Ahmedabad.	Refer Note no. 42 (B) of Standalone Financial Statements.
2	Income Tax Act, 1961	Demand u/s 156	590.13	A.Y. 2011-12	Commissioner of Income Tax (Appeals) - Vadodara.	
3.	Income Tax Act, 1961	Income Tax dues	Nil (Note : 1)	A.Y. 2013 - 14 A.Y. 2014 - 15	Commissioner of Income Tax (Appeals) - Vadodara.	
4	Income Tax Act, 1961	Income Tax dues as per Intimation u/s 143(1)	394.48	A.Y. 2015-16	CPC, Bengaluru.	

Note:

1. The Company has preferred an appeal at ITAT - Ahmedabad, for both the years i.e. A.Y. 2013-14 & 2014-15 for the disallowance of depreciation amount of product development by the department. Since the Company pays tax under Minimum Alternate Tax (MAT) i.e. Section 115JB, there is no additional demand due but the Minimum Alternate Tax (MAT) credit has been reduced due to the demand raised by the Income Tax Department.
2. In our opinion and according to the information & explanations given to us, the company has not defaulted in repayment of loans or borrowing obtained from banks and financial institutions. The company has neither taken any loan from government nor issued any debentures. 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 moneys by way initial public offer or further public offer (including debt instruments) during the year. In our opinion and according to the

information and explanations given to us, the money raised by way of term loans have been applied for the purpose for which they were obtained.

3. During the course of our examination of the books and records of the company 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.
4. The company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with schedule V of the Act.
5. As the company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it, the provision of Para 3(xii) of the Order is not applicable.
6. 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 there of have been disclosed in the Ind AS financial statements as required under Indian Accounting Standard (Ind AS) 24, "Related Party Disclosures" specified under section 133 of the Act (Refer Note No. 37 of the Standalone Ind AS Financial Statements).
7. 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 period under review.
8. 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.
9. The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

For **V. Parekh & Associates**
Chartered Accountants
(Firm Registration No. 107488W)

(Rasesh V. Parekh)
Partner
Membership No. 038615

Place : Mumbai
Date : May 23, 2018

ANNEXURE B TO INDEPENDENT AUDITORS' REPORT

Referred to in paragraph (g) under the heading "Report on Other Legal and Regulatory Requirements" by Section 143(3) of the Act" of our report of even date.

Report on the Internal Financial Controls under section 143(3)(i) of the Act.

We have audited the internal financial controls over financial reporting of **Setco Automotive Limited** ("the Company") as of 31st March, 2018 in conjunction with our audit of the Ind AS 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 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 Ind AS 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 Ind AS 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 Ind AS 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 Ind AS 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 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, 2018 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 further in future.

For **V. Parekh & Associates**
Chartered Accountants
(Firm Registration No. 107488W)

(Rasesh V. Parekh)
Partner
Membership No. 038615

Place : Mumbai
Date : May 23, 2018

BALANCE SHEET

AS AT 31st MARCH, 2018

(Rs. In Lakhs)

	Particulars	Note No.	As at 31 st March, 2018	As at 31 st March, 2017	As at 1 st April, 2016
	ASSETS:				
1	Non-current assets				
	a. Property, plant and equipment	2	12,480.72	12,953.17	13,159.45
	b. Capital work-in-progress	2	-	10.97	79.83
	c. Intangible assets	2	1,966.64	1,463.37	1,307.93
	d. Intangible Assets Under Development	2	1,489.57	1,712.55	1,265.12
	e. Financial assets				
	i) Investments	3	13,174.17	12,852.86	11,388.72
	ii) Loans	4	1,465.17	1,265.22	1,508.07
	iii) Other financial assets	5	146.53	142.88	141.48
	f. Deferred tax assets (net)	6	1,748.59	1,731.91	1,748.02
	g. Other non-current assets	7	156.48	358.81	390.59
	Total non-current assets		32,627.87	32,491.74	30,989.21
2	Current assets				
	a. Inventories	8	9,492.39	8,073.05	7,849.78
	b. Financial assets				
	i) Trade receivables	9	14,131.97	12,869.34	12,554.72
	ii) Cash and cash equivalents	10	180.51	634.45	54.01
	iii) Bank Balances Other Than (ii) Above	11	92.38	80.41	67.79
	iv) Loans	12	3,384.25	2,818.36	2,826.28
	v) Other financial assets	13	313.43	69.65	254.31
	c. Other current assets	14	2,977.02	2,602.22	2,452.51
	Total current assets		30,571.95	27,147.48	26,059.40
	Total assets		63,199.82	59,639.22	57,048.61
	EQUITY AND LIABILITIES:				
	EQUITY				
	Equity share capital	15	2,671.93	2,671.93	2,671.93
	Other equity	16	21,979.25	20,117.16	19,492.63
	Total equity		24,651.18	22,789.09	22,164.56
	LIABILITIES				
1	Non-current liabilities				
	a. Financial liabilities				
	i) Borrowings	17	3,913.87	5,562.80	6,350.76
	ii) Other financial liabilities	18	853.31	1,026.79	1,080.25
	b. Other non-current liabilities	19	14.62	16.05	17.47
	c. Provisions	20	162.85	115.99	95.18
	Total non-current liabilities		4,944.65	6,721.63	7,543.66
2	Current Liabilities				
	a. Financial liabilities				
	i) Borrowings	21	16,840.03	17,108.97	14,266.66
	ii) Trade payables due to micro, small and medium	22	764	354.04	290.1
	iii) Trade payables other than due to micro, small and		9,463.08	8,145.30	8,726.05
	iv) Other financial liabilities	23	3,748.72	3,628.55	2,869.09
	b. Other current liabilities	24	2,193.98	518.81	764.36
	c. Provisions	25	247.66	168.4	93.14
	d. Current tax liabilities (net)	26	346.52	204.43	330.99
	Total current liabilities		33,603.99	30,128.50	27,340.39
	Total liabilities		38,548.64	36,850.13	34,884.05
	Total equity and liabilities		63,199.82	59,639.22	57,048.61

Notes including Significant Accounting Policies are an integral part of the Financial Statements: 1 to 55

As per our report of even date attached

For and on behalf of the Board

For **V. Parekh & Associates**

Chartered accountants

(Firm registration No.: 107488W)

Harish Sheth
Chairman & Managing Director

Udit Sheth
Vice Chairman

Shvetal Vakil
Executive Director

Urja Shah
Executive Director

Arun Arora
Director

Ashok Kumar Jha
Director

Bhalchandra Naik
Director

Suhasini Sathe
Director

(Rasesh V. Parekh)
Partner

Membership No. 038615

Place: Mumbai

Date: May 23, 2018

Vinay Shahane
Vice President – Finance

Nishant Javlekar
Company Secretary

Place: Mumbai
Date: May 23, 2018

STATEMENT OF PROFIT AND LOSS

FOR THE YEAR ENDED ON 31st MARCH 2018

(Rs. In Lakhs)

	Particulars	Note No.	Year ended 31 st March 2018	Year ended 31 st March 2017
	INCOME:			
I.	Revenue from operations (gross)	27	52,902.21	54,262.39
II.	Other income	28	1,870.14	723.62
III.	Total Revenue (I + II)		54,772.35	54,986.01
	EXPENSES:			
IV.	Cost of materials consumed	29	30,923.08	29,258.23
	Changes in inventories of finished goods and work-in-progress	30	(172.22)	(12.51)
	Excise duty on sales		426.64	3,180.42
	Employee benefit expenses	31	4,837.25	4,643.51
	Finance costs	32	3,125.43	3,131.93
	Depreciation and amortization expenses	2	1,866.20	1,760.89
	Less: Capitalized under the head "Intangible Assets Under Development" (Refer Note No: 1.3 & 48)		(89.83)	(99.73)
	Net Depreciation and Amortization Expenses	2	1,776.37	1,661.16
	Other expenses	33	10,263.17	10,713.19
	Total expenses (IV)		51,179.72	52,575.93
V.	Profit/(loss) before exceptional items and tax (III - IV)		3,592.63	2,410.08
VI.	Exceptional items		-	-
VII.	Profit/(loss) before tax (V - VI)		3,592.63	2,410.08
VIII.	Tax expense/(credit)			
	- Current tax		726.51	554.43
	- Deferred tax		(7.96)	79.36
	MAT credit entitlement		-	-
	- Previous years		41.98	13.04
	- Current year		(48.38)	(67.73)
	Tax adjustment for earlier years		0.01	0.47
			712.16	579.57
IX.	Profit/(loss) for the year from continuing operations (VII -		2,880.47	1,830.51
X.	Other comprehensive income/(loss)			
	A. (i) Items that will not be reclassified to profit or loss			
	a. Fair value of equity instruments through other		-	-
	b. Remeasurement of gain /(loss) on defined benefit		6.71	36.4
	(ii) Income tax relating to items that will not be reclassified to		(2.32)	(8.56)
	B. (i) Items that will be reclassified to Profit or Loss		-	-
	(ii) Income tax relating to items that will be reclassified to		-	-
			9.03	44.96
XI.	Total comprehensive income for the year (IX + X)		2,889.50	1,875.47
XII.	Earnings per equity share (face value of Rs. 2/- Each)			
	- Basic (In Rs. per share)		2.16	1.37
	- Diluted (In Rs. Per share)		2.15	1.37

Notes including Significant Accounting Policies are an integral part of the Financial Statements: 1 to 55

As per our report of even date attached
For V. Parekh & Associates
Chartered accountants
(Firm registration No.: 107488W)

(Rasesh V. Parekh)
Partner
Membership No. 038615
Place: Mumbai
Date: May 23, 2018

For and on behalf of the Board

Harish Sheth
Chairman & Managing Director

Shvetal Vakil
Executive Director

Arun Arora
Director

Vinay Shahane
Vice President – Finance

Ashok Kumar Jha
Director

Bhalchandra Naik
Director

Place: Mumbai
Date: May 23, 2018

Udit Sheth
Vice Chairman

Urja Shah
Executive Director

Suhasini Sathe
Director

Nishant Javlekar
Company Secretary

CASH FLOW STATEMENT

FOR THE YEAR ENDED ON 31st MARCH 2018

(Rs. In lakhs)

Particulars	Year ended 31 st March, 2018	Year ended 31 st March, 2017
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before tax	3,592.63	2,410.08
Adjustment for		
Depreciation	1,776.37	1,661.16
(Profit)/loss on sale of property, plant and equipment	2.45	(1.37)
Unrealized exchange loss/(gain)	379.11	421.59
Interest expense on Financial Liabilities at Amortized Cost	2,794.60	3,060.40
Other Financial charges	330.83	71.53
Finance Income - Fair value gain on redemption of Investment in Preference Shares	(723.2)	(66.06)
Interest income	(561.22)	(634.16)
Finance Income Related to Financial Guarantee Measured at Fair Value	(97.58)	23.77
Corporate tax	(726.52)	(554.91)
MAT credit entitlement	6.4	54.69
Employee stock options cost	17.75	35.42
Employee Benefits Designated Through Other Comprehensive Income	6.7	36.4
Operating profit / (loss) before changes in working capital	6,798.31	6,518.55
Trade receivables	(1,510.35)	(563.04)
Inventories	(1,419.33)	(223.26)
Loans and other assets	(923.45)	(0.44)
Other Current / Non-Current Assets	(153.22)	(100.01)
Other Financial Assets	(247.44)	183.27
Trade payables	1,747.57	(493.48)
Provisions	268.2	(30.48)
Other Current / Non-Current Liabilities	1,673.74	(246.97)
Other Financial Liabilities	54.52	0.87
Change in current assets/liabilities	(509.76)	(1,473.52)
Net cash flow generated from operating activities before tax	6,288.54	5,045.03
Direct taxes (tax deducted at source)	(19.24)	(17.94)
Net cash flow from operating activities	6,269.30	5,027.09
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(1,062.40)	(1,285.58)
Sale of property, plant and equipment	23.59	79.35
Intangible asset	(536.88)	(781.28)
Interest income	561.22	634.16
Investment in Equity Shares	(3,061.25)	(2,193.44)
Investment in Preference Shares	(2,225.00)	-

Redemption of Preference Shares	2,225.00	-
Redemption of Preference Shares by Setco Engineering Private limited	2,741.80	733.94
Finance Income - Fair value gain on redemption of Investment in Preference Shares	723.2	66.06
Net cash used in investing activities	(610.72)	(2,746.79)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from cash credit	(1,308.94)	3,382.31
Proceeds from short term /other loans	1,900.00	920
Proceeds from term/other loans	2,544.11	3,404.89
Repayment of Short Term Loans	(860)	(1,460.00)
Repayment of Term Loans	(4,217.10)	(3,528.76)
Interest expense related to Financial Liabilities at Amortized Cost	(2,794.60)	(3,060.40)
Other Financial charges	(330.83)	-71.53
Final dividend and dividend distribution tax	(1,045.16)	(1,286.35)
Net cash flow from financing activities	(6,112.52)	(1,699.85)
Net increase in cash and cash equivalents (A+ B+C)	(453.94)	580.45
Opening cash and cash equivalents	634.45	54.01
Closing cash and cash equivalents	180.51	634.45

Notes: -

1. The above Cash Flow Statement has been prepared under the "Indirect method" as set out in the Indian Accounting Standard - 7 on Statement of Cash Flows, as notified under section 133 of Companies Act, 2013, read with the Companies (Indian Accounting Standards) Rules, 2015.
2. Previous year's figures have been regrouped / restated / reclassified whenever necessary.
3. Purchase of Property, Plant & Equipment includes cost incurred on Capital Work-in-Progress.
4. Cash and Cash Equivalents includes cash on hand, cheques on hand and readily convertible deposit accounts held with scheduled banks.

Notes including Significant Accounting Policies are an integral part of the financial statements: 1 to 55

As per our report of even date attached
For **V. Parekh & Associates**
Chartered accountants
(Firm registration No. : 107488W)

(Rasesh V. Parekh)
Partner
Membership No. 038615
Place: Mumbai
Date : May 23, 2018

For and on behalf of the Board

Harish Sheth Chairman & Managing Director	Udit Sheth Vice Chairman
Shvetal Vakil Executive Director	Urja Shah Executive Director
Arun Arora Director	Ashok Kumar Jha Director
Bhalchandra Naik Director	Suhasini Sathe Director
Vinay Shahane Vice President – Finance	Nishant Javlekar Company Secretary

Place: Mumbai
Date : May 23, 2018

Statement of Changes in Equity

FOR THE YEAR ENDED ON 31st MARCH, 2018

A. Equity share capital

Particulars	(Rs. In Lakhs)
Balance as at 1st April, 2016	2,671.93
Changes in Equity Share Capital During the Year	-
Balance as at 31st March, 2017	2,671.93
Changes in Equity Share Capital During the Period	-
Balance as at 31st March, 2018	2,671.93

B. Other Equity

Particulars	Reserves and Surplus				Share option outstanding amount	Other Items of Other Comprehensive Income - Equity Instruments at FVOCI	Total
	Capital Reserve	General Reserve	Security Premium Reserve	Retained Earnings *			
Balance as at 1st April, 2016	0.21	1,948.62	188.20	17,355.60	-	-	19,492.63
Employee stock option granted during the year	-	-	-	(1,286.35)	35.42	-	35.42
Dividend (including tax on dividend) declared and paid during Profit for the year	-	-	-	1,830.51	-	-	(1,286.35)
Other Comprehensive Income (net of tax)	-	-	-	44.96	-	-	1,830.51
Total comprehensive income for the year ended 31st March	-	-	-	1,875.47	-	-	1,875.47
Balance as at 31st March, 2017	0.21	1,948.62	188.20	17,944.72	35.42	-	20,117.16
Employee stock option granted during the year	-	-	-	(1,045.16)	17.75	-	17.75
Dividend (including tax on dividend) declared and paid during Profit for the year	-	-	-	2,880.47	-	-	(1,045.16)
Other Comprehensive Income (net of tax)	-	-	-	9.03	-	-	2,880.47
Total comprehensive income for the year ended 31st March	-	-	-	2,889.50	-	-	9.03
Balance as at 31st March, 2018	0.21	1,948.62	188.20	19,789.06	53.17	-	2,889.50
Total comprehensive income for the year ended 31st March	-	-	-	2,889.50	-	-	2,889.50
Balance as at 31st March, 2018	0.21	1,948.62	188.20	19,789.06	53.17	-	21,979.25

* On Transition date, Revaluation Reserve pertaining to Land & Building has been reclassified to Retained Earnings, the company has opted for deemed cost with regard to Property, Plant & Equipment (Refer Note No. 1.2.i). As a result, Retained Earnings includes Revaluation Reserve pertaining to Land & Building of Rs. 2,708.72 lakhs as at 31.03.2018 (Rs. 2,736.83 lakhs as at 31.03.2017, Rs. 2,764.93 lakhs as at 31.03.2016) which is not available for distribution as profits.

Notes including Significant Accounting Policies are an integral part of the Financial Statements: 1 to 55

As per our report of even date attached

For **V. Parekh & Associates**

Chartered accountants

(Firm registration No. : 107488W)

(**Rasesh V. Parekh**)

Partner

Membership No. 038615

Place: Mumbai

Date : May 23, 2018

For and on behalf of the Board

Harish Sheth
Chairman & Managing Director

Udit Sheth
Vice Chairman

Shveta Vakil
Executive Director

Urja Shah
Executive Director

Arun Arora
Director

Bhalchandra Naik
Director

Vinay Shahane
Vice President – Finance

Nishant Javlekar
Company Secretary

Place: Mumbai

Date : May 23, 2018

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

1. SIGNIFICANT ACCOUNTING POLICIES

1.1. Basis of Preparation

The financial statements comply in all material aspects with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the "Act") [Companies (Indian Accounting Standards) Rules, 2015] (as amended) and other relevant provisions of the Act.

The financial statements up to year ended 31st March, 2017 were prepared in accordance with the accounting standards notified under Companies (Accounting Standard) Rules, 2006 (as amended), Companies (Accounting Standards) Amendment Rules, 2016 and other relevant provisions of the Act. These financial statements are the first financial statements of the Company under Ind AS. Refer Significant Accounting Policy no. 1.24 on 'First Time Adoption of Ind AS' for an explanation of how the transition from previous GAAP to Ind AS has affected the Company's financial position, financial performance and cash flows which is separately presented.

The Company follows the mercantile system of accounting and recognises income and expenditure on an accrual basis. The financial statements are prepared under the historical cost convention, except for the following:

- certain financial assets and liabilities that are measured at fair value;
- defined benefit plans where plan assets are measured at fair value; and
- share-based payments at fair value as on the grant date of options given to employees.

Estimates and assumptions used in the preparation of the financial statements and disclosures are based upon management's evaluation of the relevant facts and circumstances as of the date of the financial statements, which may differ from the actual results at a subsequent date. The critical estimates and judgments are presented in detail in Significant Accounting Policy no. 1.23.

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle. An operating cycle is the time between the acquisition of assets for processing and the irrealisation in cash or cash equivalents. Asset out in the Schedule III to the Companies Act, 2013, since normal operating cycle cannot be identified for the Company and hence it is assumed to have a duration of twelve months.

Functional and presentation currency

These Ind AS Financial Statements are prepared in Indian Rupee which is the Company's functional currency. All financial information presented in Rupees has been rounded to the nearest lakhs with two decimals.

1.2. Property, Plant and Equipment (PPE):

i. Deemed cost on transition to Ind AS

The company has elected to continue with the carrying value of all of its property, plant and equipment (except leasehold land which has been carried at the value determined in accordance with Ind AS 17 "Leases" on the transition date) recognised as of April 1, 2016 (the transition date) measured as per the previous GAAP and use such carrying value as its deemed cost as of the transition date.

- ii. Property, Plant & Equipment's are stated at cost of acquisition / construction except for Lands & 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 Property, Plant & Equipment includes directly attributable expenses incurred for the purpose of acquiring/constructing these assets, net of cenvat credit/GST if any, on qualifying assets. Press Tools and such type of machinery items developed in house are capitalised at direct cost plus directly attributable overheads. Capital Work in progress comprises of the cost of Property, Plant & Equipment that are not ready for their intended use at the reporting date.

- iii. The ministry of corporate affairs has made the component accounting approach for fixed assets mandatory from 1st April, 2015 vide notification dated 29th August, 2014. As per the 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.

- iv. The company estimates the useful lives of Property, Plant & Equipment as follows:

Asset Classification	Useful Life
Buildings (Including Temporary Shed)	3-30 Years
Plant & Machinery	1-15 Years
Furniture & Fixtures	1-10 Years
Equipment's	2-5 Years
Electric Fittings	10 Years
Vehicle	4-8 Years
Pollution Equipment's	2-8 Years
Computers	1-3 Years

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

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

- v. The company has initially recognised property, plant & Equipment at their respective carrying value measured under previous GAAP (Deemed Cost). After initial recognition, the Company has chosen Cost Model for Property, Plant & Equipment accounting.

- vi. **De-recognition**

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

- vii. **Depreciation**

Depreciation is provided on straight line method (SLM) and is based on useful lives of the assets as determined by external technical experts in accordance with requirement of Schedule II to the Companies Act, 2013. Depreciation on additions made during the year to Property, Plant & Equipment is charged on pro-rata basis. Freehold land is not depreciated.

The carrying value of long term leasehold land is amortized over a period of lease.

1.3. Intangible Assets

- i. **Deemed cost on transition to Ind AS**

The company has elected to continue with the carrying value of all its Intangible Assets recognised as of April 1, 2016 (the transition date) measured as per the previous GAAP and use such carrying value as its deemed cost as of the transition date.

- ii. **Intangible Assets are stated at their cost of acquisition, net of cenvat credit/GST if any, less accumulated amortization and impairment loss, if any. Expenditure, identifiable and reliably measurable, incurred on product development yielding future economic benefits is recognized as internally generated Intangible Asset as per Ind AS-38 "Intangible Assets".**

- iii. **Amortization**

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) is amortized over a period of 3 years.

1.4. Impairment of Assets

At the end of each reporting period, the Company determines whether there is any indication that its assets have suffered an impairment loss with reference to their carrying amounts. If any indication of impairment exists, the recoverable amount (i.e. higher of the fair value less costs of disposal and value in use) of such assets is estimated and impairment is recognised, if the carrying amount exceeds the recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

When an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

1.5. Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception date, whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset, even if that right is not explicitly specified in the arrangement.

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Company is classified as a finance lease and accordingly all other leases that do not qualify as finance leases are classified as operating leases.

Rental expense from operating leases is generally recognised on a straight-line basis over the term of the relevant lease. Where the rentals are structured solely to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases, such increases are recognised in the year in which such benefits accrue.

1.6. Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is recognised when it is earned, and no significant uncertainty exists as to its ultimate realization or collection.

- 1. **Sales of Goods:**

Revenue from sale of products is accounted for on dispatch of products from the works and which are followed by transfer of risks and rewards to the customers upto the time the financial statements of the company are approved by the board.

- 2. **Other Operating Revenue:**

Other operating revenues comprises of income from activities incidental to the operations of the company and is recognised when the right to receive the income is established and there exists no uncertainty of its ultimate realization or collection.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

3. **Rendering of Services:**

Revenue from job work services is recognized when the services are performed and when there is no uncertainty of its realization or collection.

4. Insurance claims are accounted as and when admitted.

5. Other Income is accounted on accrual basis except when the realization of such income is uncertain. Interest income on financial asset is recognized using the effective interest rate method. Dividend income is accounted when right to receive the same is established.

1.7. **Financial Instruments**

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Classification of Financial Assets

The financial assets are initially measured at fair value. Transaction costs that are directly attributable to the acquisition of financial assets are added to the fair value of the financial assets on initial recognition.

After initial recognition

i) Financial assets (other than Investments) are subsequently measured at amortised cost using the effective interest method.

Effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Investments in debt instruments that meet the following conditions are subsequently measured at amortised cost:

- the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows;
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments on principal and interest on the principal amount outstanding.

Income on such debt instruments is recognised in profit or loss and is included in the "Other Income". The Company has not designated any debt instruments as fair value through other comprehensive income.

I. Investments in equity/Preference instruments of subsidiaries:

The Company measures its investments in equity instruments of subsidiaries at cost in accordance with Ind AS 27. The company measures its investments in preference instruments of subsidiaries which in substance are equity instruments as per the terms of said instruments at cost in accordance with Ind AS 27. At transition date, the Company has elected to continue with the carrying value of such investments measured as per the previous GAAP and use such carrying value as its deemed cost.

II. Investment in Equity instruments of Related Entity:

The company has designated its investments in Equity Shares of one of its related entity at fair value through OCI. Such financial assets are measured at fair value at the end of each reporting period, with gains or losses arising on re-measurement recognised in OCI which are not subsequently reclassified to P & L and are reported in Other Equity.

III. Other Financial assets which are not carried at amortised cost or FVTOCI are measured at fair value through P & L.

Such financial assets are measured at fair value at the end of each reporting period, with any gains or losses arising on re-measurement recognised in profit or loss.

Impairment of financial assets

The Company recognises loss allowances for expected credit losses on financial assets measured at amortised cost.

A financial asset is regarded as credit impaired when one or more events that may have a detrimental effect on estimated future cash flows of the asset have occurred. The Company applies the expected credit loss model for recognising impairment loss on financial assets (i.e. the shortfall between the contractual cash flows that are due and all the cash flows (discounted) that the Company expects to receive).

The Company follows 'simplified approach' for recognition of impairment loss allowance on trade receivables. The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime Expected Credit Losses (ECLs) at each reporting date, right from its initial recognition.

The Company uses a provision matrix to determine impairment loss allowance on the group of trade receivables. The provision matrix is based on its historically observed default rates over the expected life of the trade receivable and is adjusted for forward looking estimates. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

Expected credit losses are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Company in accordance with the contract and the cash flows that the Company expects to receive).

Expected Credit Losses/ impairment loss allowance (or reversal) recognized during the period is recognized as income/ expense in the statement of profit and loss. This amount is reflected/reported under the head 'other expenses' in the statement of profit and loss.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

De-recognition of financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. On de-recognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in the Statement of profit and loss.

The Company has applied the de-recognition requirements of financial assets prospectively for transactions occurring on or after April 1, 2016 (the transition date).

Financial liabilities and equity instruments

Classification as debt or equity

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by an entity are recognised at the proceeds received, net of direct issue costs.

Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method. The carrying amounts of financial liabilities that are subsequently measured at amortised cost are determined based on the effective interest method. Interest expense that is not capitalised as part of costs of an asset is included in the "Finance Costs".

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument.

Financial guarantee contracts issued by the Company are initially measured at their fair values and are subsequently measured (if not designated as at Fair value through profit or loss) at the higher of:

- the amount of impairment loss allowance determined in accordance with requirements of Ind AS 109; and
- the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance with the principles of Ind AS 18.

The financial guarantees extended by the company for its subsidiaries are disclosed as "Deemed Investment in equity of subsidiaries" under the head "Investments".

De-recognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. An exchange with a lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability (whether or not attributable to the financial difficulty of the debtor) is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

The Company has applied the de-recognition requirements of financial liabilities prospectively for transactions occurring on or after April 1, 2016 (the transition date).

1.8. Foreign Currency Transactions

Transactions in foreign currency in respect of exports are recorded at exchange rates as notified by the concerned authorities at regular intervals. Transactions in foreign currency in respect of other items are recorded at the exchange rate prevailing on the date of transaction. 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.

1.9. Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised as expense in profit or loss in the period in which they are incurred.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

1.10. Inventories

Inventories are valued at lower of weighted average Cost (exclusive of Taxes & Cenvat Credits / GST availed on inputs) and Net Realizable Value. Raw Material and Consumables are valued at weighted average Cost basis. Finished Goods and Work-in-Progress are valued at aggregate cost determined comprising Material Cost and Manufacturing Overheads. Scrap is valued at Net Realizable Value.

1.11. Taxes on Income

A. Current Tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

B. Deferred Tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax. Accordingly, MAT is recognised as an asset in the Balance Sheet when it is probable that future economic benefit associated with it will flow to the Company.

1.12. Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The company is operating only in one segment viz. Auto Components.

1.13. Research and development

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

1.14. Cash Flow Statement

Cash flows are reported using indirect method as set out in Ind AS -7 "Statement of Cash Flows", whereby profit / (loss) before tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

1.15. Provisions, Contingent Liabilities and Contingent Assets

The assessments undertaken in recognising provisions and contingencies have been made in accordance with the applicable Ind AS-37 "Provisions, Contingent Liabilities and Contingent Assets".

A. Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive), as a result of past events, and it is probable that an outflow of resources, that can be reliably estimated, will be required to settle such an obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows to net present value using an appropriate pre-tax discount rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Unwinding of the discount is recognized in the statement of profit and loss as a finance cost. Provisions are reviewed at each reporting date and are adjusted to reflect the current best estimate.

B. Contingent Liabilities

The 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. Company has significant capital commitments in relation to various capital projects which are not recognized on the balance sheet. In the normal course of business, contingent liabilities may arise from litigation and other claims against the Company. Guarantees are also provided in the normal course of business. There are certain obligations which management has concluded, based on all available facts and circumstances, are not probable of payment or are very difficult to quantify reliably, and such

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

obligations are treated as contingent liabilities and disclosed in the notes but are not reflected as liabilities in the financial statements. Although there can be no assurance regarding the final outcome of the legal proceedings in which the Company is involved, it is not expected that such contingencies will have a material effect on its financial position or profitability.

C. Contingent Assets

A Contingent Asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity.

A contingent asset, if any is not recognised but disclosed where an inflow of economic benefit is probable.

1.16. Business Combinations

- a. Business combinations, involving entities or businesses are accounted for using acquisition method.
- b. There is no common control business combination, involving entities or businesses in which all the combining entities or businesses are ultimately controlled by the same party or parties both before and after the business combination.
- c. The Company has elected not to apply Ind AS 103 'Business Combinations' retrospectively to past business combinations that occurred before the transition date of April 1, 2016.

1.17. Selling/Marketing Expenses

- a. Warranty is extended when the products are sold. Provisions for expected cost of warranty obligations from sale of products are recognised on the date of sale of the relevant products at the Management's best estimate of the expenditure required to settle the obligation which takes into account the empirical data on the nature, frequency and average cost of warranty claims and regarding possible future incidences.
- b. Commission, Discount and other expenses payable on sales are recognized on determination of amount payable in accordance with arrangement/contracts with the parties.

1.18. Employee Benefits

A. Short Term Employee Benefits

Short Term Employee benefits are recognised as an expense at the undiscounted amounts in the Statement of Profit & Loss of year in which the related services are rendered.

B. Defined Contribution Plans

Provident Fund & ESIC are defined contribution schemes established under a State Plan. The contributions to the schemes are charged to the Statement of Profit & Loss in the year of incurrence.

C. Defined Benefits 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 financial year. The scheme is funded with an insurance company in the form of a qualifying insurance policy. Remeasurement gains/losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur in Other Comprehensive Income. These gains/losses which are recognised in Other Comprehensive Income are reflected in retained earnings and are not reclassified to profit or loss.

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.

1.19. Dividends

Provision is made for the amount of any final dividend declared in the accounts on the date of its approval by the shareholders and no longer at the discretion of the company. Interim dividends, if any are recorded as a liability on the date of declaration by the company's board of directors.

1.20. Earnings Per Share

The Earnings considered for ascertaining the Company's Earnings Per Share (EPS) comprises the Net Profit / Loss 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 weighted average number of shares considered for deriving basis 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 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.

1.21. Share-based payment arrangements

Equity-settled share-based payments to employees (employee stock option plan) are measured by reference to the fair value of the equity instruments at the grant date. The fair value determined at the grant date of the equity-settled share-based payments is expensed over the vesting period, based on the Company's estimate of equity instruments that will eventually vest, with a corresponding increase in equity at the end of the year. At the end of each year, the Company revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the share options outstanding account.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

1.22. Government Grants

Government grants (including export incentives) are recognised only when there is reasonable assurance that the Company will comply with the conditions attaching to them and the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Company recognises as expenses the related costs for which the grants are intended to compensate.

1.23. Summary Critical Estimates & Judgments

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. The management also needs to exercise judgment in applying the Company's accounting policies. This not provides an overview of the areas that involved a higher degree of judgment or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be different than those originally assessed. Detailed information about each of these estimates and judgments is included below.

A. Deferred taxes

The company recognises that net future tax benefit related to deferred income tax assets to the extent that it is probable that the deductible temporary differences will reverse in the foreseeable future. Assessing the recoverability of deferred income tax assets requires the company to make significant estimates related to expectations of future taxable income, which may have a scope of causing a material adjustment to the carrying amounts of assets and liabilities.

B. Inventories

The impairment of inventories is done on the basis of its aging, discontinuance of products/model, damage conditions of goods, obsolesce, expected salability. The value is written down at its estimated realisable value less cost to sell.

C. Contingent liabilities

In the normal course of business, contingent liabilities may arise from litigations and other claims against the Company. Where the potential liabilities have a low probability of crystallising or are very difficult to quantify reliably, the Company treats them as contingent liabilities. Such liabilities are disclosed in the notes but are not provided for in the financial statements. Although there can be no assurance regarding the final outcome, the Company does not expect them to have a materially adverse impact on our financial position or profitability.

D. Provision for product Warranty

The Company's product warranty obligations and estimations thereof are determined using historical information on the type of product, nature, frequency and average cost of warranty claims and the estimates regarding possible future incidences of product failures. Changes in estimated frequency and amount of future warranty claims, which are inherently uncertain, can materially affect warranty expense.

E. Fair Value Measurements and Valuation Processes

Some of the Company's assets and liabilities are measured at fair value for financial reporting purposes. The Management determines the appropriate valuation techniques and inputs for the fair value measurements. In estimating the fair value of an asset or a liability, the Company used market-observable data to the extent it is available. Where Level 1 inputs are not available, the Company engaged third party qualified valuers to perform the valuations in order to determine the fair values based on the appropriate valuation techniques and inputs to fair value measurements. Fair Value of Financial Guarantees extended by the Company to secure credit facilities availed by the Company's subsidiaries from bank, has been determined based on estimated amount that would be payable to a third party for assuming the obligations. Information about the valuation techniques and inputs used in determining the fair value of various assets and liabilities are disclosed in Note 50.

1.24. FIRST TIME ADOPTION OF IND AS

These are Company's first financial statements prepared in accordance with Ind AS. The accounting policies set out in this financial statement have been applied in preparing the financial statements for the year ended 31March2018, the comparative information presented in these financial statements for the year ended 31st March 2017 and in the preparation of an opening Ind AS balance sheet at 1st April, 2016 (date of transition). In preparing its opening Ind AS balance sheet, the company has adjusted the amounts reported previously in financial statements prepared in accordance with the accounting standards notified under Companies (Accounting Standards) Rules, 2006 (as amended), Companies (Accounting Standards) Amendment Rules, 2016 and other relevant provisions of the Act ("previous GAAP" or "Indian GAAP" or "IGAAP"). An explanation of how the transition from previous GAAP to Ind AS has affected company's financial position, financial performance and cash flow is set out in the following tables and notes.

Explanation 1 – Exemptions and exceptions availed

Explanation 2 – Total Comprehensive Income Reconciliation for the year ended 31st March, 2017

Explanation 3– Equity Reconciliation as at the date of transition (April 1, 2016) and as at 31st March, 2017

Explanation 4 – Impact on cash flows for the year ended 31st March, 2017

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Explanation 1 – Exemptions and exceptions availed

Set out below are the applicable Ind AS 101 optional exemptions and mandatory exceptions applied in the transition from previous GAAP to Ind AS.

Ind AS Optional Exemptions

- Deemed Cost**

Ind AS 101 permits a first-time adopter to elect to continue with the carrying value for all of its property, plant and equipment as recognised in the financial statements as at the date of transition to Ind AS, measured as per the previous GAAP and use that as its deemed cost as at the date of transition after making necessary adjustments for de-commissioning liabilities. This exemption can also be used for intangible assets covered by Ind AS 38 Intangible Assets.

Accordingly, the company has elected to measure all of its property, plant and equipment (except leasehold land which has been carried at the value determined in accordance with Ind AS 17 "Leases" on the transition date) and intangible assets at their previous GAAP carrying values. The deemed cost of Land & building including leasehold land carries revalued amounts as their respective revaluations were broadly comparable to their fair value at the date of revaluation.

- Business Combinations**

Ind AS 101 permits a first-time adopter to elect not to apply Ind AS 103 retrospectively to past business combinations. Accordingly, company has elected to apply Ind AS 103 prospectively.

- Investments in subsidiaries**

Ind AS 101 permits a first-time adopter to elect to continue with the carrying value for all of its investment in subsidiaries at cost. Accordingly, the Company has elected to measure investment in subsidiaries at cost at their previous GAAP carrying values.

Ind AS Mandatory Exceptions

- Estimates**

An entity's estimates in accordance with Ind As at the date of transition to Ind AS shall be consistent with estimates made for the same date in accordance with previous GAAP (after adjustments to reflect any difference in accounting policies), unless there is objective evidence that those estimates were in error. Ind AS estimates as at 1st April 2016 are consistent with the estimates as at the same date made in conformity with previous GAAP.

- Classification and measurement of financial assets**

Ind AS 101 requires an entity to assess classification and measurement of financial assets (investment in debt instruments) on the basis of the facts and circumstances that exist at the date of transition to Ind AS. Accordingly classification and measurement of financial assets have been made based on the facts and circumstances that exist at the date of transition to Ind AS.

Explanation 2 – Total Comprehensive Income reconciliation for the year ended 31st March, 2017

Particulars	Notes	Amount (Rs. in Lakhs)
Net Profit as per previous GAAP (IGAAP)		1,920.03
Actuarial Gains and Losses on defined benefit plans moved to Other Comprehensive Income	A	(36.40)
Fair Value gain on redemption of Investment through P & L	B	66.06
Change in Accounting Policy of Warranty and Commission Expenses	C	(136.83)
Deferred Tax Impact	D	27.76
Interest Income from Foreign Subsidiary measured at amortized cost	E	(92.61)
Financial Guarantee Charges Recovered	E	(30.94)
Interest Expenses measured at amortised cost (Reversal)	E	46.36
Borrowings measured at amortised cost (Bank Charges Reversed)	E	57.16
Asset related Government Grants – Amortisation	F	1.42
Others	G	8.50
Net profit as per IndAS		1,830.51
Other Comprehensive Income, Net of Income Tax	H	44.96
Total Comprehensive Income as per IndAS		1,875.47

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Explanation 3 – Equity Reconciliation as at the date of transition (1st April, 2016) and as at 31st March, 2017

Particulars	Notes	31-Mar-17	31-Mar-16
Total Equity as per Previous GAAP		24,091.79	22,134.82
Investment in Holding Company at fair value through FVTPL	B	(723.20)	(789.26)
Financial Instruments held at fair value through FVTPL	E	(24.91)	(24.91)
Change in Accounting Policy of Warranty & Commission Expenses	C	(1,190.41)	(1,053.58)
Interest Income from Foreign Subsidiary	E	(92.61)	-
Financial Guarantee Charges Recovered	E	(30.94)	-
Interest Expenses Reversed	E	46.36	-
Bank Charges Reversed	E	57.16	-
Others	G	6.97	-
Impact of Government Grants	F	(17.47)	(18.89)
Reversal of Revaluation Reserve on Financial Lease	I	(10.39)	(10.39)
Deferred Tax on above adjustments	E	676.73	640.42
Reversal of Dividend & Tax there on for financial year 2015 – 2016	J	-	1,286.35
Total Equity as per IndAS		22,789.09	22,164.56

A. Remeasurements of Post-Employment Benefit Obligations

Under Ind AS, remeasurements i.e. actuarial gains and losses and the return on plan assets, excluding amounts included in the net interest expense on the net defined benefit liability are recognised in other comprehensive income instead of profit or loss. Under the previous GAAP, these remeasurements were forming part of the profit or loss for the year. As a result of this change, the profit for the year ended 31st March, 2017 decreased by Rs. 36.40 lakhs. There is no impact on the total equity as at 31st March, 2017.

B. Investment in preference shares of Setco Engineering Pvt. Ltd.

The Company had investment in preference shares which were redeemable within 15 years. Under the previous GAAP, the said investments were classified as long-term investments based on the intended holding period. These investments were carried at cost less provision for other than temporary decline in the value of such investments. Under Ind AS, the said investments are considered as financial assets and classified as per the business model under which they are held. There by these investments were classified at fair value through profit or loss. This investment has been recognised at their fair value at initial recognition with a corresponding adjustment made to equity. Consequently, total equity as at 1st April, 2016 has decreased by Rs. 789.26 lakhs. The fair value gain on account of part redemption of said investment recognised is Rs. 66.06 lakhs for the year ended 31st March, 2017. Accordingly, the profit for the year has increased by Rs. 66.06 lakhs and total equity as at 31st March, 2017 has decreased by Rs. 723.20 lakhs.

C. Warranty provision and Commission on Sales

The company has changed the accounting policy of recognising the warranty expense at first time adoption of Ind AS from as and when the claims are admitted to recognising these expenses on estimation basis.

The Company has also changed the accounting policy of making provision for commission on sales at first time adoption of Ind AS from its consistent policy of recognising the said expenses on approval of annual accounts by the shareholders to recognising these expenses as and when related services are rendered.

Consequently, total equity as at 1st April, 2016 has decreased by Rs. 1,053.58 lakhs. The profit for financial year 2016-17 has decreased by Rs. 136.83 lakhs and total equity as at 31st March, 2017 has decreased by Rs. 1,190.41 lakhs.

D. Deferred Tax

Under Previous GAAP, deferred tax was accounted based on the differences between taxable profits and accounting profits for the period. Under Ind AS, entities are required to use a balance sheet approach, which is based on the temporary differences between the carrying amounts of an asset or liability in the balance sheet and its tax base. Deferred Tax shall also be created on various transitional adjustments. For transactions and other events recognised in profit or loss, any related tax effects are also recognised in profit or loss. For transactions and other events recognised outside profit or loss (either in other comprehensive income or directly in equity), any related tax effects are also recognised outside profit or loss (either in other comprehensive income or directly in equity, respectively). Consequently, deferred tax assets (net) for financial year 2016-17 have increased by Rs. 27.76 lakhs. The total equity has been increased by Rs. 676.73 lakhs as at 31.03.17.

E. Financial Instruments

Certain Financial Assets and Liabilities i.e. Bank Deposits, Loans to subsidiaries, GEB Deposit, Bank Term Loans and related transaction costs are subsequently measured at amortised cost. Further, deemed investment in equity of subsidiaries in form of financial guarantees are being adjusted against guarantee commission charged by the company. This guarantee commission was disclosed as other income under previous GAAP while Ind AS requires it to adjust it against deemed investment. Consequently, the profit for financial year 2016-17 has decreased by Rs. 20.02 lakhs and total equity decreased by Rs. 44.94 lakhs as at 31.03.2017.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

F. Government Grants

Under Previous GAAP, the cash subsidy received from government was disclosed as Capital Reserve. Under Ind AS, the government grants need to be determined as asset related or income related. Asset related grants need to be amortized over a period of useful lives of related assets and need to be disclosed as Non-current liability until it is completely amortised. Consequently, at the Transition Date, the subsidy was recognised as asset related and is treated as non-current liability and amortized over a period of useful lives of related assets. Consequently, the Profit for financial year 2016-17 has increased to the extent of Rs. 1.42 lakhs on account of its amortization and the total equity has decreased by Rs. 17.47 lakhs as at 31st March, 2017 on account its reclassification as non-current liability.

G. Others

Under the previous GAAP, the cost of equity- settled employee share-based plan was recognised using the intrinsic value method. Under Ind AS, the cost of equity settled share-based plan is recognised based on the fair value of the options as at the grant date. Under the Previous GAAP, Financial Guarantee given was disclosed as a Contingent Liability. Under Ind AS, Financial Guarantee Contracts extended by the Company are considered as Deemed Equity investment and are measured at initial recognition at Fair Value. Consequently, at the Transition Date, a Financial Guarantee Investment Asset was recognised of the value Rs. 1,056.48 lakhs and the corresponding value is treated as Financial liability under the head "Other Financial Liabilities". Under Ind AS, Finance lease income/expense is to be recognised on unwinding of lease obligations. Consequently, the Profit for financial year 2016-17 has increased by Rs. 8.50 Lakhs and Total Equity has increased by Rs. 6.97 lakhs as at 31st March, 2017.

H. Other comprehensive income

Under Ind AS, all items of income and expense recognised in a period should be included in profit or loss for the period, unless a standard requires or permits otherwise. Items of income and expense that are not recognised in profit or loss but are shown in the statement of profit and loss as 'other comprehensive income' consist of remeasurements of defined benefit plans. The concept of other comprehensive income did not exist under previous GAAP. Consequently, the other comprehensive income has increased by Rs. 44.96 lakhs (net of deferred tax) on account of remeasurement of defined benefit plans for the year ended 31st March, 2017.

I. Reversal of Revaluation Reserve on Financial Lease:

Under previous GAAP, leasehold land was disclosed as fixed asset at revalued figures. Under Ind AS, Leases are to be classified as operating or finance lease based on substance of arrangement. Accordingly, at the Transition Date, the company has classified leasehold land as finance lease. Under Ind AS, the finance lease is recognised at lower of fair value and PV of minimum lease payments over a period of lease discounted at appropriate rate. The direct costs incurred for the purpose of lease are to be added to the minimum payments. Accordingly, the company has fair valued the lease and excess revaluation reserve has been eliminated. Consequently, the total equity has decreased by Rs. 10.39 lakhs as at 31.03.2017.

J. Proposed Dividend

Under the previous GAAP, dividends proposed by the board of directors after the balance sheet date but before the approval of the financial statements were considered as adjusting events. Accordingly, provision for proposed dividend was recognised as a liability. Under Ind AS, such dividends are recognised when the same is approved by the shareholders in the general meeting. Accordingly, the liability for proposed dividend of Rs. 1,286.35 lakhs (inclusive of dividend distribution tax of Rs.217.58 lakhs) as at 1st April, 2016 included under provisions has been reversed with corresponding adjustment to retained earnings. Consequently, the total equity as at 1st April, 2016 increased by an equivalent amount. The said dividend has been paid in the financial year 2016-17.

1.7 Explanation 4 – Impact on Cash Flows for the year ended 31st March, 2017

There are no material impacts in cash flows due to transition to Ind AS.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Note -2: Property, Plant & Equipment

(Rs. in lakhs)

SR. NO.	PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
		Cost as on	Additions	Adjustment	Cost as on	Up to	Additions	Adjustment	Up to	As on	As on
		01.04.2017	for the year	for the year	31.03.2018	01.04.2017	for the year	for the year	31.03.2018	31.03.2018	31.03.2017
A	Property, Plant & Equipment										
1	Free Hold Land	2,068.40	-	-	2,068.40	-	-	-	-	2,068.40	2,068.40
	Previous year	2,068.40	-	-	2,068.40	-	-	-	-	2,068.40	-
2	Lease Hold Land	360.89	-	-	360.89	3.90	3.90	-	7.80	353.09	356.99
	Previous year	360.89	-	-	360.89	-	3.90	-	3.90	356.99	-
3	Buildings	3,696.91	291.44	-	3,988.36	146.22	153.14	-	299.36	3,689.00	3,550.69
	Previous year	3,522.06	174.85	-	3,696.91	-	146.22	-	146.22	3,550.69	-
4	Plant & Machinery	7,112.31	685.05	(20.32)	7,777.04	1,093.63	1,166.63	(0.03)	2,260.23	5,516.81	6,018.67
	Previous year	6,153.80	1,046.76	(88.25)	7,112.31	-	1,104.02	(10.39)	1,093.63	6,018.67	-
5	Furniture & Fixtures	187.76	2.07	-	189.83	19.21	22.61	-	41.82	148	168.55
	Previous year	145.31	42.45	-	187.76	-	19.21	-	19.21	168.55	-
6	Office Equipments	97.92	5.6	-	103.52	29.34	30.65	-	59.99	43.53	68.58
	Previous year	87.52	10.4	-	97.92	-	29.34	-	29.34	68.58	-
7	Pollution Equipments	1.25	-	-	1.25	0.21	0.21	-	0.42	0.83	1.04
	Previous year	1.25	-	-	1.25	-	0.21	-	0.21	1.04	-
8	Computers	158.47	15.48	-	173.96	84.2	42.71	-	126.91	47.05	74.27
	Previous year	133.08	25.75	(0.36)	158.47	-	84.45	(0.25)	84.20	74.27	-
9	Electric Fittings	442.41	5.76	-	448.18	52.28	53.66	-	105.93	342.24	390.14
	Previous year	424.59	17.82	-	442.41	-	52.28	-	52.28	390.14	-
10	Vehicles	298.95	67.97	(13.70)	353.21	43.12	46.26	(7.94)	81.44	271.77	255.83
	Previous year	262.55	36.4	-	298.95	-	43.12	-	43.12	255.83	-
	Sub Total (Property, Plant & Equipment)	14,425.28	1,073.37	(34.02)	15,464.64	1,472.11	1,519.78	(7.97)	2,983.91	12,480.72	12,953.17
	Previous year	13,159.45	1,354.44	(88.61)	14,425.28	-	1,482.75	(10.64)	1,472.11	12,953.17	-
B	Intangible Assets										
1	Goodwill	-	-	-	-	-	-	-	-	-	-
	Previous year	-	-	-	-	-	-	-	-	-	-
2	Product Development	1,576.23	845.74	-	2,421.97	200.93	285.5	-	486.43	1,935.54	1,375.30
	Previous year	1,156.85	419.38	-	1,576.23	-	200.93	-	200.93	1,375.30	-
3	Technical Know how	-	-	-	-	-	-	-	-	-	-
	Previous year	-	-	-	-	-	-	-	-	-	-
4	Computer Software	165.28	3.96	-	169.24	77.22	60.92	-	138.14	31.09	88.06
	Previous year	151.08	14.20	-	165.28	-	77.22	-	77.22	88.06	-
5	Web Site Development	-	-	-	-	-	-	-	-	-	-
	Previous year	-	-	-	-	-	-	-	-	-	-
	Sub Total (Intangible Assets)	1,741.51	849.70	-	2,591.21	278.14	346.43	-	624.57	1,966.64	1,463.37
	Previous year	1,307.93	433.58	-	1,741.51	-	278.14	-	278.14	1,463.37	-
C	Intangible Asset Under Development (Product Development)	1,712.55	622.76	(845.74)	1,489.57	-	-	-	-	1,489.57	1,712.55
	Previous year	1,265.12	866.81	(419.38)	1,712.55	-	-	-	-	1,712.55	-
D	Capital Work in Progress:										
1	Capital Work in Progress	10.97	-	(10.97)	-	-	-	-	-	-	10.97
	Previous year	79.83	10.97	(79.83)	10.97	-	-	-	-	10.97	-
	Total D	10.97	-	(10.97)	-	-	-	-	-	-	10.97
	Grand Total (A+B+C+D)	17,890.31	2,545.83	(890.73)	19,545.41	1,750.25	1,866.20	(7.97)	3,608.48	15,936.93	16,140.06
	Previous Year:	15,812.33	2,665.79	(587.82)	17,890.31	-	1,760.89	(10.64)	1,750.25	16,140.06	-

Notes: -

- During the F.Y-2014-15, the company based on external technical evaluation, reassessed the remaining useful lives of Property, Plant & Equipment from 1st April, 2014. Accordingly, the useful lives of Property, Plant & Equipment required a change from previous estimates. w.e.f 1st April, 2014, the company has charged depreciation based on the revised useful lives of Property, Plant & Equipment. The estimated lives of Property, Plant & Equipments adopted are different from those prescribed under schedule II of the act and have been determined based on technical advice obtained from external experts.
- The Gross Block of Property, Plant & Equipment include Rs. 2,708.72 lakhs on account of revaluation of Land & Buildings based on report issued by the External Valuers in March, 2013.
- 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.89.83 lakhs (Previous Year Rs. 99.73 lakhs) incurred on product development activities carried out in in-house R & D Centre. (Refer Note no - 48)
- Adjustment in "Intangible Asset Under Development" represents transfer to "Product Development" under the head Intangible Assets, of those items whose commercial production has commenced during the year.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

3. Non-current investment

(Rs. In Lakhs)

Particulars	As at 31 st March, 2018	As at 31 st March, 2017	As at 1 st April, 2016
i) Investment in Subsidiary Companies (At Deemed Cost) :			
20,94,269 (As of 31 st March 2017, 20,94,269) (As of 1 st April 2016, 8,00,000) Equity Shares of £ 1 each fully paid up of wholly owned ultimate foreign subsidiary - Setco Automotive UK Limited (UK)	1,691.84	1,691.84	648.40
1,28,778 (As of 31 st March 2017, 1,28,778) (As of 1 st April 2016, 1,28,778) equity shares of MUR 100 each fully paid up of wholly owned foreign subsidiary - WEW Holdings Limited (Mauritius)	190.81	190.81	190.81
8,35,90,000 (As of 31 st March 2017, 5,31,55,000) (As of 1 st April 2016, 4,16,55,000) equity share of Rs. 10/- each fully paid up of subsidiary - Lava Cast Private Limited	8,359.00	5,315.50	4,165.50
2,15,014 (As of 31 st March 2017, 2,15,014) (As of 1 st April 2016, 2,15,014) 0% redeemable preference shares of MUR 100 each fully paid up of wholly owned foreign subsidiary - WEW Holdings Limited (Mauritius)*	316.79	316.79	316.79
100 (As of 31 st March 2017, 100) (As of 1 st April 2016, Nil) Equity shares of AED 1000 each fully paid up of wholly owned foreign subsidiary - Setco MEA DMCC (Dubai)	17.75	-	-
ii) Deemed Investment in Equity - Fair Value of Financial Guarantees extended to Subsidiaries			
Lava Cast Private Limited	1,062.98	1,061.12	1,026.06
Setco Automotive (NA) Inc.	-	-	7.27
Setco Automotive (UK) Ltd.	-	-	23.15
iii) Investment in other related entities (At Fair Value Through Other Comprehensive Income):			
30,70,000 (As of 31 st March 2017, 30,70,000) (As of 1 st April 2016, 30,70,000) Equity Share @ Rs. 50/- each fully paid up of SE Transstadia Private Limited	1,535.00	1,535.00	1,535.00
Total	13,174.17	10,111.06	7,912.98
iv) Investment in Holding Company (At Fair Value Through Profit & Loss) :			
Nil (As of 31 st March 2017, 3,46,50,000) (As of 1 st April 2016, 4,26,50,000) 9% 15 years non-cumulative compulsorily redeemable preference share of Rs. 10/- each fully paid of Setco Engineering Private Limited **	-	2,741.80	3,475.74
Total	-	2,741.80	3,475.74
Non trade investment (unquoted) (at Deemed cost) :			
10 (As of 31 st March 2017, 10) (As of 1 st April 2016, 10) equity shares of Rs. 25/- each of Kalol Urban Co.op.Bank Limited (Rs. 250/-)	0.00	0.00	0.00
Total	0.00	0.00	0.00
Total (non-current investments)	13,174.17	12,852.86	11,388.72

- Investments in other related entities, then 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.
- 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 86.12% Equity shares as on 31st March, 2018 in this joint venture and accordingly Lava Cast Private Limited has been reported as subsidiary company in financial statements.
- As per Legal Experts' opinion obtained by the Company on its investment (along with Corporate Guarantee extended to the Bankers of investee company) in F.Y.2013-14, 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.
- For detailed investment strategies, Refer Note No. 46.

* This investment in 0% Redeemable Preference Shares is, in substance investment in Equity instruments based on terms of the said instruments and hence treated accordingly at Deemed Cost.

** Setco Engineering Private Limited Ceased to be holding company w.e.f. 19th March, 2018

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

4. Loans (At amortised cost) (Rs. In Lakhs)

Particulars	As at 31 st March, 2018	As at 31 st March, 2017	As at 1 st April, 2016
Unsecured, considered good			
Loans to subsidiary companies- unsecured considered good			
Setco Automotive (NA) Inc.	549.67	460.72	375.15
Setco Automotive (UK) Ltd.	915.50	804.50	1,132.92
Total	1,465.17	1,265.22	1,508.07

5. Others Financial Assets (Rs. In Lakhs)

Particulars	As at 31 st March, 2018	As at 31 st March, 2017	As at 1 st April, 2016
Unsecured, considered good			
Other deposits	146.53	142.88	141.48
Total	146.53	142.88	141.48

6. Deferred Tax Assets (Net) (Rs. In Lakhs)

Particulars	As at 31 st March, 2018	As at 31 st March, 2017	As at 1 st April, 2016
Deferred tax liabilities:			
Timing differences related to Fixed Assets	2,991.42	3,173.80	2,972.48
Deferred Tax Assets:			
Timing differences related to Expenses	270.82	32.42	140.60
MAT credit entitlement	2,148.75	2,142.34	2,087.66
Deferred Tax Assets (Liability)	(400.16)	(410.44)	(339.63)
Net Deferred Tax Assets	1,748.59	1,731.91	1,748.02
Total provision made in Statement of Profit and Loss	(7.96)	79.36	(557.00)

7. Other non-current assets (Rs. In Lakhs)

Particulars	As at 31 st March, 2018	As at 31 st March, 2017	As at 1 st April, 2016
Unsecured, considered good			
Capital advances	156.48	358.81	390.59
Total	156.48	358.81	390.59

8. Inventories (Rs. In Lakhs)

Particulars	As at 31 st March, 2018	As at 31 st March, 2017	As at 1 st April, 2016
Raw materials (Including Goods in transit Rs. 76.14 lakhs (Rs. 39.61 lakhs)	5,361.69	4,106.57	3,987.59
Work-in-progress	1,873.52	1,817.48	1,511.40
Finished goods (Including Sales in Transit Rs. 121.98 lakhs (Rs. 121.35 lakhs)	1,293.17	1,268.51	1,557.88
(Refer Note No. 36)			
Stores and Packing Materials	959.04	859.18	776.68
Scrap	4.97	21.31	16.23
Total	9,492.39	8,073.05	7,849.78

9. Trade Receivables (Rs. In Lakhs)

Particulars	As at 31 st March, 2018	As at 31 st March, 2017	As at 1 st April, 2016
Debts			
Unsecured, Considered good	14,131.97	12,869.34	12,554.72
Unsecured, Considered doubtful	136.54	1.81	1.81
Less: Allowance for doubtful debts	136.54	1.81	1.81
Total	14,131.97	12,869.34	12,554.72

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

10. Cash and Cash Equivalents (Rs. In Lakhs)

Particulars	As at 31 st March, 2018	As at 31 st March, 2017	As at 1 st April, 2016
Cash balance	6.18	10.41	26.90
Bank balances	142.76	141.13	26.24
Fixed Deposit Account (Lien-marked on Margin Account)	3.03	0.87	0.87
Cheques on hand	28.54	482.04	-
Total	180.51	634.45	54.01

11. Bank Balances other than Cash and Cash Equivalents above (Financial Assets - Current) (Rs. In Lakhs)

Particulars	As at 31 st March, 2018	As at 31 st March, 2017	As at 1 st April, 2016
Other bank balance			
Unclaimed dividends	92.38	80.41	67.79
Total	92.38	80.41	67.79

12. Loans (Rs. In Lakhs)

Particulars	As at 31 st March, 2018	As at 31 st March, 2017	As at 1 st April, 2016
Loans to subsidiary companies (at amortised cost)			
Unsecured, considered good			
Setco Automotive (UK) Ltd.	3,384.25	2,818.36	2,826.28
Total	3,384.25	2,818.36	2,826.28

13. Other Financial Assets (Financial Assets - Current) (Rs. In Lakhs)

Particulars	As at 31 st March, 2018	As at 31 st March, 2017	As at 1 st April, 2016
Unsecured, considered good			
Lava Cast Private Limited	-	2.84	51.93
Setco Engineering Pvt Ltd.	-	-	7.82
Transstadia Technologies Private Limited	0.22	-	-
Setco MEA Limited. UAE	5.96	-	-
SE Transstadia Private Limited	307.25	66.81	194.56
Total	313.43	69.65	254.31

14. Other current assets (Rs. In Lakhs)

Particulars	As at 31 st March, 2018	As at 31 st March, 2017	As at 1 st April, 2016
Unsecured, considered good			
Pre-payments			
Prepaid expenses	205.74	187.80	132.76
Advances to suppliers	686.04	913.68	1,247.95
Other Loans and Advances			
Employees advances	15.99	31.08	30.03
Balance with Statutory / Government Authorities			
Balance with Central Excise	-	13.50	14.17
GST/VAT refund receivables	2,050.01	1,227.11	770.25
Statutory dues receivable - Excise	-	36.79	95.42
Statutory dues receivable - Service Tax	-	174.32	130.70
Statutory dues receivable - Income Tax	19.24	17.94	31.23
Total	2,977.02	2,602.22	2,452.51

15. Equity (Rs. In Lakhs)

Particulars	As at 31 st March, 2018	As at 31 st March, 2017	As at 1 st April, 2016
(i) Authorised capital			
25,00,00,000 (25,00,00,000) Equity Shares of Rs. 2/- each	5,000.00	5,000.00	5,000.00
	5,000.00	5,000.00	5,000.00
Issued, subscribed and fully paid up share capital			
13,35,96,675 (13,35,96,675) Equity Shares of Rs. 2 each	2,671.93	2,671.93	2,671.93
	2,671.93	2,671.93	2,671.93

NOTES FORMATING PART OF THE FINANCIAL STATEMENTS

- 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.
- 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.
- The company declares and pays dividends in Indian rupees. The board of directors in their meeting held on 23rd May, 2018 have proposed dividend of Rs.0.80 per share for financial year ended 31st March, 2018. The proposed dividend is subject to the approval of the shareholders at the ensuing Annual General Meeting. The total dividend appropriation would amount to approximately Rs.1,288.50 lakhs including corporate dividend tax of Rs. 219.73 lakhs
- 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.

(ii) Reconciliation of number of shares outstanding at the beginning and at the end of the reporting year.

Particulars	As on 31-03-2018		As on 31-03-2017	
	Number	(Rs. In Lakhs)	Number	(Rs. In Lakhs)
Equity shares				
As at the beginning of the year	13,35,96,675	2,671.93	13,35,96,675	2,671.93
Add: Shares issued on exercise of employee stock options	-	-	-	-
	13,35,96,675	2,671.93	13,35,96,675	2,671.93
Less: Changes, if any during the year	-	-	-	-
Outstanding at the end of the year	13,35,96,675	2,671.93	13,35,96,675	2,671.93

(iii) 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, 2018

Particulars	31-Mar-17 Number	31-Mar-16 Number	31-Mar-15 Number	31-Mar-14 Number	31-Mar-13 Number
Equity shares with voting rights					
Equity shares allotted as fully paid bonus shares by Capitalization of Securities Premium & General Reserve	-	-	-	-	4,43,01,355 *

* 8860271 equity shares of Rs. 10/- each restated as equity shares of Rs. 2/- each.

(iv) Shares in respect of each class in the company held by its holding company

Particulars	As on 31-03-2018		As on 31-03-2017	
	Number	(Rs. In Lakhs)	Number	(Rs. In Lakhs)
Equity Shares of Rs. 2/- each fully paid				
Setco Engineering Private Limited *	6,61,13,845	1,322.28	6,77,13,845	1,354.28

* Setco Engineering Private Limited ceased to be Holding Company w.e.f. 19th March, 2018

(v) Details of shareholders holding more than 5% shares in the company

Name of Shareholders	As on 31-03-2018		As on 31-03-2017	
	Number of Equity	% Holding	Number of	% Holding
Equity shares of Rs. 2/- each fully paid				
Setco Engineering Private Limited	6,61,13,845	49.49	6,77,13,845	50.69
Harishbhai K. Sheth	87,61,575	6.56	71,61,575	5.36
Udit H. Sheth	72,67,000	5.44	N.A.	N.A.

16. Other Equity

(Rs. In Lakhs)

Particulars	As at 31 st March, 2018	As at 31 st March, 2017	As at 1 st April, 2016
(i) Capital Reserve (Opening & Closing Balance)			
a) On forfeiture of Shares	0.21	0.21	0.21
Total	0.21	0.21	0.21
(ii) Securities Premium Reserve			
As per Last Balance Sheet	188.20	188.20	188.20
Add: Received during the year on exercise of employee stock	-	-	-
Total	188.20	188.20	188.20
(iii) Employee Stock Options outstanding			
As per Last Balance Sheet	35.42	-	-

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Add: Amounts recorded on grants / modifications / cancellations during the year	17.75	35.42	-
Total	53.17	35.42	-
(iv) General Reserve			
As per Last Balance Sheet	1,948.62	1,948.62	1,948.62
Total	1,948.62	1,948.62	1,948.62
(v) Retained Earnings			
As per Last Balance Sheet	17,944.72	17,355.60	15,240.87
Add: Profit for the year	2,889.50	1,875.47	2,114.73
Less: Dividend for the year	(868.38)	(1,068.77)	-
Less: Dividend Distribution Tax	(176.78)	(217.58)	-
Total	19,789.06	17,944.72	17,355.60
Total (i to v)	21,979.25	20,117.16	19,492.63

17. Borrowings (At amortized cost)

(Rs. In Lakhs)

Particulars	As at 31 st March, 2018	As at 31 st March, 2017	As at 1 st April, 2016
A. Term loans			
From banks			
Secured	1,865.63	2,751.33	3,192.55
Unsecured	1,431.94	-	-
From others			
Secured	-	16.47	33.21
Unsecured	-	920.00	-
Total (A)	3,297.57	3,687.80	3,225.76
B. Other loans			
From banks			
Secured	616.30	1,875.00	3,125.00
Total (B)	616.30	1,875.00	3,125.00
Total (A+B)	3,913.87	5,562.80	6,350.76
The above amount includes			
Secured borrowings	2,481.93	4,642.80	6,350.76
Unsecured borrowings	1,431.94	920.00	-

- Indian rupee term loan from Bank of Baroda is repayable in 16 quarterly instalments each of Rs. 240.00 lakhs to be repaid by November, 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 instalments each of Rs. 312.50 lakhs 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 and Managing Director and Mr. Udit Sheth, Non-Executive Director of the Company.
- Indian rupee term loan from IDBI Bank is repayable in 16 quarterly instalments each of Rs. 62.50 lakhs 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 and personal guarantee of Chairman and Managing Director and Mr. Udit Sheth, Non-Executive Director of the Company.
- Indian rupee term loan from Bank of Baroda Bank is repayable in 16 quarterly instalments each of Rs. 141.00 lakhs to be repaid by September, 2022. 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 and Managing Director and Mr. Udit Sheth, Non-Executive Director of the Company.
- Indian rupee vehicle loan from Daimler Financials Services India Pvt. Ltd. is repayable in 36 EMI each of Rs. 1.55 lakhs to be repaid by February, 2019. The loan is secured by hypothecation of particular vehicle.
- Indian rupee vehicle loan from Axis Bank is repayable in 36 EMI each of Rs. 0.97 lakhs to be repaid by July, 2019. The loan is secured by hypothecation of particular vehicle.
- Indian rupee vehicle loan from ICICI Bank is repayable in 60 EMI each of Rs. 1.01 lakhs to be repaid by December, 2022. The loan is secured by hypothecation of particular vehicle.
- Indian rupee term loan from Yes Bank is against personal guarantee of Chairman and Managing Director and Mr. Udit Sheth, Non-Executive Director of the Company. The loan is repayable in 4 six monthly installment each of Rs. 500.00 lakhs to be repaid by April, 2020.
- The amount appearing in the non-current portion as on the respective reporting date are exclusive of loan classified under Current maturities of long term borrowing disclosed under Note no. 23.
- Mr. Udit Sheth has been re designated from Joint Managing Director to Non-Executive Director w.e.f. 9th March, 2018.

NOTES FORMATING PART OF THE FINANCIAL STATEMENTS

18. Non - Current: Other financial liabilities

(Rs. In Lakhs)

Particulars	As at 31 st March, 2018	As at 31 st March, 2017	As at 1 st April, 2016
Financial Guarantee Contracts - LCPL	796.37	972.91	1,026.05
Finance lease obligation	3.91	3.88	4.20
Deposits	53.03	50.00	50.00
Total	853.31	1,026.79	1,080.25

19. Other Non - Current liabilities

(Rs. In Lakhs)

Particulars	As at 31 st March, 2018	As at 31 st March, 2017	As at 1 st April, 2016
Government Grants - Cash Subsidy	14.62	16.05	17.47
Total	14.62	16.05	17.47

20. Provisions

(Rs. In Lakhs)

Particulars	As at 31 st March, 2018	As at 31 st March, 2017	As at 1 st April, 2016
Provision for employee benefits			
Provision for gratuity (Refer Note No. 44(ii))	75.26	30.39	0.53
Provision for compensated absences (Refer Note No. 44(iii))	87.59	85.60	94.65
Total	162.85	115.99	95.18

21. Borrowings (At amortized cost)

(Rs. In Lakhs)

Particulars	As at 31 st March, 2018	As at 31 st March, 2017	As at 1 st April, 2016
A. Loans repayable on demand from banks			
Secured	15,340.03	16,648.97	13,266.66
Unsecured	-	-	1,000.00
Total (A)	15,340.03	16,648.97	14,266.66
B. From other parties			
Secured	-	-	-
Unsecured	1,500.00	460.00	-
Total (B)	1,500.00	460.00	-
Total (A+B)	16,840.03	17,108.97	14,266.66

- 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 pari passu basis.
- Unsecured loan is from Tata Capital Financial Services Limited.

22. Trade payables

(Rs. In Lakhs)

Particulars	As at 31 st March, 2018	As at 31 st March, 2017	As at 1 st April, 2016
Dues of Micro, small and medium enterprises (MSME)	764.00	354.04	290.10
Others	9,463.08	8,145.30	8,726.05
Total	10,227.08	8,499.34	9,016.15

This information as required to be disclosed under Micro Small and Medium Enterprise Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Company. Information in terms of Section 22 of Micro, Small and Medium enterprises Development Act, 2006 are given below:

Particulars	As at 31 st March, 2018	As at 31 st March, 2017	As at 1 st April, 2016
Principal amount remaining unpaid to any supplier at the end of each accounting year.	764.00	354.04	290.10
Interest due thereon remaining unpaid to any supplier as at the end of the accounting year	0.96	0.40	-
The amount of interest paid along with the amounts of the payment made to the supplier beyond the appointed day	Nil	Nil	Nil

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

The amount of interest due and payable for the year	Nil	Nil	Nil
The amount of interest accrued and remaining unpaid at the end of the accounting year	0.96	0.40	-
The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid	Nil	Nil	Nil

23. Current: Other financial liabilities

(Rs. In Lakhs)

Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
Current maturities of long term loans (Refer Note No. 17)	3,277.93	3,328.30	2,663.42
Interest accrued and but not due on borrowings	61.57	35.27	36.05
Unpaid / unclaimed dividend *	92.38	80.41	67.79
Other Payable	57.18	10.00	10.00
Creditors for capital expenditure	66.55	62.24	61.03
Financial Guarantee Contracts - LCPL	172.48	86.24	-
Financial Guarantee Contracts - SAUL	0.78	4.89	7.28
Financial Guarantee Contracts - SANAI	19.53	20.86	23.15
Finance lease obligation	0.32	0.34	0.37
Total	3,748.72	3,628.55	2,869.09

*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.

24. Other current liabilities

(Rs. In Lakhs)

Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
Payable towards statutory liabilities	1,883.51	376.78	431.61
Payable to employees	309.04	140.60	331.32
Government Grants - Cash Subsidy	1.43	1.43	1.43
Total	2,193.98	518.81	764.36

25. Provisions

(Rs. In Lakhs)

Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
Provision for gratuity (Refer Note No. 44(ii))	53.01	49.07	44.23
Provision for compensated absences (Refer Note No. 44(iii))	5.72	3.81	48.91
Provision For warranty *	188.93	115.52	-
Total	247.66	168.40	93.14

*Provision is made for estimated warranty claims at discounted amount in respect of products sold which are still under warranty at the end of the reporting period. These claims are expected to be settled as per Warranty Policy. Management estimates the provision based on historical warranty claim information and any recent trends that may suggest future claims could differ from historical amounts.

26. Current Tax Liabilities (net)

(Rs. In Lakhs)

Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
Provision for taxation (net of advance tax paid) (Refer Note No. 49)	346.52	204.43	330.99
Total	346.52	204.43	330.99

27. Revenue from operations

(Rs. In Lakhs)

Particulars	Year ended 31st March, 2018	Year ended 31st March, 2017
i) Sales of products	65,627.94	56,969.20
Less: Sales in transit	145.10	156.04

NOTES FORMATING PART OF THE FINANCIAL STATEMENTS

Less: Sales taxes and VAT	501.59	2,583.52
Total	64,981.25	54,229.64
Less: Goods and Service Tax	13,068.04	-
Total	51,913.20	54,229.64
ii) Other operating revenue		
Duty drawback	41.49	32.75
GST Subsidy Receivable *	947.52	-
Total	989.01	32.75
Total	52,902.21	54,262.39

*Pursuant to the Central Government Notification No. F.No.10(1)/2017-DBA-11/NER dated 05th October, 2017, the company has recognised Rs. 549 lakhs as income being eligible reimbursement of CGST/IGST for its unit situated in Uttarakhand. The Company has further recognised Rs. 398 lakhs as income being reimbursement of IGST/CGST share of State for the said Uttarakhand unit pending notification of incentives by the State Government. The Company believes, the issuance of notification for GST benefits by the State Government is certain based on the notification already issued by the Central Government. The Company shall lodge its formal claims after issue of notification by the State Government.

28. Other Income

Particulars	(Rs. In Lakhs)	
	Year ended 31 st March, 2018	Year ended 31 st March, 2017
Investment Income		
Interest Income from financial assets at amortised cost - Subsidiary	561.22	634.16
Others		
Lease rent	0.24	0.24
Interest Income - Others	79.38	-
Profit on sale of Property, Plant and Equipment (Net)	-	1.37
Finance Income - Financial Guarantee	134.06	9.76
Finance Income - Deposits	1.55	-
Miscellaneous Income - Others	2.81	-
Foreign Exchange Fluctuation Gain (Net)	341.20	-
VAT refund	12.75	9.21
Sundry balances written back	11.88	1.39
Insurance Claim Received	0.42	-
Finance Income - Fair value gain on redemption of Investment in Preference Shares	723.20	66.06
Government Grants - Cash Subsidy amortization	1.43	1.43
Total	1,870.14	723.62

29. Cost of Material Consumed

Particulars	(Rs. In Lakhs)	
	Year ended 31 st March, 2018	Year ended 31 st March, 2017
Opening stock	4,106.81	3,987.59
Add : Purchases (net)	32,781.17	29,917.87
Less : Closing Stock	5,361.69	4,106.81
Less : Sales of manufacturing scrap	603.21	540.42
Total	30,923.08	29,258.23

30. Changes in Inventories of Finished Goods and Work in Progress

Particulars	(Rs. In Lakhs)	
	Year ended 31 st March, 2018	Year ended 31 st March, 2017
Opening inventories :		
Work-in-progress	1,147.15	1,429.26
Finished goods	1,817.48	1,511.40
Goods-in-transit	121.35	128.63
Scrap	21.31	16.23
	3,107.29	3,085.52
Closing inventories :		
Work-in-progress	1,873.52	1,147.15
Finished goods	1,171.19	1,817.48
Goods-in-transit	121.98	121.35
Scrap	4.97	21.31
	3,171.66	3,107.29
	(64.37)	(21.77)
Movement in excise duty on finished goods stock	(107.85)	9.26
(Increase) /decrease in inventories	(172.22)	(12.51)

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

31. Employee Benefit Expenses

Particulars	(Rs. In Lakhs)	
	Year ended 31 st March, 2018	Year ended 31 st March, 2017
Salaries, wages and bonus *	4,403.95	4,213.84
Contribution to employees welfare funds *	234.37	230.60
Staff welfare expenses	198.93	199.07
Total	4,837.25	4,643.51

*Including managerial remuneration of Rs. 278.14 lakhs (Previous year Rs. 281.50 lakhs) net of Rs. 96.00 lakhs (Previous year Rs. 92.50 lakhs) charged to Related Entity.

32. Finance Cost

Particulars	(Rs. In Lakhs)	
	Year ended 31 st March, 2018	Year ended 31 st March, 2017
Interest expense	2,794.60	3,060.40
Other financial charges	330.83	71.53
Total	3,125.43	3,131.93

33. Other Expenses

Particulars	(Rs. In Lakhs)	
	Year ended 31 st March, 2018	Year ended 31 st March, 2017
Stores and Tools Consumed	908.68	851.02
Carriage Inward	702.31	644.88
Power and fuel	643.48	635.34
Job work charge	735.15	587.36
Repairs and maintenance to machineries	97.66	45.92
Repairs to building	13.14	16.88
Other repairs	33.74	105.46
Computer expenses	247.82	236.99
Factory expenses	28.28	40.01
Rent	99.18	91.47
Rates and taxes	27.35	27.65
Insurance	103.15	87.65
Conveyance	160.56	192.50
Travelling expenses	405.28	447.48
Legal and professional charges	559.22	556.38
Statutory auditors' remuneration	37.50	35.00
Printing and stationary	41.63	45.17
Communication expenses	45.92	55.17
Books, subscription and membership	11.66	11.73
Directors' sitting fees	32.30	26.40
Commission to non executive directors	31.93	29.19
Office expenses	20.31	29.67
Corporate social responsibility expenses	88.70	76.22
Donation	35.84	29.19
General expenses	208.31	220.84
Sundry balance written off	129.79	2.71
Foreign Exchange Fluctuation Loss (Net)	-	405.49
Marketing and sales promotion	879.78	851.84
Advertisement expenses	4.20	14.85
Discount, commission and other expenses on sales	2,095.49	2,546.85
Allowance for Doubtful Debts	136.54	-
Packing and forwarding expenses	1,695.82	1,765.88
Loss on Sale of Property, Plant & Equipment (Net)	2.45	-
Total	10,263.17	10,713.19

34. MAT CREDIT

During the year, company has recognized MAT Credit of Rs. 48.38 lakhs for current financial year (Previous year Rs. 67.73 lakhs) 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. 41.98 lakhs (Rs. 13.04 lakhs) in respect of previous periods.

35. Earnings per share

Particulars	2017-2018	2016-2017
Profit available to Equity Shareholders after tax (Rs. In Lakhs)	2,880.47	1,830.51
Weighted average number of equity shares of Rs. 2/- each		
Basic - No. of Shares	13,35,96,675	13,35,96,675
Diluted - No. of Shares	13,39,01,266	13,36,77,497
Earnings per share in Rs. :		
Basic in Rs.	2.16	1.37
Diluted in Rs.	2.15	1.37

NOTES FORMATING PART OF THE FINANCIAL STATEMENTS

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 Indian Accounting Standard - 33 "Earning Per Share" notified u/s 133 of the Companies Act, 2013 read with Companies (Indian Accounting Standards) Rules, 2015. Earning per share is calculated after considering weighted average number of shares that would be issued on the conversion of dilutive potential equity shares.

36. 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. 145.09 lakhs (Rs. 156.04 lakhs). 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. 121.98 lakhs (Rs. 121.35 lakhs) is shown under the head "Finished Goods" in Note 8 under the head "Inventories".

37. Related Party Disclosures as per Indian Accounting Standard - 24 "RELATED PARTY DISCLOSURES"

A. Names of Related Parties and Nature of Relationship :

Sr. No.	Name of the Related Party	Relationship
1	Setco Automotive (UK) Limited, UK	Wholly Owned Ultimate Foreign Subsidiary Companies
2	Setco Automotive N.A. Inc., (USA)	
3	WEW Holdings Limited, Mauritius	
4	Setco MEA DMCC, UAE	
5	Lava Cast Private Limited	Subsidiary Company
6	Key Managerial Personnel * Shri Harish Sheth Shri Udit Sheth Shri Shveta Vakil Smt. Urja Shah Shri Jitender Gujaral (w.e.f. 01.07.2017) Shri Vinay Shahane Shri Bhautesh Shah (Upto 14.08.2017)	Chairman and Managing Director Joint Managing Director is redesignated Non-Executive Director on 9th March, 2018 Executive Director Executive Director Chief Executive Officer Chief Financial Officer Company Secretary
7	Setco Engineering Private Limited	Holding Company (Ceased to be holding company w.e.f. 19th March, 2018)
8	Western Engineering Works	Enterprises over which key managerial personnel are able to exercise significant influence
9	SE Transstadia Private Limited	
10	White River Entertainment Private Limited	
11	Transstadia Technologies Private Limited	
12	Transstadia Play sport Private Limited	
13	Transstadia Sport Sciences Private Limited	
14	Transstadia Capital Private Limited	
15	Transstadia Boxing India Private Limited	
16	Transstadia Holdings Private Limited	
17	Setco Holdings Private Limited	
18	Transstadia hospitality Private Limited	
19	Urdit Exports	
20	Setco Foundation	

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21	Shri Harshal Shah	Relatives of key managerial personnel
22	Hrehan Venture Advisors Private Limited	
23	Wingspun Funds Advisors LLP	

* The Company has designated Managing Director, Chief Financial Officer, Company Secretary and Chief Executive Officer as key managerial personnel for the purposes of Section 203 of Companies Act, 2013.

B. Transactions with Related Parties :		(Rs. In Lakhs)	
Sr. No.	Nature of transaction	2017-2018	2016-2017
A)	Transactions with Holding Company : (Ceased to be Holding Company w.e.f. 19th March, 2018)		
	Redemption of investment	2,741.80	733.94
	Loan taken during the year	500.00	-
	Loan repaid during the year	500.00	-
	Interest paid on loan	3.17	-
	Dividend paid	440.14	541.71
	Marketing commission paid	893.86	-
	Finance Income on redemption of investments	723.20	66.06
	Outstanding at year end :		
	Amount payable	158.54	-
	Investment	-	2,741.80
B)	Transactions with wholly owned ultimate foreign subsidiaries :		
	Export		
	- Setco Automotive (UK) Limited	945.23	787.27
	- Setco Automotive (NA), Inc.	371.66	238.84
	- Setco MEA DMCC	131.85	-
	Import		
	- Setco Automotive (UK) Limited	-	2.58
	Expenditure including capital items (Net)		
	- Setco Automotive (UK) Limited	323.78	435.29
	- Setco Automotive (NA), Inc.	(5.38)	103.28
	- WEW Holding Limited	-	8.74
	- Setco MEA DMCC	(6.33)	-
	Interest income		
	- Setco Automotive (UK) Limited	501.20	583.44
	- Setco Automotive (NA), Inc.	60.02	50.72
	Finance Income		
	- Setco Automotive (UK) Limited	15.82	1.09
	- Setco Automotive (NA), Inc.	18.99	2.11
	Deemed investments realised (Financial Guarantees)		
	- Setco Automotive (UK) Limited	-	7.27
	- Setco Automotive (NA), Inc.	-	23.15
	Unwinding/(Recognition) of Financial Guarantees Liabilities		
	- Setco Automotive (UK) Limited	(0.78)	2.38
	- Setco Automotive (NA), Inc.	(19.53)	2.29
	Investment		
	- Setco Automotive (UK) Limited	-	1,043.44
	- Setco MEA DMCC	17.75	-
	Outstanding at year end :		
	Investment		
	- Setco Automotive (UK) Limited	1,691.84	1,691.84
	- WEW Holding Limited	507.60	507.60
	- Setco MEA DMCC	17.75	-
	Deemed Equity Investment		
	- Setco Automotive (UK) Limited	-	-
	- Setco Automotive (NA), INC.	-	-
	Loans and advances		
	- Setco Automotive (UK) Limited	4,299.75	3,622.86
	- Setco Automotive (NA), INC.	549.67	460.72
	- Setco MEA DMCC	5.96	-
	Amount receivable		
	- Setco Automotive (UK) Limited	2,294.49	1,445.67
	- Setco Automotive (NA), INC.	374.24	353.90
	- Setco MEA DMCC	133.96	-
	Amount Payable		
	- Setco Automotive (UK) Limited	339.56	163.09
	- Setco Automotive (NA), INC.	-	48.35
	- Setco MEA DMCC	17.75	-

NOTES FORMATING PART OF THE FINANCIAL STATEMENTS

C) Transactions with Indian subsidiary: Lava Cast Private Limited		
Investment	3,043.50	1,150.00
Investment in preference shares during the year	2,225.00	-
Redemption of preference shares during the year	2,225.00	-
Sale - Scrap	550.92	349.33
Sale - Assets	-	31.37
Purchase (gross)	9,255.96	6,093.36
Jobwork charges	1.97	3.66
Expenditure recovered	1.76	4.91
Finance Income	92.14	1.99
Outstanding at year end :		
Investment	8,359.00	5,315.50
Deemed Equity Investment	1,062.98	1,061.13
Amount receivable	88.38	140.10
Amount payable	1,362.59	1,718.83
D) Transactions with enterprises over which key managerial personnel are able to exercise significant influence:		
Expenditure recoverable		
- SE Transstadia Private Limited	230.58	251.33
Reimbursement of Expenses		
- SE Transstadia Private Limited	29.26	-
Marketing commission paid		
- Western Engineering Works	145.33	973.65
Purchase (Gross)		
-Transstadia Technologies Private Limited	11.02	-
Dividend paid		
- Transstadia Capital Private Limited	10.73	13.20
Setco Foundation (CSR Activity)	87.50	75.44
Outstanding at year end:		
Investment		
SE Transstadia Private Limited	1,535.00	1,535.00
Amount receivable		
- SE Transstadia Private Limited	307.25	66.81
-Transstadia Technologies Private Limited	0.22	-
- Western Engineering Works	-	933.23
Amount payable		
- Western Engineering Works	34.09	-
E) Transactions with key managerial personnel and their relatives:		
Managerial remuneration (Directors)		
(Including provident fund and excluding commission to non-executive directors)		
- Shri Harish Sheth*	137.10	138.00
- Shri Shvetal Vakil	109.95	107.20
- Shri Udit Sheth	93.93	95.20
- Smt. Urja Shah	33.16	33.60
Dividend paid		
- Shri Harish Sheth	46.95	57.29
- Shri Udit Sheth	47.24	39.34
- Smt. Urja Shah (Rs. 471/-)	0.00	0.01
- Smt. Sneha Sheth	6.71	27.06
- Shri Shvetal Vakil	1.68	2.07
- Shri Vinay Shahane	0.12	0.15
Loan taken		
- Shri Harish Sheth	400.00	-
Loan repaid		
- Shri Harish Sheth	400.00	-
Interest on Loan		
- Shri Harish Sheth	17.94	-
Remuneration of other Key Managerial Personnel	125.96	62.95
Others		
Relative of key managerial personnel		
- Hrehan Venture Advisors Pvt. Ltd.	81.67	82.14
- Wingspun Funds Advisors LLP	5.00	-
Outstanding at year end :		
Amount payable		
- Wingspun Funds Advisors LLP	5.40	-

*The members of the company in Annual General Meetings held on 9th September, 2014 & 27th September, 2017 passed Special Resolutions for appointment of Mr. Harish Sheth as Chairman & Managing Director for a period of three years w.e.f 01.01.2015 &

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

01.01.2018 respectively. The minimum remuneration approved by the members in the said meetings is Rs. 120.00 lakhs (Rupees One Crore Twenty Lakhs) per annum. In pursuance of said special resolutions passed by the members and in view of inadequacy of profits in F.Y. 2017-18, the Chairman & Managing Director has been paid remuneration within the limits laid down under Part-II of Schedule V of the Companies Act, 2013.

38. Loans and advances in the nature of loans given to subsidiaries in terms of schedule V of SEBI (LODR) Regulations 2015. (Rs. In Lakhs)

Sr. No.	Name of the company	As at 31.03.2018	As at 31.03.2017	Maximum Balance during 2017-2018	Maximum Balance during 2016-2017
	Wholly owned ultimate foreign subsidiary				
1	Setco Automotive (UK) Limited, UK	4,299.75	3,622.86	4,299.75	3,622.86
2	Setco Automotive (NA) Inc., USA	549.67	460.72	549.67	460.72

39. Disclosure under section 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. 3, 4, 12, 13, 18, 23, 37 and 38. Loans and corporate guarantees given are for Business purpose of Subsidiaries.

40. Segment information

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

41. Payment to Auditors (Rs. In Lakhs)

	As at 31st March, 2018	As at 31st March, 2017
As Auditors		
Statutory Audit Fees	37.50	35.00
Tax Audit and Other Fees	7.50	7.50
Total	45.00	42.50

42. Contingent Liabilities and Commitments

A. Contingent Liabilities:

- Guarantees given by the bank on behalf of the Company Rs.51.69 lakhs (Rs. 114.92 lakhs).
- Guarantee given for maximum £ 0.80 million to Bibby Financial Services, U.K. (£ 1.40 million to ICICI Bank Limited, U.K.) for wholly owned ultimate foreign subsidiary's credit facilities Rs. 742.00 lakhs (Rs. 1,140.30 lakhs). The carrying amounts of related financial guarantee contracts recognised in books of account are Rs. 0.78 lakhs as at 31.03.2018 (Rs. 4.89 lakhs)
- Guarantee given for maximum \$ 3.20 million (\$ 4.00 million) to Bank of Baroda, New York, USA for wholly owned ultimate foreign subsidiary's credit facilities Rs. 2,089.60 lakhs (Rs. 2,607.60 lakhs). The carrying amounts of related financial guarantee contracts recognised in books of account are Rs. 19.53 lakhs as at 31.03.2018 (Rs. 20.86 lakhs)
- Guarantee given for maximum Rs. 18,326.00 lakhs (Rs. 18,326.00 lakhs) to Bank of Baroda, Mumbai, India, for subsidiary's credit facilities. The carrying amounts of related financial guarantee contracts are recognised in books of account Rs. 968.86 lakhs as at 31.03.2018 (Rs. 1,059.14 lakhs)

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.
- The Company had filed a case against a competitor for cancellation of registration of design granted by Controller of Patents and Designs in Kolkata High Court. In view of the settlement of differences under a consent terms, the said case became infructuous, and the process of withdrawal of the case is under process.
- The Company has preferred an appeal against an order issued by CIT (A)-4 Vadodara confirming penalty of Rs. 12.01 lakhs for A.Y. 2004-05 with ITAT (Tribunal). The company is confident of receiving adjudication in its favour.
- The company has received order from A.O. Panchmahals, Godhra range for demand of Rs. 590.13 lakhs by way of adjustment of addition in book profit for calculation of tax under MAT which resulted into the above demand for Assessment Year 2011-2012. The company has preferred an appeal with CIT(A) - 4 Vadodara against such order. The company is confident of receiving adjudication in its favour.
- The company has preferred an appeal with CIT (Appeals)-Vadodara for A.Y.-2013-14 and 2014-15 for disallowance of depreciation on product development amounting to Rs.86.83 lakhs & Rs.158.22 lakhs for A.Y.-2013-14 & 2014-15 respectively. No demand is raised as company pays tax u/s. 115JB (MAT), but MAT Credit is reduced in the order. The company is confident of receiving adjudication in its favour.
- The company has received intimation u/s 143(1) of Income Tax Act,1961 from CPC, Bengluru wherein demand of Rs. 394.48 lakhs has been raised mainly on account of non allowance of deduction u/s 80-IC. The company believes this is a mistake apparent from records and is in process of filing rectification petition u/s 154 of Income Tax Act, 1961. The company is confident that the demand would be dropped in due course of time.

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.

NOTES FORMATING PART OF THE FINANCIAL STATEMENTS

C. Commitments:

Estimated amount of contracts remaining to be executed on capital account and not provided for Rs. 232.30 lakhs (Rs. 300.33 lakhs).

43. Trade payable and 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.

44. Employee benefits

Disclosure pursuant to Ind AS – 19 "Employee Benefits"

i. Defined Contribution Plans

An amount of Rs 234.07 lakhs (Rs. 230.60 lakhs) (Provident Fund & ESIC) is recognized as an expense and included in Note 31 under the head "Employee Benefits".

ii. Gratuity - long term defined benefit plan

In accordance with the Payment of Gratuity Act of 1972, the Company contributes to a defined benefit plan (the "Gratuity Plan") covering certain categories of employees. The Gratuity Plan provides a lump sum payment to vested employees at retirement, disability or termination of employment being an amount based on the respective employee's last drawn salary and the number of years of employment with the Company.

a) Funded status of the plan		(Rs. In Lakhs)
Particulars	As at 31st March, 2018	As at 31st March, 2017
Present value of funded obligations	561.15	461.24
Fair value of plan assets	(432.89)	(381.78)
Net Liability (Asset)	128.27	79.46

b) Profit and loss account for the year		(Rs. In Lakhs)
Particulars	As at 31st March, 2018	As at 31st March, 2017
Service Cost :-		
Current service cost	49.07	46.40
Past service cost and loss/(gain) on curtailment and settlement	54.90	-
Net interest cost	4.06	1.68
Total included in 'Employee Benefit Expense'	108.03	48.08
Expenses deducted from the fund	-	-
Total charged to profit and loss account	108.03	48.08

Past Service cost is on account of increase in Gratuity Ceiling from Rs. 10.00 lakhs to Rs. 20.00 lakhs.

(c) Other comprehensive income for the year		(Rs. In Lakhs)
Particulars	As at 31st March, 2018	As at 31st March, 2017
Components of actuarial gain/losses on obligations:		
Due to Change in financial assumptions	(13.80)	15.53
Due to change in demographic assumption	-	-
Due to experience adjustments	0.18	6.89
Return on plan assets excluding amounts included in interest income	4.81	4.20
Amounts recognised in other comprehensive income	(8.82)	26.62

(d) Reconciliation of net defined benefit obligation		(Rs. In Lakhs)
Particulars	As at 31st March, 2018	As at 31st March, 2017
Net opening provision in books of accounts	461.24	387.28
Current service cost	49.07	46.40
Interest Cost	32.56	28.45
Actuarial (Gain) / Loss on obligation	(13.62)	22.42
Past service cost	54.90	-
Benefits paid	(22.99)	(23.30)
Closing provision in books of accounts	561.15	461.24

(e) Reconciliation of planned assets		(Rs. In Lakhs)
Particulars	As at 31st March, 2018	As at 31st March, 2017
Opening value of plan assets	381.78	342.52

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Expenses deducted from the fund	-	-
Interest Income	28.50	26.76
Return on plan assets excluding amounts included in interest income	(4.81)	(4.20)
Contributions by employer	50.41	40.00
Benefits paid	(22.99)	(23.30)
Closing value of plan assets	432.89	381.78

(f) Principle actuarial assumptions (Rs. In Lakhs)

Particulars	As at 31st March, 2018	As at 31st March, 2017
Discount Rate	7.70%	7.40%
Salary Growth Rate	6.00%	6.00%
Withdrawal Rates	5% at younger	5% at younger

(g) Sensitivity to key assumptions (Rs. In Lakhs)

Particulars	As at 31st March, 2018	As at 31st March, 2017
Discount rate Sensitivity		
Increase by 0.5%	539.43	441.97
(% change)	-10.91%	-10.80%
Decrease by 0.5%	584.50	481.99
(% change)	12.02%	11.86%
Salary growth rate Sensitivity		
Increase by 0.5%	582.84	479.70
(% change)	11.40%	10.38%
Decrease by 0.5%	540.73	442.57
(% change)	-10.63%	-10.84%
Withdrawal rate (W.R.) Sensitivity		
W.R. x 110%	562.82	462.73
(% change)	0.94%	1.21%
W.R. x 90%	559.42	459.72
(% change)	-1.00%	-1.26%

A description of methods used for sensitivity analysis and its Limitations:

Sensitivity analysis is performed by varying a single parameter while keeping all the other parameters unchanged.

Sensitivity analysis fails to focus on the interrelationship between underlying parameters.

Hence, the results may vary if two or more variables are changed simultaneously.

The method used does not indicate any thing about the likelihood of change in any parameter and the extent of the change if

(h) Bifurcation of liability as per schedule III (Rs. In Lakhs)

Particulars	As at 31st March, 2018	As at 31st March, 2017
Current Liability*	53.01	49.07
Non-Current Liability	75.26	30.39
Net Liability	128.27	79.46

* The current liability is calculated as expected reduction in contributions for the next 12 months.

i) Risk Analysis

Actuarial Risk:

It is the risk that benefits will cost more than expected. This can arise due to one of the following reasons:

Adverse Salary Growth Experience: Salary hikes that are higher than the assumed salary escalation will result into an increase in Obligation at a rate that is higher than expected.

Variability in mortality rates : If actual mortality rates are higher than assumed mortality rate assumption than the Gratuity Benefits will be paid earlier than expected. Since there is no condition of vesting on the death benefit, the acceleration of cash flow will lead to an actuarial loss or gain depending on the relative values of the assumed salary growth and discount rate.

Variability in withdrawal rates: If actual withdrawal rates are higher than assumed withdrawal rate assumption than the Gratuity Benefits will be paid earlier than expected. The impact of this will depend on whether the benefits are vested as at the resignation date.

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Investment Risk:

For funded plans that rely on insurers for managing the assets, the value of assets certified by the insurer may not be the fair value of instruments backing the liability. In such cases, the present value of the assets is independent of the future discount rate. This can result in wide fluctuations in the net liability or the funded status if there are significant changes in the discount rate during the inter-valuation period.

Liquidity Risk:

Employees with high salaries and long durations or those higher in hierarchy, accumulate significant level of benefits. If some of such employees resign / retire from the company, there can be strain on the cash flows.

Market Risk:

Market risk is a collective term for risks that are related to the changes and fluctuations of the financial markets. One actuarial assumption that has a material effect is the discount rate. The discount rate reflects the time value of money. An increase in discount rate leads to decrease in Defined Benefit Obligation of the plan benefits & vice versa. This assumption depends on the yields on the corporate/government bonds and hence the valuation of liability is exposed to fluctuations in the yields as at the valuation date.

Legislative Risk:

Legislative risk is the risk of increase in the plan liabilities or reduction in the plan assets due to change in the legislation/regulation. The government may amend the Payment of Gratuity Act thus requiring the companies to pay higher benefits to the employees. This will directly affect the present value of the Defined Benefit Obligation and the same will have to be recognized immediately in the year when any such amendment is effective.

(iii) Compensated Absences

The charge for the current year on statement of Profit & Loss on account of compensated absences is Rs. 25.19 lakhs (Rs. Nil lakhs). The said liability is provided based on actuarial valuation. The said liability is not funded. The charge of Rs.Nil lakhs (Previous year Rs.34.20 lakhs has been reversed during the current financial year mainly on account of benefits paid.

45. Share-based Payments: (Employee stock option plan - ESOP 2015)

- Pursuant to approval of shareholders at their meeting held on May 30, 2016, the Company has established an 'Employee Stock Option Scheme 2015' ('ESOP 2015' or 'the Scheme') to be administered by the Nomination & Remuneration Committee of the Board of Directors.
- Under the Scheme, options not exceeding 610,000 have been reserved to be issued to the eligible employees, with each option conferring a right upon the employee to apply for one equity share. The options granted under the Scheme would vest not less than one year before and not more than four years after the date of grant of the options. The options granted to the employees would be capable of being exercised within a period of one year from the date of vesting.
- The exercise price of the option is Rs. 16/- per Option which is at discount of Rs. 15.95 from the closing market price of the shares on the Stock Exchange as on the date prior to the date of the Nomination & Remuneration Committee resolution approving the grant.
- Pursuant to the above-mentioned scheme, the Company has, during the year, granted 4,35,000 (Previous year 6,10,000) options vesting over a period of three years commencing from the date of grant.
- The following are the number of options outstanding during the year:

Stock options	As at 31st March, 2018	As at 31st March, 2017
At the beginning of the year	538,000	-
Granted	-	610,000
Exercised	-	-
Cancelled	103,000	72,000
At the end of the year	435,000	538,000

- The above outstanding options comprise of only one class granted to eligible employees in category of senior management.

- The company follows the fair value method of accounting for the options. (Rs. In Lakhs)

Balance sheet presentation	As at 31st March, 2018	As at 31st March, 2017
Total Stock Options Cost	69.38	85.81
Less: Deferred employee compensation	16.21	50.39
Stock Options Outstanding as at 31.03.2018	53.17	35.42

h. Notes / Assumptions:

Valuation method for share options granted to employees, in many cases market prices are not available, because the options granted are subject to terms and conditions that do not apply to traded options. If traded options with similar terms and conditions do not exist, the fair value of the options granted shall be estimated by applying a Black Scholes option pricing model. The inputs to the model are:

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- Underlying price of the shares as on the date of grant
- Exercise price of the options
- Expected life of the options
- Expected volatility of the options
- Expected dividend yield of the option
- Risk free rate of interest

Valuation basis

Underlying price of the shares as on the date of grant

Since the shares of the company are listed on BSE, the closing price one day prior to the grant date 30th May, 2016 which is INR 31.95 has been considered.

Exercise price of the options

The exercise price is Rs. 16/- per option

Expected life of the options

The expected life of the option is assumed to be half way into the exercise period from the vesting date as all the options are likely to be exercised.

Vesting date	Expected life of options
30/05/2018	1.5
30/05/2019	2.5

Expected volatility of the options

The shares of the company are listed and hence the closing prices from 1st April, 2014 to 31st March, 2018 have been used to work out the average volatility of returns. It works out to 19.39% per annum.

Expected dividend yield of the option

The dividend yield has been taken from the BSE data and the average dividend yield has been worked out by giving higher weights to the recent years.

Year	Dividend (Absolute in INR)	Dividend yield per annum
31/05/2017	0.65	0.02
30/05/2016	0.80	0.03
26/05/2015	0.30	0.01
11/11/2014	0.30	0.01
30/05/2014	0.53	0.03
29/05/2013	0.53	0.03
06/07/2012	0.80	0.02
		0.02

Risk free rate of interest

The risk-free discount rate assumed is equivalent to the average term of the option. The interest rate on the government bonds with equivalent term is approximately **7.1% per annum**. Hence, same is used for the calculation

Attrition rate

Since the underlying price of the option is significantly higher than the exercise price, it is assumed that all the options will be exercised as on the respective vesting dates. Attrition rate per annum is assumed to be **10% p.a.**

Mortality rate

Since the term of the option is less than 3 years, mortality rates are **not considered** in the valuation.

Valuation results

The fair value of each option as on the valuation date is dependent on the expected life of the options and is as given below:

Vesting date	Fair value per option
30/05/2018	16.48
30/05/2019	16.69

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The total cost of the options granted, if all the outstanding shares are vested and exercised is Rs. 71.93 lakhs. However, it is expected that all the options will not be vested. Hence, total cost of options based on an attrition rate of 10% per annum works out to Rs. 67.37 lakhs.

46. Investment Strategies:

- i) Over a period, considering the Company's growth prospects and overall economic scenario from time to time, necessitating building strength to withstand the challenges, the Company initiated / followed strategies to integrate, expand the base and diversify. In the process, the Company not only invested in Capex, but also ventured into inorganic developments by investments made into subsidiaries/joint ventures and related entities. These investments may not directly give returns in short term on year to year basis but will contribute to the Company, long term enduring benefits which will be reflected in growth in top and bottom line of the company.
1. Rs. 507.60 lakhs (Rs. 507.60 lakhs) Invested in equity and preference share of WEW Holdings Limited (Mauritius) a Wholly Owned Foreign subsidiary to oversee global investments.
2. Rs. 1,691.83 lakhs (Rs. 1,691.83 lakhs) Invested in Equity shares of Setco Automotive (UK) Limited Wholly Owned Ultimate Foreign Subsidiary a Technical know How and development Hub of the group for domestic and international markets.
3. Rs. 8,359.00 lakhs (Rs. 5,315.50 lakhs) Invested in Equity shares of Lava Cast Private Limited a Subsidiary established as a backward integration project to augment the supply of critical casting components. The Company has entered in to joint venture agreement with Lingotes Especiales S.A. Spain.
4. Rs.1,535.00 lakhs (Rs. 1,535.00 lakhs) 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. Nil lakhs (Rs. 3,465.00 lakhs) Invested in preference shares of Setco Engineering Private Limited (then Holding Company), predominantly an Investment Company which has been redeemed at par during the year.
6. The company has formed a 100% subsidiary in UAE in the name of Setco MEA DMCC. The said subsidiary's equity capitalisation has not been done as at 31.03.2018. The said subsidiary has commenced its operations during the year.
- i. The Company has invested Rs. 2,199.43 lakhs (Rs.2,199.43 lakhs) 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. 7,178.59 lakhs (Rs.5,671.72 lakhs) from them as at 31.03.2018. 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. 1,342.90 lakhs 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. 2,884.60 lakhs (Rs. 2,404.48 lakhs) as at 31.03.2018 resulting into erosion of fair portion of their consolidated net worth. The management is of the opinion that this is a temporary phase considering business plans, future projected profitable operations, asset base, the investment being strategic in nature, going concern basis and solvency of subsidiaries supported by the Parent company (i.e. Setco Automotive Ltd), 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. The carrying value of company's investment in equity & preference shares is also supported by valuation report of Independent Chartered Accountant.
- ii. The company has in earlier years invested Rs. 1,535.00 lakhs in 30,70,000 equity shares of SE Transtadia Pvt Ltd., a sports and entertainment Infrastructure company. The said company has completed the project and has commenced commercial operations in March 2017. The company has accumulated loss of Rs. 1,768.86 (Rs. 1,236.18 lakhs) as per latest audited financial statements as at 31.03.2017. In the opinion of the management, this investment is strategic in nature which has long term perspective and has comparatively long gestation period. This situation being a temporary phase and considering future business plans, assets base and other developments, despite accumulated losses, the management firmly believes that there is no erosion in value of its investment in said related entity. The carrying value of investment in equity shares of said related entity is also supported by valuation report obtained from independent Chartered Accountant.
- iii. The company has invested Rs. 8,359.00 lakhs (Rs. 5,315.50 lakhs) in 8,35,90,000 (5,31,55,000) equity shares of Rs. 10/- each in its partly owned subsidiary Lava cast Pvt Ltd. The company's second year of commercial production ended on 31st March,2018 resulting in accumulated loss of Rs. 4,659.36 lakhs (Rs. 2,281.99 lakhs). The management is of the opinion that this being a temporary phase and company is in the initial years of operations and considering the future business plans, assets base etc., no provision is required to be made for diminution in the value of this investment made in the said subsidiary. The carrying value of company's investment in equity shares of said related entity is also supported by valuation report obtained from independent Chartered Accountant.

47. Corporate social responsibility expenditure:

- a. Gross amount required to be spent by the Company during the year: Rs. 63.53 lakhs (Rs. 57.79 lakhs)
- b. Amount spent during the year on:

Particulars	(Rs in lakhs)		
	In Cash	Yet to be paid in Cash	Total
(i) Construction/ acquisition of any Assets	-	-	-
(ii) On purposes other than (i) above *	88.70	-	88.70

*Includes Contribution to a trust controlled by the Company (Setco Foundation) in relation to CSR Expenditure: Rs. 87.50 lakhs (Rs. 75.44 lakhs)

48. Research and development

The company has a setup of recognized Research & Development Centre (R & D Centre) at its Kalol plant. During the current financial year, the R & D Centre has conducted activities mainly related 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

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satisfy recognition criteria for intangible asset as set out in Indian Accounting Standard - 38 "Intangible Asset" are capitalized by the company as Intangible Asset and is included under the head "Intangible Asset under development in Note no. 2 - "Property, Plant & Equipment" 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 in preceding previous year, the accounting treatment referred to above is within the purview of Indian Accounting Standard - 38 "Intangible Assets".

The details of expenditure incurred during financial year 2017-2018 are as under:

(Rs. In Lakhs)			
Particulars	Approved (DSIR) R&D Expenditure	Other R & D Expenditure	Total
Capital Expenditure	31.53	-	31.53
Intangible assets under development Including Depreciation of Rs. 89.83 lakhs (Rs. 99.73 lakhs)	-	290.70	290.70
Revenue Expenditure - Research Expenses	15.71	-	15.71
Total R&D Expenditure incurred in 2017-2018	47.23	290.70	337.93
Total R&D Expenditure incurred in 2016-2017	23.68	345.26	368.94

49. (i) Tax Expenses

(Rs. In Lakhs)		
Particulars	Year ended 31 st March 2018	Year ended 31 st March 2017
(a) Tax expense		
Current tax		
Current tax on profits for the year	678.13	486.70
Adjustments for current tax of prior periods	41.99	13.51
Total current tax expense	720.12	500.21
Deferred tax		
Decrease/(increase) in deferred tax assets		
(Decrease)/increase in deferred tax liabilities	(7.96)	79.36
Total deferred tax expense / (benefit)	(7.96)	79.36
Tax Expenses	712.16	579.57
(b) Reconciliation of tax expense and the accounting profit multiplied by India's tax rate		
Profit before tax	3,592.63	2,410.08
Tax at the Indian tax rate of 21.342% (previous year - 21.342%)		
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
- Disallowance of expenditure	202.67	70.54
- Others IND-AS adjustment on Profit	(391.06)	117.28
Tax effect of amounts which are deductible (non-taxable) in calculating taxable income:		
Revised Accounting Profit	3,404.24	2,597.90
Tax Expenses on 21.342% (Previous year 21.342%)	726.52	554.43
Current Tax as per Profit & Loss Account	726.51	554.43

(ii) Movement in Deferred Tax

(Rs. In Lakhs)			
Particulars	As at 31 st March, 2018	As at 31 st March, 2017	As at 1 st April, 2016
Deferred Tax Liabilities :			
Timing Differences related to Fixed Assets	2,991.42	3,173.80	2,972.48
Investment measured at Fair Value	52.84	66.06	-
Other Expenses	7.99	9.99	9.99
Actuarial Gain / Loss - (Gratuity / Leave Benefits)	5.90	7.37	7.37
Borrowings at Amortised Cost	82.82	103.52	-
Remeasurement of stock options at fair value	1.22	1.53	-
Timing Differences	3,142.19	3,362.26	2,989.84
Rate of Tax	34.61%	0.35	34.61%
Deferred Tax Liabilities	1,087.45	1,163.61	1,034.72
Deferred Tax Assets :			
Timing Differences related to Expenses	270.82	32.42	140.60

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Investment measured at Fair Value	631.41	789.26	789.26
Other Expenses	960.01	1,200.02	1,053.58
Other Deposit - at FVTPL (Finance Expense)	19.93	24.91	24.91
Actuarial Gain / Loss - (Gratuity / Leave Benefits)	29.12	36.40	-
Advances at Amortised Cost	74.09	92.61	-
MGVCL Deposit - at Amortised Cost	0.46	0.58	-
Timing Differences	1,985.84	2,176.19	2,008.34
Rate of Tax	34.61%	34.61%	34.61%
Deferred Tax Assets	687.29	753.18	695.09
DTA / (DTL)	(400.16)	(410.44)	(339.63)
MAT Credit Entitlement	2,156.61	2,142.34	2,087.66
Net Deferred Tax Assets	1,756.46	1,731.91	1,748.02

50. Fair Value Measurements

(i) Financial instruments by category

The carrying amounts of financial instruments by class are as follows

(Rs. In Lakhs)			
Particulars	As at 31 st March, 2018	As at 31 st March, 2017	As at 1 st April, 2016
A. Financial assets			
I. Measured at amortised cost			
Loans	4,849.42	4,083.58	4,334.35
Trade Receivables	14,131.97	12,869.34	12,554.72
Cash and Cash Equivalents	3.03	0.87	0.87
Other Financial Assets	91.90	92.16	92.74
II. Measured at fair value through profit and loss (FVTPL)			
Financial Guarantees-Deemed Investment	1,062.98	1,061.12	1,056.48
Investment in Preference Shares of Holding Company	-	2,741.80	3,475.74
Other Financial Assets	54.63	50.72	48.74
III. Measured at fair value through other comprehensive income (FVOCI)			
Investment in Equity Instruments of Related Entity	1,535.00	1,535.00	1,535.00
	21,728.93	22,434.59	23,098.65
B. Financial liabilities			
I. Measured at amortised cost			
Borrowings	7,191.80	8,891.10	9,014.18
Trade Payables	10,227.08	8,499.34	9,016.15
II. Measured at fair value through profit and loss (FVTPL)			
Financial Guarantees	989.16	1,084.90	1,056.48
Finance lease obligation	4.23	4.23	4.57
	18,412.27	18,479.56	19,091.38

(ii) Fair value hierarchy

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are (a) recognised and measured at fair value. To provide an indication about the reliability of the inputs used in determining fair value, the entity has classified its financial instruments into 3 levels prescribed under the accounting standard.

Level 1: Level 1 hierarchy includes financial instruments measure quoted prices

Level 2: The fair values of financial instruments that are not traded in an active market are determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all the significant inputs required to fair value an instrument are observable, the instrument is included in level 2

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

(Rs. In Lakhs)			
Particulars	Level 1	Level 2	Level 3
Measured at fair value through profit and loss (FVTPL)			
As at 31st March, 2018			
Financial Guarantees-Deemed Investment	-	-	1,062.98
Investment in Preference Shares of Holding Company	-	-	-
Other Financial Assets	-	-	54.63
Financial Guarantees	-	-	989.16
Finance lease obligation	-	-	4.23
	-	-	2,111.00

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

As at 31st March, 2017			
Financial Guarantees-Deemed Investment	-	-	1,061.12
Investment in Preference Shares of Holding Company	-	-	2,741.80
Other Financial Assets	-	-	50.72
Financial Guarantees	-	-	1,084.90
Finance lease obligation	-	-	4.23
	-	-	4,942.77
As at 1st April, 2016			
Financial Guarantees-Deemed Investment	-	-	1,056.48
Investment in Preference Shares of Holding Company	-	-	3,475.74
Other Financial Assets	-	-	48.74
Financial Guarantees	-	-	1,056.48
Finance lease obligation	-	-	4.57
	-	-	5,642.02
Particulars	Level 1	Level 2	Level 3
Measured at fair value through other comprehensive income (FVOCI)			
As at 31st March, 2018			
Investment in Equity Instruments of Related Entity	-	-	1,535.00
	-	-	1,535.00
As at 31st March, 2017			
Investment in Equity Instruments of Related Entity	-	-	1,535.00
	-	-	1,535.00
As at 1st April, 2016			
Investment in Equity Instruments of Related Entity	-	-	1,535.00
	-	-	1,535.00

(iii) Valuation techniques used to determine the fair value- Level 3

Valuation is based on Income approach, wherein discounted cash flow method is used to capture present value of the expected future economic benefits to be derived from the ownership of particular financial instrument.

51. Financial Risk Management:

The company's activities expose it to credit risk, liquidity risk, market risk, price risk & operational risk. In order to minimise any adverse effects on the financial performance, the company takes various mitigation initiatives and measures. This note explains the source of risks which the entity is exposed to and how the entity manages the risks to minimise their impact on financial statements.

Risk	Exposure arising from	Measurement	Management
Credit Risk	Cash and Cash equivalents, Trade Receivables, Financial assets measured at amortised cost	Review of fixed Deposits and bank balances, Review of Ageing analysis & financial assets on quarterly basis	Fixed Deposits are kept with large nationalised bank. Ensuring strict credit control through standard operating procedures. Review of financial assets on regular basis
Liquidity Risk	Borrowings, Trade Payables and Other financial liabilities	Cash flow projections are made based on business projections	Availability of undrawn credit lines and borrowing facilities are analysed & monitored.
Market Risk- Interest Rate	Term Loans & Working Capital facilities availed at floating interest rates	Review of interest rates at regular intervals	The company through review of the interest rates at regular intervals makes sensitivity analysis and take appropriate measures to mitigate adverse impact, if any on the financial performance
Price Risk	Price variation in raw materials & consumables	Review of prices on ongoing basis	The price risk is assessed to be low as the company is able to pass the price risk to the customer.

NOTES FORMATING PART OF THE FINANCIAL STATEMENTS

Operational Risk	Capacity Utilization and Process Improvement	Review on daily basis	The company is persistently making efforts to achieve optimum capacity utilization and improve the operational processes to obtain better product yield and reduce rejection ratio to acceptable level.
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52. Capital Management:

Risk Management

The Company manages its capital to ensure that it will be able to continue as going concern and to maximise shareholders value. The Company monitors capital using Debt-Equity ratio which is total debt divided by total equity.

For the purposes of Capital Management, the Company considers following components of its Balance sheet to manage Capital:

Total equity includes Share Capital and Other Equity (Free Reserves). Total Debt includes current debt plus non-current debt.

Particulars	As at 31.03.2018	As at 31.03.2017
Total Debt (Rs. In Lakhs)	24,031.83	26,000.07
Total Equity (Rs. in Lakhs)	21,942.46	20,052.26
Debt-Equity Ratio	1.10	1.30

53. During the year, the company has made contribution of Rs. 10.00 lakhs (Rs. Nil lakhs) to Political party - Bhartiya Janta Party.
54. Figures in brackets represent previous year's figures.
55. 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 **V. Parekh & Associates**
Chartered accountants
(Firm registration No. : 107488W)

For and on behalf of the Board

Harish Sheth
Chairman & Managing Director

Shveta Vakil
Executive Director

Arun Arora
Director

Ashok Kumar Jha
Director

Vinay Shahane
Vice President - Finance

Udit Sheth
Vice Chairman

Urja Shah
Executive Director

Bhalchandra Naik
Director

Suhasini Sathe
Director

Nishant Javlekar
Company Secretary

(Rasesh V. Parekh)
Partner
Membership No. 038615
Place: Mumbai
Date: May 23, 2018

Place: Mumbai
Date: May 23, 2018

INDEPENDENT AUDITORS' REPORT

To,
THE MEMBERS OF
SETCO AUTOMOTIVE LIMITED

- **Report on the Consolidated Ind AS 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, 2018, the Consolidated Statement of Profit and Loss (including other comprehensive income), the Consolidated Cash Flow Statement and consolidated statement of changes in equity for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as "Consolidated Ind AS Financial Statements").

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

The Holding Company's Board of Directors is responsible for the preparation of these consolidated Ind AS 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 including other comprehensive income, consolidated cash flows and consolidated statement of changes in equity of the Group in accordance with accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. 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 Ind AS 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 Ind AS financial statements by the Directors of the Holding company, as aforesaid.

- **Auditor's Responsibility**

Our responsibility is to express an opinion on these consolidated Ind AS 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 Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated Ind AS financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated Ind AS 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 Ind AS 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 Ind AS 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 Ind AS 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 Indian Accounting Standard (Ind AS)-110, "Consolidated Financial Statements" prescribed under section 133 of the Act, read with the relevant rules issued thereunder. (Refer Note No. 32(ii) - "Notes forming part of Consolidated Ind AS Financial Statements"). This matter was also qualified in previous auditors' report on consolidated financial statements for the year ended 31st March, 2017.

- **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 Ind AS 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, 2018, its consolidated loss, the consolidated total comprehensive income, its consolidated cash flows and consolidated changes in equity for the year ended on that date.

- **Other Matters:**

i) The financial Information of the wholly owned ultimate foreign subsidiaries for the year ended March 31, 2017 and the transition date opening Balance Sheet as at April 01, 2016 included in these Consolidated Ind AS Financial Statements, are based on the previously issued statutory financial statements for the year ended March 31, 2017 and March 31, 2016 prepared by the management which were audited by other auditors, on which the previous auditors have expressed an unmodified opinion dated May 30, 2017 and May 30, 2016 respectively. The adjustments to those financial statements for the differences in accounting principles adopted by the Parent Company's management on transition to the Ind AS have been relied upon by us. Attention is also invited to Note No. 42 which refers to the fact that the audited financial statements of the wholly owned ultimate foreign subsidiaries have been prepared in accordance with local laws of the countries in which they operate. The said audited financial statements have been restated/recompiled by the management to meet the requirements of Indian Accounting Standards after exercising necessary due diligence to ensure true & fair view of said subsidiaries' affairs. We have also relied upon the parent company management's above assertion on restatement/recompilation of audited figures of wholly owned ultimate foreign subsidiaries to meet Ind AS requirements.

- ii) We did not audit the financial statements of wholly owned ultimate foreign subsidiaries prepared in accordance with local laws of countries in which they operate, and which have been restated/recompiled by the parent company's management to meet Ind AS requirements as well as of Indian subsidiary, whose Ind AS financial statements reflect total assets of Rs. 34333.85 lakhs as at 31st March, 2018, total revenues of Rs. 15400.20 lakhs and net cash outflows amounting to Rs. 68.91 lakhs for the year ended on that date, as considered in the consolidated Ind AS financial statements. These financial statements of wholly owned ultimate foreign subsidiaries & Ind AS financial statements of Indian subsidiary have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated Ind AS financial statements, in so far as it relates to the amounts and disclosures included in respect of these wholly owned ultimate foreign subsidiaries & Indian subsidiary, is based solely on the reports of the other auditors and parent company's restatement/re-compilation of audited figures of wholly owned foreign subsidiaries to meet Ind AS requirements.

• **Emphasis of Matters**

- a) Attention is invited to Note No. 3 – Notes forming part of Consolidated Ind AS Financial Statements which refers to the fact that the parent company has in earlier years invested Rs. 1535.00 lakhs in 30,70,000 equity shares of SE Transtadia Pvt Ltd., a sports and entertainment Infrastructure company. The said company has completed the project and has commenced commercial operations in March 2017. The company has accumulated loss of Rs. 1768.86 lakhs (Rs. 1236.18 lakhs) as per latest audited financial statements as at 31.03.2017. In the opinion of the management, this investment is strategic in nature which has long term perspective and has comparatively long gestation period. This situation being a temporary phase and considering future business plans, assets base and other developments, despite accumulated losses, the management firmly believes that there is no erosion in value of its investment in said related entity. The carrying value of investment in equity shares of said related entity is also supported by valuation report obtained from independent Chartered Accountant.
- b) Attention is invited to Note No. 5 – Notes forming part of Consolidated Ind AS Financial Statements which refers to the fact that Unabsorbed depreciation and business losses mainly pertains to Indian subsidiary company i.e. Lava Cast Private Limited by virtue of arrangement entered into by the parent company with its Indian subsidiary company in preceding financial year, the subsidiary company has secured binding & confirmed sales order from parent company. Based on financial projections worked out by the subsidiary company on the strength of said confirmed order, the subsidiary company firmly believes there will be availability of taxable profits in future. Therefore, the subsidiary company has started recognising deferred tax asset on unabsorbed depreciation & carried forward business losses since preceding financial year to the extent it meets the criteria as prescribed under AS-22 "Taxes on Income". During the year, the subsidiary company has reviewed its practice of recognition of deferred tax asset under Ind AS -12 "Income Taxes" requirements and continued recognising deferred tax asset on unabsorbed Depreciation & carried forward Business Losses to the extent it is probable of its realisation in future.
- c) Attention is invited to Note No. 23 – Notes forming part of Consolidated Ind AS Financial Statements which refers to the fact that pursuant to the Central Government Notification No. F.No.10(1)/2017-DBA-11/NER dated 05th October, 2017, the parent company has recognised Rs. 549 lakhs as income being eligible reimbursement of Central Goods & Service Tax (CGST)/Integrated Goods & Service Tax (IGST) for its unit situated in Uttarakhand. The parent company has further recognised Rs. 398 lakhs as income being reimbursement of State Goods & Service Tax (SGST) share of state for the said Uttarakhand unit pending notification of incentives by the state government. The parent company believes, the issuance of notification for Goods & Service Tax (GST) benefits by the state government is certain based on the notification already issued by the central government. The parent company shall lodge its formal claims after issue of notification by the state government.
- d) Attention is invited to Note No. 36 – Notes forming part of Consolidated Ind AS Financial Statements which refers to the fact that 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 payables, creditors for capital expenditure and capital advances are subject to reconciliation and/or confirmation.
- e) Attention is invited to Note No. 39 – Notes forming part of Consolidated Ind AS Financial Statements which refers to the fact that disclosure in respect of materials & component consumption, inventories, deferred tax assets, 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.
- f) In forming our opinion on the consolidated Ind AS 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.

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

- 1) 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 Ind AS 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 Ind AS 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 Ind AS 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 (including other comprehensive income, Consolidated Statement of Changes in Equity 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 Ind AS 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 Ind AS financial statements comply with the Indian Accounting Standards prescribed under Section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015 as amended.
- 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, 2018 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, 2018 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 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i) The Group has disclosed the impact of pending litigations as at 31st March, 2018 on its financial position in consolidated Ind AS financial statements. (Refer Note No. 35 (B) of the Consolidated Ind AS Financial Statements.)
 - ii) The Group did not have any long-term contracts including derivative contracts as at 31st March, 2018 for which there were any material foreseeable losses;
 - iii) There has been no delay in transferring the amounts, required to be transferred to the Investor Education and Protection Fund by the Group.

For V. Parekh & Associates
Chartered Accountants
(Firm Registration No. 107488W)

(Rasesh V. Parekh)
Partner
Membership No. 038615

Place : Mumbai
Date : May 23, 2018

ANNEXURE TO INDEPENDENT AUDITORS' REPORT ON CONSOLIDATED IND AS 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 Ind AS financial statements of the group as of and for the year ended 31st March 2018, 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 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 judgment, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained, and audit evidence obtained by the auditors of Indian subsidiary company in terms of their report referred to in the Other Matters paragraph below, 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 Ind AS 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 Ind AS 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 Ind AS 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.

Other Matters

Our aforesaid report on the adequacy and operating effectiveness of the internal financial controls over financial reporting in so far as it relates to Indian subsidiary, is based on the corresponding report of the auditors of the said Indian subsidiary.

Our opinion is not modified in respect of above matter.

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, 2018, 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 V. Parekh & Associates
Chartered Accountants
(Firm Registration No. 107488W)

(Rasesh V. Parekh)
Partner
Membership No. 038615

Place : Mumbai
Date : May 23, 2018

BALANCE SHEET

AS AT 31st MARCH, 2018

Rs. in Lakhs

	Particulars	Note No.	As at 31 st March, 2018	As at 31 st March, 2017	As at 1 st April, 2018
1	ASSETS:				
	Non-current assets				
	a. Property, plant and equipment	2	28,577.60	29,734.66	16,637.30
	b. Capital work-in-progress	2	11.14	10.97	12,410.25
	c. Intangible assets	2	3,475.10	3,256.19	5,008.90
	d. Intangible Assets Under Development	2	1,489.57	1,712.55	1,265.12
	e. Financial assets				
	(i) Investments	3	1,535.00	4,276.80	5,010.74
	(ii) Loans		-	-	-
	(iii) Other financial assets	4	30.76	-	-
	f. Deferred tax assets (net)	5	3,935.30	3,336.15	1,960.58
	g. Other non-current assets	6	169.07	373.79	613.56
	Total non-current assets		39,223.54	42,701.11	42,906.45
2	Current assets				
	a. Inventories	7	16,270.62	13,768.61	14,461.27
	b. Financial assets				
	(i) Trade receivables	8	12,716.63	12,357.26	11,140.66
	(ii) Cash and cash equivalents	9	469.64	853.08	406.75
	(iii) Bank balances other than (ii) above	10	92.38	80.41	67.79
	(iv) Loans		-	-	-
	(v) Other financial assets		-	-	-
	c. Other current assets	11	3,540.18	2,827.34	2,853.52
	Total current assets		33,089.45	29,886.70	28,929.98
	Total assets		72,312.99	72,587.81	71,836.44
	EQUITY AND LIABILITIES:				
	EQUITY				
	Equity share capital	12	2,671.93	2,671.93	2,671.93
	Other equity		16,106.03	17,039.24	19,056.09
	Total Equity		18,777.96	19,711.17	21,728.02
	LIABILITIES				
1	Non-current liabilities				
	a. Financial liabilities				
	(i) Borrowings	13	13,583.16	17,443.02	19,086.87
	(ii) Other financial liabilities	14	56.93	53.88	50.00
	b. Provisions	15	175.56	123.68	101.86
	c. Deferred tax liabilities (net)		-	-	-
	d. Other non-current liabilities	16	14.62	16.05	17.47
	Total non-current liabilities		13,830.27	17,636.63	19,256.20
2	Current liabilities				
	a. Financial liabilities				
	(i) Borrowings	17	19,512.91	20,659.86	17,954.14
	(ii) Trade payables due to micro, small and	18	764.00	354.04	290.10
	(iii) Trade payables other than due to micro,	18	9,939.70	8,266.23	7,567.34
	(iv) Other financial liabilities	19	6,588.96	4,810.58	3,557.86
	b. Other current liabilities	20	2,264.58	776.48	1,058.28
	c. Provisions	21	248.22	168.39	93.50
	d. Current tax liabilities (net)	22	386.39	204.43	330.99
	Total current liabilities		39,704.76	35,240.01	30,852.21
	Total liabilities		53,535.03	52,876.64	50,108.41
	Total equity and liabilities		72,312.99	72,587.81	71,836.43

Notes including Significant Accounting Policies are an integral part of the Consolidated Financial Statements: 1 to 43

As per our report of even date attached

For **V. Parekh & Associates**

Chartered accountants

(Firm registration No.: 107488W)

For and on behalf of the Board

Harish Sheth

Chairman & Managing Director

Shveta Vakil

Executive Director

Udit Sheth

Vice Chairman

Urja Shah

Executive Director

(Rasesh V. Parekh)

Partner

Membership No. 038615

Place: Mumbai

Date: May 23, 2018

Arun Arora

Director

Ashok Kumar Jha

Director

Vinay Shahane

Vice President - Finance

Bhalchandra Naik

Director

Suhasini Sathe

Director

Nishant Javlekar

Company Secretary

Place: Mumbai
Date: May 23, 2018

STATEMENT OF PROFIT AND LOSS

FOR THE YEAR ENDED ON 31st MARCH, 2018

Rs. in Lakhs

	Particulars	Note No.	Year ended 31 st March, 2018	Year ended 31 st March, 2017
	Continuing operations			
I.	Revenue from operations (gross)	23	59,086.12	60,767.52
II.	Other income	24	1,272.32	24.28
III.	Total Revenue (I + II)		60,358.44	60,791.80
IV.	EXPENSES:			
	Cost of materials consumed	25	28,941.79	28,478.70
	Changes in inventories of finished goods and work-in-progress	26	(519.79)	(83.65)
	Excise duty on sales		550.05	3,803.19
	Employee benefit expenses	27	7,933.48	7,838.95
	Finance costs	28	5,041.05	5,104.06
	Depreciation and amortization expenses	2	3,310.64	3,122.07
	Less: Capitalized under the head of intangible assets under development (Refer		(89.84)	(99.73)
	Net depreciation and amortization expenses		3,220.80	3,022.34
	Other expenses	29	15,144.13	14,833.44
	Total expenses (IV)		60,311.51	62,997.03
V.	Profit/(loss) before exceptional items and tax (III - IV)		46.93	(2,205.23)
VI.	Exceptional items		-	-
VII.	Profit/(loss) before tax (V - VI)		(46.93)	(2,205.24)
VIII.	Tax expense/(credit)			
	- Current tax		811.54	554.91
	- Deferred tax		(661.86)	(1,345.73)
	MAT credit entitlement			
	- Previous years		41.98	13.04
	- Current year		(48.38)	(67.73)
	Tax adjustment for earlier years		-	-
			143.28	(845.51)
IX.	Profit/(loss) for the year from continuing operations (VII - VIII)		(96.35)	(1,359.72)
X.	Other comprehensive income/(loss)			
	A. (i) Items that will not be reclassified to profit or loss			
	a. Fair value of equity instruments through other comprehensive income		-	-
	b. Remeasurement of gain/(loss) on defined benefit plans		0.78	53.35
	(ii) Income tax relating to items that will not be reclassified to Profit or		-	-
	B. (i) Items that will be reclassified to profit or loss		2.35	(13.38)
	(ii) Income tax relating to items that will be reclassified to profit or loss		-	-
			3.13	39.97
XI.	Total comprehensive income for the year (IX + X)		(93.22)	(1,319.75)
	Profit for the year attributable to			
	Owners of the company		375.15	(865.63)
	Non-controlling Interest		(471.50)	(494.09)
	Other Comprehensive Income for the year attributable to			
	Owners of the company		3.95	31.89
	Non-controlling Interest		(0.82)	8.07
	Total Comprehensive Income for the year attributable to			
	Owners of the company		(379.10)	(833.74)
	Non-controlling Interest		(472.32)	(486.02)
XII.	Earnings per equity share (face value of Rs. 2/- Each)			
	- Basic (In Rs. per share) to the extent of profit attributable to the owners		0.28	(0.65)
	- Diluted (In Rs. Per share) to the extent of profit attributable to owners		0.28	(0.65)

Notes including Significant Accounting Policies are an integral part of the Consolidated Financial Statements: 1 to 43

As per our report of even date attached

For **V. Parekh & Associates**

Chartered accountants

(Firm registration No.: 107488W)

For and on behalf of the Board

Harish Sheth

Chairman & Managing Director

Udit Sheth

Vice Chairman

Shveta Vakil

Executive Director

Urja Shah

Executive Director

Arun Arora

Director

Ashok Kumar Jha

Director

Bhalchandra Naik

Director

Suhasini Sathe

Director

Rasesh V. Parekh)

Partner

Membership No. 038615

Place: Mumbai

Date: May 23, 2018

Vinay Shahane

Vice President - Finance

Nishant Javlekar

Company Secretary

Place: Mumbai

Date: May 23, 2018

CASH FLOW STATEMENT

FOR THE YEAR ENDED ON 31st MARCH, 2018

Rs. in Lakhs

	Particulars	Year ended 31 st March, 2018	Year ended 31 st March, 2017
A.	CASH FLOW FROM OPERATING ACTIVITIES		
	Net Profit before tax	46.93	(2,205.23)
	Adjustment for		
	Depreciation	3,220.80	3,022.34
	(Profit)/loss on sale of property, plant and equipment	(1.74)	(1.51)
	Unrealized exchange loss/(gain)	379.11	421.34
	Interest expense on financial liabilities at amortized cost	5,041.05	5,216.78
	Finance Income - fair value gain on redemption of Investment in preference shares	(723.20)	(66.06)
	Interest income	(92.55)	(13.94)
	Corporate tax	(811.54)	(554.91)
	MAT credit entitlement	14.27	54.69
	Employee stock options cost	17.76	36.94
	Employee Benefits Designated Through Other Comprehensive Income	0.78	53.35
	Operating profit / (loss) before changes in working capital	7,091.68	5,963.80
	Trade receivables	(359.37)	(1,216.60)
	Inventories	(2,502.0)	692.63
	Other Financial Assets	568.39	192.57
	Other Current / Non-Current Assets	(508.12)	(1,641.53)
	Trade payables	1,673.48	(762.83)
	Provisions	(131.71)	96.71
	Other Current / Non-Current Liabilities	1,593.76	(283.22)
	Other Financial Liabilities	1,781.42	1,256.60
	Liabilities and provisions	-	-
	Change in current assets/liabilities	2,115.84	(1,665.66)
	Net cash flow generated from operating activities before tax	9,207.51	4,298.14
	Direct taxes (tax deducted at source)	(19.24)	(34.03)
	Net cash flow from operating activities	9,188.27	4,264.10
B.	CASH FLOW FROM INVESTING ACTIVITIES		
	Purchase of property, plant and equipment	(1,251.31)	(1,700.59)
	Sale of property, plant and equipment	23.59	79.48
	Intangible asset	(543.68)	(881.63)
	Interest income	92.55	13.94
	Redemption of Preference Shares by Setco Engineering Private Limited	2,741.80	800.00
----	Finance Income - Fair value gain on redemption of Investment in Preference Shares ---- with related parties	723.20	66.06
	Net cash used in investing activities	1,786.14	(1,622.75)

	Particulars	Year ended 31 st March, 2018	Year ended 31 st March, 2017
C.	CASH FLOW FROM FINANCING ACTIVITIES		
	Proceeds from cash credit	1,888.52	3,245.73
	Proceeds from short term loans	1,431.94	920.00
	Proceeds from term / other loans	2,544.11	3,647.92
	Repayment of short term loans	(3,035.48)	(1,460.00)
	Repayment of term loans	(7,835.91)	(3,496.98)
	Proceeds from shares issued to minorities	-	412.36
	Final dividend and dividend distribution tax	(1,045.15)	-
	Interest expense on Financial Liabilities at Amortized Cost	(5,041.05)	(5,216.78)
		(11,093.02)	(1,947.75)
D.	Impact of Exchange Fluctuation on the Cash Flow	(264.84)	(111.85)
	Net Increase in Cash and Cash Equivalents (A+B +C+D)	(383.45)	581.76
	Opening Cash and Cash Equivalents	853.08	271.34
	Closing Cash and Cash Equivalents	469.64	853.08

Notes: -

1. The above Cash Flow Statement has been prepared under the "Indirect method" as set out in the Indian Accounting Standard - 7 on Statement of Cash Flows, as notified under section 133 of Companies Act, 2013, read with the Companies (Indian Accounting Standards) Rules, 2015.
2. Previous year's figures have been regrouped / restated / reclassified whenever necessary.
3. Purchase of property, plant & equipment includes cost incurred on capital work-in-progress.
4. Cash and cash equivalents include 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 Consolidated Financial Statements: 1 to 43

As per our report of even date attached
For **V. Parekh & Associates**
Chartered accountants
(Firm registration No.: 107488W)

(Rasesh V. Parekh)
Partner
Membership No. 038615
Place: Mumbai
Date: May 23, 2018

For and on behalf of the Board

Harish Sheth
Chairman & Managing Director

Shvetal Vakil
Executive Director

Arun Arora
Director

Ashok Kumar Jha
Director

Vinay Shahane
Vice President – Finance

Udit Sheth
Vice Chairman

Urja Shah
Executive Director

Bhalchandra Naik
Director

Suhasini Sathe
Director

Nishant Javlekar
Company Secretary

Place: Mumbai
Date: May 23, 2018

Consolidated Statement of Changes in Equity for the year ended on 31st March, 2018

A. Equity share capital

Particulars	Rs. in lakhs
Balance as at 1 st April, 2016	2,671.93
Changes in Deemed Equity Share Capital During the Year	-
Balance as at 31 st March, 2017	2,671.93
Changes in Equity Share Capital During the Period	-
Balance as at 31st March, 2018	2,671.93

B. Other Equity

Particulars	Reserves and Surplus				Share option outstanding amount	Currency Translation reserve	Total	Non-Controlling Interest	Owners' Equity
	Capital Reserve	General Reserve	Security Premium Reserve	Retained Earnings					
Balance as at 1st April, 2016	0.21	1,948.62	188.20	16,020.68	-	-	18157.71	898.38	19,056.09
Transfer from revenue reserve to general reserve	-	-	-	-	35.41	-	35.41	-	35.41
Addition during the year	-	-	-	-	-	-	149.56	-	149.56
Currency Translation Reserve for the year	-	-	-	(1,286.35)	-	149.56	(1,286.35)	-	(1,286.35)
Dividend (including tax on dividend) declared and paid	-	-	-	(833.74)	-	-	(834.74)	-	(833.74)
Profit for the year	-	-	-	-	-	-	(833.74)	-	-
Other Comprehensive Income (net of tax)	-	-	-	(833.74)	-	-	(833.74)	-	(833.74)
Total comprehensive income for the year ended 31	-	-	-	-	-	-	-	-	-
Balance as at 31st March, 2017	0.21	1,948.62	188.20	13,900.60	35.41	149.56	16,222.59	816.65	17,039.24
Transferred to other reserve	-	-	-	-	17.76	-	17.76	-	17.76
Profit for the year	-	-	-	379.10	-	-	379.10	-	379.10
Currency Translation Reserve for the year	-	-	-	-	-	(322.39)	(322.39)	-	(322.39)
Dividend (including tax on dividend) declared and paid	-	-	-	(1,045.16)	-	-	(1,045.16)	-	(1,045.16)
Other Comprehensive Income (net of tax)	-	-	-	-	-	-	-	-	-
Total comprehensive income for the year ended 31	-	-	-	-	-	-	-	-	-
Balance as at 31st March, 2018	0.21	1,948.62	188.20	13,234.54	53.17	(172.83)	15,258.01	848.02	16,106.03

Notes including Significant Accounting Policies are an integral part of the Consolidated Financial Statements: 1 to 43

As per our report of even date attached
For V. Parekh & Associates
Chartered accountants
(Firm registration No.: 107488W)

For and on behalf of the Board

Harish Sheth Chairman & Managing Director	Udit Sheth Vice Chairman
Shveta Vakil Executive Director	Urja Shah Executive Director
Arun Arora Director	Bhalchandra Naik Director
Ashok Kumar Jha Director	Suhasini Sathe Director
Vinay Shahane Vice President – Finance	Nishant Javlekar Company Secretary

(Rasesh V. Parekh)

Partner
Membership No. 038615
Place: Mumbai
Date: May 23, 2018

Place: Mumbai
Date: May 23, 2018

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED ON 31st MARCH, 2018

1. SIGNIFICANT ACCOUNTING POLICIES

1.1. The consolidated financial statements relate to Setco Automotive Limited ("the Company" / "Parent Company" / "Holding Company") and its subsidiary companies (referred to as "Group"). The consolidated financial statements have been prepared on following basis:

1.2. These financial statements comply in all material aspects with Indian Accounting Standards (Ind AS) notified under section 133 of the Companies Act, 2013 (the Act) [Companies (Indian Accounting Standards) Rules, 2015], as amended and other relevant provisions of the Act.

The financial statements up to year ended 31st March 2017 were prepared in accordance with the Accounting Standards notified under Companies (Accounting Standard) Rules, 2006 (as amended), Companies (Accounting Standards) Amendment Rules 2016 and other relevant provisions of the Act.

These financial statements are the first financial statements of the Group under Ind AS. Refer Note No.1.15 for an explanation of how the transition from previous GAAP to Ind AS has affected the Group's financial position, financial performance and cash flows.

The group follows the mercantile system of accounting and recognises income and expenditure on an accrual basis. The financial statements are prepared under historical cost convention, except for the following:

- certain financial assets and liabilities that are measured at fair value;
- defined benefit plans where plan assets are measured at fair value; and
- share-based payments at fair value as on the grant date of options given to employees.

Estimates and assumptions used in the preparation of the financial statements and disclosures are based upon management's evaluation of the relevant facts and circumstances as of the date of the financial statements, which may differ from the actual results at a subsequent date. The critical estimates and judgments are presented in detail in Significant Accounting Policy no. 1.15

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Schedule III (Division II) to the Companies Act, 2013. Based on the nature of products and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current or non-current classification of assets and liabilities.

Functional and presentation currency

These Ind AS Financial Statements are prepared in Indian Rupee which is the Parent Company's functional currency. All financial information presented in Rupees has been rounded to the nearest lakhs with two decimals.

1.3. 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:

- a) The consolidated financial statements are based on the audited accounts of the company and the audited accounts of the subsidiaries of the same reporting date.
- b) The financial statements of the company and its subsidiary companies are combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, incomes and expenses, after fully eliminating significant intra group balances and intra group transactions in accordance with Indian Accounting Standard (Ind AS) 110 – "Consolidated Financial Statements".
- c) In case of foreign subsidiaries, 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 all material 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) Profit or loss and each component of other comprehensive income are attributed to the owners of the Parent Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Parent Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.
- f) Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries.

1.4. Business Combination

- a) Business combinations, involving entities or businesses are accounted for using acquisition method.
- b) There is no common control business combination, involving entities or businesses in which all the combining entities or businesses are ultimately controlled by the same party or parties both before and after the business combination.
- c) The Group has elected not to apply Ind AS 103 'Business Combinations' retrospectively to past business combinations that occurred before the transition date of April 1, 2016.

1.5. Deemed cost on transition to Ind AS

The Group has elected to continue with the carrying value of all of its property, plant and equipment (except leasehold land which has been carried at the value determined in accordance with Ind AS 17 "Leases" on the transition date) and Intangible Assets recognised as of April 1, 2016 (the transition date) measured as per the previous GAAP and use such carrying value as its deemed cost as of the transition date.

1.6. Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception date, whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED ON 31st MARCH, 2018

arrangement conveys a right to use the asset, even if that right is not explicitly specified in the arrangement.

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Group is classified as a finance lease and accordingly all other leases that do not qualify as finance leases are classified as operating leases.

Rental expense from operating leases is generally recognised on a straight-line basis over the term of the relevant lease. Where the rentals are structured solely to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases, such increases are recognised in the year in which such benefits accrue.

1.7. Taxes on Income

A. Current Tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

B. Deferred Tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the parent company will pay normal income tax. Accordingly, MAT is recognised as an asset in the Balance Sheet when it is probable that future

economic benefit associated with it will flow to the parent Company.

1.8. 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, 2018, goodwill is not considered to be impaired.

1.9. Impairment of Assets

At the end of each reporting period, the Group determines whether there is any indication that its assets have suffered an impairment loss with reference to their carrying amounts. If any indication of impairment exists, the recoverable amount (i.e. higher of the fair value less costs of disposal and value in use) of such assets is estimated and impairment is recognised, if the carrying amount exceeds the recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

When an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

1.10. Financial Instruments

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss."

Classification of Financial Assets

The financial assets are initially measured at fair value. Transaction costs that are directly attributable to the acquisition of financial assets are added to the fair value of the financial assets on initial recognition.

I. After initial recognition

Financial assets (other than Investments) are subsequently measured at amortised cost using the effective interest method.

Effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED ON 31st MARCH, 2018

Investments in debt instruments that meet the following conditions are subsequently measured at amortised cost:

- the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows;
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments on principal and interest on the principal amount outstanding.
- Income on such debt instruments is recognised in profit or loss and is included in the "Other Income".

The Group has not designated any debt instruments as fair value through other comprehensive income.

II. Investment in Equity instruments of Related Entity:

The parent company has designated its investments in Equity Shares of one of its related entity at fair value through OCI. Such financial assets are measured at fair value at the end of each reporting period, with gains or losses arising on re-measurement recognised in OCI which are not subsequently reclassified to P & L and are reported in Other Equity.

III. Other Financial assets which are not carried at amortised cost or FVTOCI are measured at fair value through P & L.

Such financial assets are measured at fair value at the end of each reporting period, with any gains or losses arising on re-measurement recognised in profit or loss.

Impairment of financial assets

The Group recognises loss allowances for expected credit losses on financial assets measured at amortised cost.

A financial asset is regarded as credit impaired when one or more events that may have a detrimental effect on estimated future cash flows of the asset have occurred. The Group applies the expected credit loss model for recognising impairment loss on financial assets (i.e. the shortfall between the contractual cash flows that are due and all the cash flows (discounted) that the Company expects to receive).

The Group follows 'simplified approach' for recognition of impairment loss allowance on trade receivables. The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime Expected Credit Losses (ECLs) at each reporting date, right from its initial recognition.

The Group uses a provision matrix to determine impairment loss allowance on the group of trade receivables. The provision matrix is based on its historically observed default rates over the expected life of the trade receivable and is adjusted for forward looking estimates. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

Expected credit losses are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Company in accordance with the contract and the cash flows that the Company expects to receive).

Expected Credit Losses/ impairment loss allowance (or reversal) recognized during the period is recognized as income/ expense in the statement of profit and loss. This amount is reflected/reported under the head 'other expenses' in the statement of profit and loss.

De-recognition of financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Group

neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. On de-recognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in the Statement of profit and loss.

The Group has applied the de-recognition requirements of financial assets prospectively for transactions occurring on or after April 1, 2016 (the transition date).

Financial liabilities and equity instruments

Classification as debt or equity

Debt and equity instruments issued by the Group are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by an entity are recognised at the proceeds received, net of direct issue costs.

Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method. The carrying amounts of financial liabilities that are subsequently measured at amortised cost are determined based on the effective interest method. Interest expense that is not capitalised as part of costs of an asset is included in the "Finance Costs".

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument.

Financial guarantee contracts issued by the Group are initially measured at their fair values and are subsequently measured (if not designated as at Fair value through profit or loss) at the higher of:

- the amount of impairment loss allowance determined in accordance with requirements of Ind AS 109; and
- the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance with the principles of Ind AS 18.

The Intra group financial guarantees are eliminated in consolidation.

De-recognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. An exchange with a lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED ON 31st MARCH, 2018

modification of the terms of an existing financial liability (whether or not attributable to the financial difficulty of the debtor) is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

The Group has applied the de-recognition requirements of financial liabilities prospectively for transactions occurring on or after April 1, 2016 (the transition date).

1.11. Earnings per Share

The earnings considered for ascertaining the Group'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 number of 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.

1.12. Share-based Payments: 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 (Share Based Employee Benefits) Regulations, 2014 and Indian Accounting Standard (Ind AS)- 102 "Share-based Payments". The Parent Company follows the fair 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".

1.13. Provisions, Contingent Liabilities and Contingent Assets

A. Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive), as a result of past events, and it is probable that an outflow of resources, that can be reliably estimated, will be required to settle such an obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows to net present value using an appropriate pre-tax discount rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Unwinding of the discount is recognized in the statement of profit and loss as a finance cost. Provisions are reviewed at each reporting date and are adjusted to reflect the current best estimate.

B. Contingent Liabilities

The 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.

Group has significant capital commitments in relation to various capital projects which are not recognized on the balance sheet. In the normal course of business, contingent liabilities may arise

from litigation and other claims against the Group. Guarantees are also provided in the normal course of business. There are certain obligations which management has concluded, based on all available facts and circumstances, are not probable of payment or are very difficult to quantify reliably, and such obligations are treated as contingent liabilities and disclosed in the notes but are not reflected as liabilities in the financial statements. Although there can be no assurance regarding the final outcome of the legal proceedings in which the Group is involved, it is not expected that such contingencies will have a material effect on its financial position or profitability.

C. Contingent Assets

A Contingent Asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity.

A contingent asset, if any is not recognised but disclosed where an inflow of economic benefit is probable.

1.14. Other Significant Accounting Policies

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

1.15. Summary Critical Estimates & Judgments

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. The management also needs to exercise judgment in applying the Group's accounting policies. This note provides an overview of the areas that involved a higher degree of judgment or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be different than those originally assessed. Detailed information about each of these estimates and judgments is included below.

A. Deferred taxes

The Group recognises that net future tax benefit related to deferred income tax assets to the extent that it is probable that the deductible temporary differences will reverse in the foreseeable future. Assessing the recoverability of deferred income tax assets requires the company to make significant estimates related to expectations of future taxable income, which may have a scope of causing a material adjustment to the carrying amounts of assets and liabilities.

B. Inventories

The impairment of inventories is done on the basis of its aging, discontinuance of products/model, damage conditions of goods, obsolesce, expected salability. The value is written down at its estimated realisable value less cost to sell.

C. Contingent liabilities

In the normal course of business, contingent liabilities may arise from litigations and other claims against the Group. Where the potential liabilities have a low probability of crystallising or are very difficult to quantify reliably, the Group treats them as contingent liabilities. Such liabilities are disclosed in the notes but are not provided for in the financial statements. Although there can be no assurance regarding the final outcome, the Group does not expect them to have a materially adverse impact on its financial position or profitability.

Provision for product Warranty

The Group's product warranty obligations and estimations thereof are determined using historical information on the type of product, nature, frequency and average cost of warranty claims and the estimates regarding possible future incidences of product failures. Changes in estimated frequency and amount of

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future warranty claims, which are inherently uncertain, can materially affect warranty expense.

Fair Value Measurements and Valuation Processes

Some of the Group's assets and liabilities are measured at fair value for financial reporting purposes. The Management determines the appropriate valuation techniques and inputs for the fair value measurements. In estimating the fair value of an asset or a liability, the Group used market-observable data to the extent it is available. Where Level 1 inputs are not available, the Group engaged third party qualified valuers to perform the valuations in order to determine the fair values based on the appropriate valuation techniques and inputs to fair value measurements.

Impairment of 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, 2018, goodwill is not considered to be impaired.

First Time Adoption of IND-AS

These are Group's first financial statements prepared in accordance with Ind AS. The accounting policies set out in this financial statement have been applied in preparing the financial statements for the year ended 31 March 2018, the comparative information presented in these financial statements for the year ended 31 March 2017 and in the preparation of an opening Ind AS balance sheet at 1st April, 2016 (date of transition). In preparing its opening Ind AS balance sheet, the Group has adjusted the amounts reported previously in financial statements prepared in accordance with the accounting standards notified under Companies (Accounting Standards) Rules, 2006 (as amended), Companies (Accounting Standards) Amendment Rules, 2016 and other relevant provisions of the Act ("previous GAAP" or "Indian GAAP" or "IGAAP"). An explanation of how the transition from previous GAAP to Ind AS has affected Group's financial position, financial performance and cash flows is set out in the following tables and notes

Explanation 1 – Exemptions and exceptions availed

Explanation 2 – Total Comprehensive Income Reconciliation for the year ended 31st March 2017

Explanation 3 – Equity Reconciliation as at the date of transition (April 1, 2016) and as at 31st March 2017

Explanation 4 – Impact on cash flows for the year ended 31 March 2017

Explanation 1 – Exemptions and exceptions availed

Set out below are the applicable Ind AS 101 optional exemptions and mandatory exceptions applied in the transition from previous GAAP to Ind AS.

Ind AS Optional Exemptions

• Deemed Cost

Ind AS 101 permits a first-time adopter to elect to continue with the carrying value for all of its property, plant and equipment as recognised in the financial statements as at the date of transition to Ind AS, measured as per the previous GAAP and use that as its deemed cost as at the date of transition after making necessary adjustments for de-commissioning liabilities. This exemption can also be used for intangible assets covered by Ind AS 38 Intangible Assets.

Accordingly, the Group has elected to measure all of its property, plant and equipment (except leasehold land which has been carried at the value determined in accordance with Ind AS 17 "Leases" on the transition date) and intangible assets at their

previous GAAP carrying values. The deemed cost of Land & building including leasehold land carries revalued amounts as their respective revaluations were broadly comparable to their fair value at the date of revaluation.

• Business Combinations

Ind AS 101 permits a first-time adopter to elect not to apply Ind AS 103 retrospectively to past business combinations. Accordingly, Group has elected to apply Ind AS 103 prospectively.

Ind AS Mandatory Exceptions

• Estimates

An entity's estimates in accordance with Ind AS at the date of transition to Ind AS shall be consistent with estimates made for the same date in accordance with previous GAAP (after adjustments to reflect any difference in accounting policies), unless there is objective evidence that those estimates were in error. Ind AS estimates as at 1 April 2016 are consistent with the estimates as at the same date made in conformity with previous GAAP.

• Classification and measurement of financial assets

Ind AS 101 requires an entity to assess classification and measurement of financial assets (investment in debt instruments) on the basis of the facts and circumstances that exist at the date of transition to Ind AS. Accordingly classification and measurement of financial assets have been made based on the facts and circumstances that exist at the date of transition to Ind AS

Explanation 2 – Total Comprehensive Income reconciliation for the year ended 31st March, 2017

Particulars	Amount (Rs. in lacs)
Net Profit as per previous GAAP (IGAAP) (before non-controlling interest)	(1,278.50)
Actuarial Gains and Losses on defined benefit plans moved to Other Comprehensive Income	(53.35)
Fair Value gain on redemption of Investment through P & L	66.06
Change in Accounting Policy of Warranty and Commission Expenses	(136.83)
Deferred Tax Impact	36.29
Interest Expenses measured at amortised cost (Reversal)	49.36
Borrowings measured at amortised cost (Bank Charges Reversed)	57.16
Asset related Government Grants – Amortisation	1.42
Others	(101.34)
Net profit as per Ind AS	(1,359.73)
Other Comprehensive Income, Net of Income Tax	39.97
Total Comprehensive Income as per Ind AS	(1,319.77)

Explanation 3 – Equity Reconciliation as at the date of transition (1st April, 2016) and as at 31st March, 2017

Particulars	31-Mar-17	31-Mar-16
Total Equity as per Previous GAAP	21,276.62	22,318.22
Investment in Holding Company at fair value through FVTPL	(723.20)	(789.26)
Financial Instruments held at fair value through FVTPL	(22.72)	(25.71)
Change in Accounting Policy of Warranty & Commission Expenses	(1,190.41)	(1,053.58)
Interest Income From Foreign Subsidiary	(92.61)	-
Financial Guarantee Charges Recovered	(30.94)	-

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Interest Expenses Reversed	46.36	-
Bank Charges Reversed	57.17	-
Others	(260.83)	(618.29)
Impact of Government Grants	(17.47)	(18.89)
Reversal of Revaluation Reserve on Financial Lease	(10.39)	(10.39)
Deferred Tax on above adjustments	679.58	639.57
Reversal of Dividend & Tax there on for financial year 2015 – 2016	-	1,286.35
Total Equity as per Ind AS	19,711.17	21,728.02

A. Remeasurements of Post-Employment Benefit Obligations

Under Ind AS, remeasurements i.e. actuarial gains and losses and the return on plan assets, excluding amounts included in the net interest expense on the net defined benefit liability are recognised in other comprehensive income instead of profit or loss. Under the previous GAAP, these remeasurements were forming part of the profit or loss for the year. As a result of this change, the profit for the year ended 31st March, 2017 decreased by Rs. 53.35 lacs. There is no impact on the total equity as at 31st March, 2017.

Financial Instruments

Certain Financial Assets and Liabilities i.e. Bank Deposits and Bank Term Loans are subsequently measured at amortised cost.

B. Deferred Tax

Under Previous GAAP, deferred tax was accounted based on the differences between taxable profits and accounting profits for the period. Under Ind AS, entities are required to use a balance sheet approach, which is based on the temporary differences between the carrying amounts of an asset or liability in the balance sheet and its tax base. Deferred Tax shall also be created on various transitional adjustments. For transactions and other events recognised in profit or loss, any related tax effects are also recognised in profit or loss. For transactions and other events recognised outside profit or loss (either in other comprehensive income or directly in equity), any related tax effects are also recognised outside profit or loss (either in other comprehensive income or directly in equity, respectively). Consequently, deferred tax assets (net) for the year have increased by Rs. 36.29 lacs. The total equity has been increased by Rs. 679.58 lacs as at 31.03.17.

C. Other comprehensive income

Under Ind AS, all items of income and expense recognised in a period should be included in profit or loss for the period, unless a standard requires or permits otherwise. Items of income and expense that are not recognised in profit or loss but are shown in the statement of profit and loss as 'other comprehensive income' consist of remeasurements of defined benefit plans. The concept of other comprehensive income did not exist under previous GAAP. Consequently, the other comprehensive income has decreased by Rs. 39.97 lacs (net of deferred tax) on account of remeasurement of defined benefit plans for the year ended 31st March, 2017.

D. Share-based payments to employees

Under the previous GAAP, the cost of equity-settled employee share-based plan was recognised using the intrinsic value method. Under Ind AS, the cost of equity settled share-based plan is recognised based on the fair value of the options as at the grant date. Consequently, the amount recognised in share option outstanding account is Rs. 35.42 lacs as at 31 March 2017. The profit for the year ended 31 March 2017 decreased by Rs. 35.42 lacs. There is no impact on total equity.

E. Investment in preference shares of Setco Engineering Pvt Ltd

The Company had investment in preference shares which were redeemable within 15 years. Under the previous GAAP, the said investments were classified as long-term investments based on the intended holding period. These investments were carried at cost less provision for other than temporary decline in the value of such investments. Under Ind AS, the said investments are considered as financial assets and classified as per the business model under which they are held. Thereby these investments were classified at fair value through profit or loss. This investment has been recognised at their fair value at initial recognition with a corresponding adjustment made to equity. Consequently, total equity as at 1st April, 2016 has decreased by Rs. 789.26 lakhs. The fair value gain on account of part redemption of said investment recognised is Rs. 66.06 lakhs for the year ended 31st March, 2017. Accordingly, the profit for the year has increased by Rs. 66.06 lakhs and total equity as at 31st March 2017 has decreased by Rs. 723.20 lakhs.

F. Borrowings:

Ind AS 109 requires transaction costs incurred towards origination of borrowings to be considered for determining the carrying amount of borrowings on initial recognition. These costs are recognised in the profit or loss over the tenure of the borrowing as part of the finance/interest expense by applying the effective interest rate method. Under previous GAAP, these transaction costs were charged to profit or loss as and when incurred. Accordingly, borrowings as at 31 March 2017 have been decreased by Rs.46.36 lakh with a corresponding adjustment to retained earnings. The total equity increased by an equivalent amount.

G. Proposed Dividend

Under the previous GAAP, dividends proposed by the board of directors after the balance sheet date but before the approval of the financial statements were considered as adjusting events. Accordingly, provision for proposed dividend was recognised as a liability. Under Ind AS, such dividends are recognised when the same is approved by the shareholders in the general meeting. Accordingly, the liability for proposed dividend of Rs.1286.35 lakh (inclusive of dividend distribution tax of Rs.217.57 lakh) as at 1 April 2016 included under provisions has been reversed with corresponding adjustment to retained earnings. Consequently, the total equity as at 1 April 2016 increased by an equivalent amount. The said dividend has been paid in the financial year 2016-17.

Explanation 4 – Impact on Cash Flows for the year ended 31st March, 2017

There are no material impacts in cash flows due to transition to Ind AS.

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Note -2		(Rs. in Lakhs)									
Property, Plant and Equipment		GROSS BLOCK				DEPRECIATION				NET BLOCK	
SR. NO.	PARTICULARS	Cost as on 01.04.2017	Additions for the year	Adjustment for the year	Cost as on 31.03.2018	Up to 01.04.2017	Additions for the year	Adjustment for the year	Up to 31.03.2018	As on 31.03.2018	As on 31.03.2017
A	Property, Plant & Equipment										
1	Free Hold Land	4,186.80	-	22.23	4,209.03	-	-	-	-	4,209.03	4,186.80
	<i>Previous year</i>	4,205.12	16.28	(34.60)	4,186.80	-	-	-	-	4,186.80	4,205.12
2	Lease Hold Land	366.34	-	(5.45)	360.89	3.90	3.90	-	7.80	353.09	362.44
	<i>Previous year</i>	366.34	-	-	366.34	-	3.90	-	3.90	362.44	366.34
3	Buildings	7,329.44	460.51	79.56	7,869.51	260.61	302.46	22.10	585.16	7,284.34	7,068.83
	<i>Previous year</i>	4,333.89	3,102.53	(106.98)	7,329.44	-	294.56	(33.94)	260.61	7,068.83	4,333.89
4	Plant & Machinery	16,745.51	817.27	24.24	17,587.03	1,608.83	1,837.08	38.13	3,484.03	14,102.99	15,136.68
	<i>Previous year</i>	6,360.43	10,562.02	(176.93)	16,745.51	-	1,695.27	(86.45)	1,608.83	15,136.68	6,360.43
5	Furniture & Fixtures	211.18	3.62	1.42	216.23	20.93	26.11	0.56	47.60	168.63	190.25
	<i>Previous year</i>	145.82	65.88	(0.52)	211.18	-	21.45	(0.52)	20.93	190.25	145.82
6	Office Equipments	103.97	17.51	0.01	121.50	29.10	33.91	0.01	63.02	58.48	74.88
	<i>Previous year</i>	87.52	18.01	(1.56)	103.97	-	30.65	(1.56)	29.10	74.88	87.52
7	Pollution Equipments	224.94	1.74	-	226.68	14.71	15.22	-	29.93	196.75	210.23
	<i>Previous year</i>	1.25	223.69	-	224.94	-	14.71	-	14.71	210.23	1.25
8	Computers	397.07	19.25	19.58	435.90	145.40	137.53	18.43	301.35	134.54	251.67
	<i>Previous year</i>	395.06	38.88	(36.88)	397.07	-	179.91	(34.51)	145.40	251.67	395.06
9	Electric Fittings	2,171.40	18.11	-	2,189.50	224.69	226.56	-	451.24	1,738.26	1,946.71
	<i>Previous year</i>	424.59	1,746.81	-	2,171.40	-	224.69	-	224.69	1,946.71	424.59
10	Vehicles	371.75	67.97	(21.28)	418.44	60.12	65.07	(38.23)	86.96	331.48	311.63
	<i>Previous year</i>	322.73	51.17	(2.15)	371.75	-	65.46	(5.34)	60.12	311.63	322.73
	Sub Total (Property, Plant & Equipment)	32,108.40	1,405.99	120.31	33,634.70	2,368.28	2,647.83	40.99	5,057.10	28,577.60	29,740.11
	<i>Previous year</i>	16,642.75	15,825.27	(359.62)	32,108.40	-	2,530.60	(162.31)	2,368.28	29,740.11	16,642.75
B	Intangible Assets										
1	Goodwill	825.48	-	0.19	825.67	-	-	-	-	825.67	825.48
	<i>Previous year</i>	853.15	-	(27.67)	825.48	-	-	-	-	825.48	853.15

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Property, Plant and Equipment		(Rs. in Lakhs)									
SR. NO.	PARTICULARS	GROSS BLOCK			DEPRECIATION			NET BLOCK			
		Cost as on 01.04.2017	Additions for the year	Adjustment for the year	Cost as on 31.03.2018	Up to 01.04.2017	Additions for the year	Adjustment for the year	Up to 31.03.2018	As on 31.03.2017	As on 31.03.2018
2	Product Development	1,576.23	845.74	-	2,421.97	200.93	285.50	-	486.43	1,935.54	1,375.30
	Previous year	1,156.85	419.38	-	1,576.23	-	200.93	-	200.93	1,375.30	1,156.85
3	Technical Know how	842.69	-	97.46	940.15	88.95	170.60	76.45	336.00	604.15	753.74
	Previous year	895.29	80.15	(132.75)	842.69	-	173.23	(84.28)	88.95	753.74	895.29
4	Computer Software	484.44	17.96	(0.62)	501.78	182.75	206.72	2.57	392.04	109.74	301.69
	Previous year	414.45	114.55	(44.56)	484.44	-	217.31	(34.56)	182.75	301.69	414.45
5	Web Site Development	-	-	-	-	-	-	-	-	-	-
	Previous year	-	-	-	-	-	-	-	-	-	-
	Sub Total (Intangible Assets)	3,728.83	863.70	97.04	4,689.57	472.63	662.81	79.03	1,214.47	3,475.10	3,256.21
	Previous Year	3,319.73	614.08	(204.99)	3,728.83	-	591.47	(118.84)	472.63	3,256.21	3,319.73
C	Intangible Asset Under Development (Product Development)										
	Product Development	1,712.55	622.76	(845.74)	1,489.57	-	-	-	-	1,489.57	1,712.55
	Previous year	1,265.12	866.81	(419.38)	1,712.55	-	-	-	-	1,712.55	1,265.12
	Computer Software	-	-	-	-	-	-	-	-	-	-
	Previous year	-	61.71	(61.71)	-	-	-	-	-	-	-
D	Pre-Operative Expenses	-	-	-	-	-	-	-	-	-	-
	Previous year	1,689.18	-	(1,689.18)	-	-	-	-	-	-	-
E	Capital Work in Progress:										
1	Capital Work in Progress	10.97	11.14	(10.97)	11.14	-	-	-	-	11.14	10.97
	Previous year	12,410.25	10.97	(12,410.25)	10.97	-	-	-	-	10.97	-
	Total D	-	-	(10.97)	11.14	-	-	-	-	11.14	10.97
	Grand Total (A+B+C+D)	37,560.75	2,903.59	(639.36)	39,824.98	2,840.91	3,310.64	120.02	6,271.57	33,553.41	34,719.84
	Previous year	35,327.03	17,378.84	(15,145.12)	37,560.75	-	3,122.07	(281.16)	2,840.91	34,719.84	21,227.61

Notes: -

- Adjustment for the year include net impact of foreign exchange fluctuation of Rs.264.84 lakhs (Previous Year Rs. 205.47 lakhs)
- Product development being item of technical nature, auditors have relied on the management representation in respect of parent company
- Intangible assets under development, inter alia includes qualifying expenses including Depreciation of Rs.89.84 lakhs (Previous Year Rs. 99.73 lakhs/-) incurred on product development activities carried out in in-house R & D Centre in respect of Parent Company. (Refer Note No. 38)
- 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.

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3 Non-current investment

Rs. in Lakhs

Particulars	As at 31 st March, 2018	As at 31 st March, 2017	As at 1 st April, 2016
Investment in other related entities (at fair value through other comprehensive income):			
30,70,000 (As of 31st March 2017, 30,70,000) (As of 1st April 2016, 30,70,000) equity share @ Rs. 50/- each fully paid up of SE Transstadia Private Limited **	1,535.00	1,535.00	1,535.00
Total (equity instruments)	1,535.00	1,535.00	1,535.00
Investment in holding company (at fair value through profit & loss) :			
Nil (As of 31st March 2017, 3,46,50,000) (As of 1st April 2016, 3,46,50,000)	0	2,741.80	3,475.74
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)	0	2,741.80	3,475.74
Total (preference shares)	0	2,741.80	3,475.74
Non trade investment (unquoted) (at deemed cost) :			
i) 10 (10) equity shares of Rs. 25/- each of Kalol Urban Co.op.Bank Limited	0	0	0
	0	0	0
Total (non-current investments)	1,535.00	4,276.80	5,010.74

* Setco Engineering Private Ltd. Ceased to be holding company w.e.f. 19th March, 2018

**Investments in other related entities have been made in terms of investment limits approved by board of directors of the parent company from time to time.

The parent company has in earlier years invested Rs. 1535.00 lakhs in 30,70,000 equity shares of SE Transtadia Pvt Ltd., a sports and entertainment Infrastructure company. The said company has completed the project and has commenced commercial operations in March 2017. The company has accumulated loss of Rs. 1768.86 lakhs (1236.18 lakhs) as per latest audited financial statements as at 31.03.2017. In the opinion of the management, this investment is strategic in nature which has long term perspective and has comparatively long gestation period. This situation being a temporary phase and considering future business plans, assets base and other developments, despite accumulated losses, the management firmly believes that there is no erosion in value of its investment in said related entity. The carrying value of investment in equity shares of said related entity is also supported by valuation report obtained from independent Chartered Accountant.

4 Other financial assets (financial assets - non-current)

Rs. in Lakhs

Particulars	As at 31 st March, 2018	As at 31 st March, 2017	As at 1 st April, 2016
Fixed deposit account (on margin account) (at amortised cost)	20.87	-	-
Other deposits	178.96	345.76	206.20
Total	199.83	345.76	206.20

5 Deferred tax assets (net)

Rs. in Lakhs

Particulars	As at 31 st March, 2018	As at 31 st March, 2017	As at 1 st April, 2016
Deferred tax liabilities:			
Timing differences related to fixed assets	(1,435.33)	(2,243.03)	(767.50)

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Deferred tax assets:			
Timing differences related to expenses	363.22	1,199.11	640.42
Timing differences related to unabsorbed depreciation	1,656.40	828.66	-
Timing differences related to unabsorbed business losses	1,202.27	1,409.07	-
MAT credit entitlement	2,148.74	2,142.34	2,087.66
Total	3,935.30	3,336.15	1,960.58

Unabsorbed depreciation and business losses mainly pertains to Indian subsidiary company i.e. Lava Cast Private Limited by virtue of arrangement entered into by the parent company with its indian subsidiary company in preceding financial year, the indian subsidiary company has secured binding & confirmed sales order from parent company. Based on financial projections worked out by the indian subsidiary company on the strength of said confirmed order, the indian subsidiary company firmly believes there will be availability of taxable profits in future. Therefore, the indian subsidiary company has started recognising deferred tax asset on unabsorbed depreciation & carried forward business losses since preceding financial year to the extent it meets the criteria as prescribed under AS-22 "Taxes on Income". During the year, the indian subsidiary company has reviewed its practice of recognition of deferred tax asset under Ind AS -12 "Income Taxes" requirements and continued recognising deferred tax asset on unabsorbed Depreciation & carried forward Business Losses to the extent it is probable of its realisation in future.

6 Other non-current assets

Rs. in Lakhs

Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
Unsecured, considered good			
Capital advances	169.07	373.79	613.56
Total	169.07	373.79	613.56

7 Inventories

Rs. in Lakhs

Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
Raw materials (Including goods in transit Rs. 76.14 lakhs (Rs. 39.61 lakhs)	8,181.66	6,500.68	6,731.99
Work-in-progress	2,817.89	2,271.73	1,896.40
Finished goods (Including sales in transit Rs.121.98 lakhs (Rs.121.35 lakhs)	3,986.17	2,875.70	4,903.91
Stores and spares	1,279.92	2,099.19	912.74
Scrap	4.98	21.31	16.23
Total	16,270.62	13,768.61	14,461.27

8 Trade receivables

Rs. in Lakhs

Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
Debts			
Unsecured, considered good	12,716.63	12,357.26	11,140.66
Unsecured, considered doubtful	136.53	1.81	1.81
	12,853.16	12,359.07	11,142.47
Less: Allowance for doubtful debts	(136.53)	(1.81)	(1.81)
	12,716.63	12,357.26	11,140.66
Total	12,716.63	12,357.26	11,140.66

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9 Cash and cash equivalents

Rs. in Lakhs

Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
Cash balance	9.30	12.60	30.30
Bank balances	253.50	353.86	136.28
Fixed deposit account (lien-marked on margin account)	178.31	4.58	-
Cheques on hand	28.53	482.04	240.17
Total	469.64	853.08	406.75

10 Bank balances other than cash and cash equivalents above (financial assets-current)

Rs. in Lakhs

Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
Other bank balance			
Unclaimed dividends	92.38	80.41	67.79
	92.38	80.41	67.79

11 Other current assets

Rs. in Lakhs

Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
Advances to related parties			
Unsecured, considered good			
Transstadia Technologies Private Limited	0.22	46.36	7.82
SE Transstadia Private Limited	307.25	66.81	194.56
Western Engineering Works	-	829.61	760.51
Pre-payments			
Prepaid expenses	334.25	293.8	186.14
Advances to suppliers	736.31	(167.10)	204.59
Balances with statutory/government authorities			
Balance with central excise	-	54.24	56.84
GST/VAT refund receivables	2,146.12	1,566.98	1,401.68
Other advances	16.03	136.64	41.38
Total	3,540.18	2,827.34	2,853.52

12 Equity

Rs. in Lakhs

Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
(i) Authorised capital			
25,00,00,000 (25,00,00,000) Equity Shares of Rs. 2/- each	5,000.00	5,000.00	5,000.00
	5,000.00	5,000.00	5,000.00
Issued, subscribed and fully paid up share capital			
13,35,96,675 (13,35,96,675) equity shares of Rs. 2 each	2,671.93	2,671.93	2,671.93
	2,671.93	2,671.93	2,671.93

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED ON 31st MARCH, 2018

a. Pursuant to the approval of members of the parent company 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 Parent 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 parent company declares and pays dividends in Indian rupees. The board of directors in their meeting held on 23rd May, 2018 have proposed dividend of Rs.0.80 per share for financial year ended 31st March, 2018. The proposed dividend is subject to the approval of the shareholders at the ensuing Annual General Meeting. The total dividend appropriation would amount to approximately Rs.1,288.50 lakhs including corporate dividend tax of Rs. 219.73 lakhs

d. In the event of liquidation of the parent company, the holders of equity shares will be entitled to receive remaining assets of the parent company after distribution of all preferential amounts, in proportion to their shareholding.

(ii) Reconciliation of number of shares outstanding at the beginning and at the end of the reporting year.

Particulars	As on 31-03-2018		As on 31-03-2017	
	Number	(Rs. In Lakhs)	Number	(Rs. In Lakhs)
Equity shares				
As at the beginning of the year	13,35,96,675	2,671.93	13,35,96,675	2,671.93
Add: Shares issued on exercise of employee stock options	-	-	-	-
	13,35,96,675	2,671.93	13,35,96,675	2,671.93
Less: Changes, if any during the year	-	-	-	-
Outstanding at the end of the year	13,35,96,675	2,671.93	13,35,96,675	2,671.93

(iii) 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, 2018

Particular	31-Mar-17	31-Mar-16	31-Mar-15	31-Mar-14	31-Mar-13
	Number	Number	Number	Number	Number
Equity shares with voting rights					
Equity shares allotted as fully paid bonus shares by Capitalization of Securities Premium & General Reserve	-	-	-	-	4,43,01,355 *

* 8860271 equity shares of Rs. 10/- each restated as equity shares of Rs. 2/- each.

(iv) Shares in respect of each class in the company held by its holding company

Particular	As on 31-03-2018		As on 31-03-2017	
	Number	(Rs. In Lakhs)	Number	(Rs. In Lakhs)
Equity Shares of Rs. 2/- each fully paid				
Setco Engineering Private Limited *	6,61,13,845	1,322.28	6,77,13,845	1,354.28

* Setco Engineering Private Limited ceased to be Holding Company w.e.f. 19th March, 2018

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED ON 31st MARCH, 2018

(v) Details of shareholders holding more than 5% shares in the company

Name of Shareholders	As on 31-03-2018		As on 31-03-2017	
	Number of Equity shares	% Holding	Number of Equity shares	% Holding
Equity shares of Rs. 2/- each fully paid				
Setco Engineering Private Limited	6,61,13,845	49.49	6,77,13,845	50.69
Harishbhai K. Sheth	87,61,575	6.56	71,61,575	5.36
Udit H. Sheth	72,67,000	5.44	N.A.	N.A.

* Shareholding is below 5% as at 31st March 2017

** Setco Engineering Private Ltd. ceased to be holding company w.e.f. 19th March, 2018

13 Borrowings (At amortized cost)

Rs. in Lakhs

Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
Term loans			
From banks			
Secured	12,151.22	17,443.02	15,961.87
From others			
Unsecured	1,431.94	-	3,125.00
Total (A)	13,583.16	17,443.02	19,086.87
Other loans			
Secured borrowings	12,151.22	17,443.02	15,961.87
Unsecured borrowings	1,431.94	-	3,125.00

- Indian rupee term loan obtained by parent company from Bank of Baroda is repayable in 16 quarterly instalments each of Rs. 240 lakhs to be repaid by November, 2019. The loan is secured by first pari passu charge on parent 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 from Bank of Baroda is repayable in 16 quarterly instalments each of Rs. 312.50 lakhs to be repaid by August, 2019. The loan is secured by first pari passu charge on parent 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 and Managing Director and Mr. Udit Sheth, non-executive director of the parent company.
- Indian rupee term loan obtained by parent company from IDBI Bank is repayable in 16 quarterly instalments each of Rs. 62.50 lakhs to be repaid by January, 2020. The loan is secured by first pari passu charge on parent 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 and managing director and Mr. Udit Sheth, non-executive director of the parent company.
- Indian rupee term loan obtained by parent company from Bank of Baroda repayable in 16 quarterly instalments each of Rs. 141.00 lakhs to be repaid by September, 2022. The loan is secured by first pari passu charge on parent 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 and managing director and Mr. Udit Sheth, non-executive director of the parent company.
- Indian rupee vehicle loan taken by parent company from Daimler Financials Services India Pvt. Ltd. is repayable in 36 EMI each of Rs. 1.55 lakhs to be repaid by February 2019. The loan is secured by hypothecation of particular vehicle.
- Indian rupee vehicle loan taken by parent company from Axis Bank is repayable in 36 EMI each of Rs. 0.96 lakhs to be repaid by July, 2019. The loan is secured by hypothecation of particular vehicle.
- Indian rupee vehicle loan taken by parent company from ICICI Bank is repayable in 60 EMI each of Rs. 1.00 lakhs to be repaid by December, 2022. The loan is secured by hypothecation of particular vehicle.
- Indian rupee term loan taken by parent company from Yes Bank is against personal guarantee of Chairman and Managing Director and Mr. Udit Sheth, Non-executive director of the parent company. The loan is repayable in 4 six monthly installments each of Rs. 500 lakhs to be repaid by April, 2020.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED ON 31st MARCH, 2018

- The amount appearing in the non-current portion as on the respective reporting date are exclusive of loan classified under current maturities of long term borrowing disclosed under Note no. 17.
- US \$ vehicle term loans obtained by wholly owned ultimate 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 April, 2019. The loan is secured by first pari passu charge on vehicles of the subsidiary company.
- US \$ vehicle term loans obtained by wholly owned ultimate foreign subsidiary company, Setco Automotive (N.A.) INC. from Ford Motor Credit is to be repaid in 66 EMI each of \$ 344/- to be repaid by June, 2022. The loan is secured by first pari passu charge on vehicles of the subsidiary company.
- US \$ vehicle term loan obtained by wholly owned ultimate 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 of the subsidiary company.
- US \$ vehicle term loan obtained by wholly owned ultimate foreign subsidiary company, Setco Automotive (N.A.) INC. from Ally Financial is to be repaid in 60 EMI each of \$ 424/- to be repaid by February, 2023. The loan is secured by first pari passu charge on vehicle of the subsidiary company.
- US \$ vehicle term loan obtained by wholly owned ultimate foreign subsidiary company, Setco Automotive (N.A.) INC. from Ally Financial is to be repaid in 60 EMI each of \$ 436/- to be repaid by February, 2023. The loan is secured by first pari passu charge on vehicle of the subsidiary company.
- 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 instalments each of Rs. 458.54 lakhs, 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 instalments each of Rs. 80.04 lakhs, 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 parent company & second charge on company's entire current assets. Loan is further secured by corporate guarantee of parent company, Setco Automotive Limited.
- Mr. Udit Sheth has been redesignated from joint managing director to non-executive director w.e.f. 9th March, 2018.

14 Noncurrent: other financial liabilities

Rs. in Lakhs

Particulars	As at 31 st March, 2018	As at 31 st March, 2017	As at 1 st April, 2016
Deposits	53.03	50.00	50.00
Finance lease obligation	3.90	3.88	-
Total	56.93	53.88	50.00

15 Noncurrent provisions

Rs. in Lakhs

Particulars	As at 31 st March, 2018	As at 31 st March, 2017	As at 1 st April, 2016
Provision for employee benefits			
Provision for gratuity	75.26	30.39	0.53
Provision for compensated absences	100.30	93.29	101.33
Total	175.56	123.68	101.86

16 Other non - current liabilities

Rs. in Lakhs

Particulars	As at 31 st March, 2018	As at 31 st March, 2017	As at 1 st April, 2016
Government Grants - Cash Subsidy	14.62	16.05	17.47
	14.62	16.05	17.47

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED ON 31st MARCH, 2018

17 Borrowings (at amortized cost)

Rs. in Lakhs

Particulars	As at 31 st March, 2018	As at 31 st March, 2017	As at 1 st April, 2016
Laon repayable on demand from banks			
Secured	19,512.90	17,624.38	16,954.14
Unsecured	0.01	-	1,000.00
Total (A)	19,512.91	17,624.38	17,954.14
From other parties			
Unsecured	-	3,035.48	
Total (B)	-	3,035.48	
Total (A+B)	19,512.91	20,659.86	17,954.14

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 parent company on pari passu 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 parent company on pari passu 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 Indian subsidiary company. Working capital loan is further secured by corporate guarantee of parent company, Setco Automotive Limited.

18 Trade payable

Rs. in Lakhs

Particulars	As at 31 st March, 2018	As at 31 st March, 2017	As at 1 st April, 2016
Dues of micro, small and medium enterprises (MSME)	764.00	354.04	290.10
Others	9,939.70	8,266.23	7,567.34
Total	10,703.70	8,620.27	7,857.44

This information as required to be disclosed under Micro Small and Medium Enterprise Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the parent Company and its indian subsidiary.

Information in terms of Section 22 of Micro, Small and Medium enterprises Development Act, 2006 are given below: (Rs. in Lakhs)

Particulars	As at 31 st March, 2018	As at 31 st March, 2017	As at 1 st April, 2016
Principal amount remaining unpaid to any supplier at the end of each accounting year.	764.00	354.04	290.10
Interest due thereon remaining unpaid to any supplier as at the end of the accounting year	0.96	0.40	-
The amount of interest paid along with the amounts of the payment made to the supplier beyond the appointed day	Nil	Nil	Nil
The amount of interest due and payable for the year	Nil	Nil	Nil
The amount of interest accrued and remaining unpaid at the end of the accounting year	0.96	0.40	-

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED ON 31st MARCH, 2018

The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid

Nil

Nil

Nil

19 Current: Other financial liabilities

Rs. in Lakhs

Particulars	As at 31 st March, 2018	As at 31 st March, 2017	As at 1 st April, 2016
Current maturities of long term loans (Refer Note No.16)	5,433.93	4,419.41	2,674.81
Interest accrued and but not due on borrowings	61.57	35.26	36.04
Unpaid/unclaimed dividend *	92.38	80.41	67.79
Other Payable	1,001.08	275.50	779.21
Total	6,588.96	4,810.58	3,557.86

* 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.

20 Other current liabilities

Rs. in Lakhs

Particulars	As at 31 st March, 2018	As at 31 st March, 2017	As at 1 st April, 2016
Payable towards statutory liabilities	1,883.51	480.79	576.12
Government grants cash subsidy	1.42	1.42	1.42
Payable to employees	379.65	294.27	480.74
Total	2,264.58	776.48	1,058.28

21 Provisions

Rs. in Lakhs

Particulars	As at 31 st March, 2018	As at 31 st March, 2017	As at 1 st April, 2016
Provision for gratuity	53.00	49.06	44.23
Provision for compensated absences	6.29	3.81	49.27
Provision For warranty *	188.93	115.52	-
Total	248.22	168.39	93.50

*Provision is made for estimated warranty claims as discounted amount in respect of products sold by parent company which are still under warranty at the end of the reporting period. These claims are expected to be settled as per warranty policy. Management estimates the provision based on historical warranty claim information and any recent trends that may suggest future claims could differ from historical amounts.

22 Current tax liabilities (net)

Rs. in Lakhs

Particulars	As at 31 st March, 2018	As at 31 st March, 2017	As at 1 st April, 2016
Provision for taxation (net of advance tax paid)	386.39	204.43	330.99
Total	386.39	204.43	330.99

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED ON 31st MARCH, 2018

23 Revenue from operations

Rs. in Lakhs

Particulars	Year ended 31 st March, 2018	Year ended 31 st March, 2017
i) Sales of products	58,093.96	60,734.77
Total	58,093.96	60,734.77
ii) Other operating revenue		
Duty drawback	41.49	32.75
Scrap sale	3.15	-
GST subsidy receivable *	947.52	-
	992.16	32.75
Total	59,086.12	60,767.52

* Pursuant to the Central Government Notification No. F.No.10(1)/2017-DBA-11/NER dated 05th October, 2017, the parent company has recognised Rs. 549 lakhs as income being eligible reimbursement of CGST/IGST for its unit situated in Uttarakhand. The parent company has further recognised Rs. 398 lakhs as income being reimbursement of SGST share of state for the said Uttarakhand unit pending notification of incentives by the state government. The parent company believes, the issuance of notification for GST benefits by the state government is certain based on the notification already issued by the central government. The parent company shall lodge its formal claims after issue of notification by the state government.

24 Other income

Rs. In Lakhs

Particulars	Year ended 31 st March, 2018	Year ended 31 st March, 2017
Investment Income		
Interest Income from bank deposits	92.55	12.32
Others		
Profit on sale of property, plant and equipment (net)	1.74	1.37
Exchange gain (net)	395.39	3.94
Other non-operating income	59.44	(59.41)
Finance Income - Fair value gain on redemption of Investment in Preference Shares	723.20	66.06
Total	1,272.32	24.28

25 Cost of material consumed

Rs. In Lakhs

Particulars	Year ended 31 st March, 2018	Year ended 31 st March, 2017
Opening stock	6,500.92	6,448.87
Add: Purchases (net)	30,622.53	28,530.75
	37,123.45	34,979.62
Less: Closing Stock	8,181.66	6,500.92
Total	28,941.79	28,478.70

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED ON 31st MARCH, 2018

26 Changes in inventories of finished goods and work in progress

Rs. In Lakhs

Particulars	Year ended 31 st March, 2018	Year ended 31 st March, 2017
(Increase) /decrease in inventories	(519.79)	(83.65)
	(519.79)	(83.65)

27 Employee benefit expenses

Rs. in Lakhs

Particulars	Year ended 31 st March, 2018	Year ended 31 st March, 2017
Salaries, wages and bonus *	7,199.48	6,885.76
Contribution to employees welfare funds*	477.84	698.12
Staff welfare expenses	256.16	255.07
Total	7,933.48	7,838.95

*Including managerial remuneration of Rs. 279.70 lakhs (previous year Rs. 281.50 lakhs) net of Rs. 96.00 lakhs (previous year Rs. 92.50 lakhs) charged to other related entity.

28 Finance cost

Rs. in Lakhs

Particulars	Year ended 31 st March, 2018	Year ended 31 st March, 2017
Interest expense	4,560.51	4,996.55
Other financial charges	480.54	107.51
Total	5,041.05	5,104.06

29 Other expenses

Rs. in Lakhs

Particulars	Year ended 31 st March, 2018	Year ended 31 st March, 2017
Consumption of stores and spare parts	1,846.59	1,630.99
Inward freight	949.36	859.43
Power and fuel	2,497.94	2,192.39
Conversion charges	1,192.52	928.93
Factory expenses	207.02	173.02
Repairs and maintenance to machineries	192.29	103.68
Repairs to building	57.78	153.93
Computer expenses	279.80	236.99
Printing and stationery	58.19	59.14
Rent, rates and taxes	194.48	180.00
Insurance	388.92	161.84
Travelling & conveyance expenses	672.70	753.58
Legal and professional charges	757.44	717.25
Communication expenses	76.49	89.44
General expenses	249.41	318.60

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED ON 31st MARCH, 2018

Marketing and sales promotion	879.78	925.69
Discount, commission and other expenses on sales	2,189.80	2,651.89
Packing and forwarding expenses	1,859.65	1,928.91
Advertisement expenses	5.24	18.24
Directors' sitting fees	32.30	26.40
Corporate social responsibility expenses	88.70	76.22
Donation	35.84	29.19
Commission to non-executive directors	31.93	29.19
Motor car running expenses	29.22	39.70
Office expenses	45.85	48.56
Auditors remuneration	56.09	53.00
Excise duty on finished goods stock	-	8.50
Foreign exchange loss (net)	136.54	432.80
Loss on sale of property, plant & equipment (net)	2.45	-
Sundry balance written off	129.81	5.94
Total	15,144.13	14,833.44

30 MAT CREDIT

During the year, the parent company has recognized MAT Credit of Rs. 48.38 lakhs for current financial year (previous year Rs. 67.73 Lakhs) and same is shown as adjustment from the current tax amount in the statement of profit and loss. The parent company has also recognised reversal of net MAT credit of Rs. 41.98 Lakhs (Rs. 13.04 Lakhs) in respect of previous periods.

31 Earnings per share

Particulars	2017-2018	2016-2017
Profit available to equity shareholders after tax- Rs. in Lakhs	375.15	(865.63)
Weighted average number of equity shares of Rs. 10/- each		
Basic - no. of shares	13,35,96,675	13,35,96,675
Diluted -no. of shares	13,39,01,266	13,39,01,266
Earnings per share in Rs. :		
Basic in Rs.	0.28	(0.65)
Diluted in Rs.	0.28	(0.65)

Pursuant to the approval of members of parent company 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 Indian Accounting Standard - 33 "Earning Per Share" notified u/s 133 of the Companies Act, 2013 read with companies (Indian Accounting Standards) Rules, 2015. Earnings per share is calculated after considering weighted average number of shares that would be issued on the conversion of dilutive potential equity shares.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED ON 31st MARCH, 2018

32 SALES-IN-TRANSIT

- i) The Products dispatched from the factory, which remained in transit in respect of which the risk and reward have not been transferred till the date of approval of financial statements amounts to Rs. 145.09 Lakhs (Rs. 156.04 Lakhs). 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. 121.98 Lakhs (Rs. 121.35 Lakhs) is shown under the head "Finished Goods" in Note 7 under the head "Inventories".
- ii) 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.

33 Enterprises consolidated as subsidiary in accordance with IND-AS-110 "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)	32.19% by Setco Automotive Ltd.	April to March
		67.81% by WEW Holding Ltd.	
ii	Setco Automotive (N.A.) Inc. – U.S.A. (SANAI)	100%	April to March
	(Wholly owned Subsidiary of Setco Automotive (UK) Ltd.)		
iii	WEW Holding Limited Mauritius - (WEW)	100%	April to March
	(Wholly owned subsidiary of Setco Automotive Ltd. India)		
iv	Setco MEA DMCC*	100%	April to March
	(Wholly owned subsidiary of Setco Automotive Ltd. India)		
v	Lava Cast Private Limited - (India) **	86.12%	April to March
	(Partly owned subsidiary of Setco Automotive Ltd. India)		

* The company has floated a wholly owned subsidiary i.e. SETCO MEA DMCC during the year.

** The company has further subscribed equity share capital during the year of Rs.3043.50 Lakhs during the current financial year in view of this investment parent company's holding in Lava Cast Private limited has been increased from 79.78% to 86.12%.

34 Additional Information, as required under Schedule III to the Companies Act, 2013, of enterprises consolidated as subsidiaries.

Sr. No.	Name of Enterprise	Net assets i.e. total assets minus total liabilities		Share in profit or loss	
		As % of consolidated net assets	Rs. in Lakhs	As % of consolidated profit or loss	Rs. in Lakhs
I.	Parent				
	Setco Automotive Limited	87.64%	16,457.10	-2380%	2,293.15
II.	Subsidiaries				
	a. Indian				
	Lava Cast Private Limited	32.54%	6,109.63	2461%	(2,371.48)
	Less: Non-controlling interest	-5.24%	984.69	-489%	(471.50)
		27.29%	5,124.94	1972%	(1,899.98)
	b. Foreign				
	1. Setco Automotive (UK) Limited	-12.50%	(2,347.87)	534%	(514.18)
	2. Setco Automotive (NA) Inc.	-2.26%	(423.92)	-57%	54.93
	3. WEW Holdings Limited	-0.05%	(8.95)	1%	(0.82)
	4. SETCO MEA DMCC	-0.12%	(23.34)	31%	(29.45)
	Total	100.00%	18,777.96	100.00%	(96.35)

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED ON 31st MARCH, 2018

Sr. No.	Name of Enterprise	Share in other comprehensive Income		Share in Total comprehensive Income	
		As % of consolidated profit or loss	Rs. in Lakhs	As % of consolidated profit or loss	Rs. in Lakhs
I.	Parent Setco Automotive Limited	288%	9.02	-2975%	2,773.66
II.	Subsidiaries				
	a. Indian				
	Lava Cast Private Limited	-188%	(5.89)	2550%	(2,377.37)
	Less: Non-controlling interest	-26%	(0.82)	-507%	(472.32)
		-214%	(6.71)	2044%	(1,905.05)
	b. Foreign				
	1. Setco Automotive (UK) Limited	-	-	552%	(514.18)
	2. Setco Automotive (NA) Inc.	-	-	-59%	54.93
	3. WEW Holdings Limited	-	-	1%	(0.82)
	4. SETCO MEA DMCC	-	-	32%	(29.45)

35 CONTINGENT LIABILITIES & COMMITMENTS

A. Contingent liabilities:

- Guarantees given by the bank on behalf of Parent Company, Setco Automotive Limited Rs.51.70 Lakhs (Rs. 114.92 Lakhs).
- Guarantee given for £ 0.80 million to Bibby Financial Services, U.K. (£ 1.40 million to ICICI Bank Limited, U.K.) for Wholly Owned Ultimate Foreign Subsidiary, Setco Automotive (UK) Limited's credit facilities.
- Guarantee given for \$ 3.20 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. 2,089.60 Lakhs (Rs. 2,607.60 Lakhs).
- Guarantee given for Rs. 18,326.00 Lakhs (Rs.18,326.00 Lakhs) to Bank of Baroda, Mumbai, India, for Indian subsidiary, Lava Cast Private Limited's credit facilities.

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.
- The company had filed a case against a competitor for cancellation of registration of design granted by Controller of Patents and Designs in Kolkata High Court. In view of the settlement of differences under a consent terms, the said case became infructuous, and the process of withdrawal of the case is under process.
- The Company has preferred an appeal against an order issued by CIT (A)-4 Vadodara confirming penalty of Rs. 12.01 lakhs for A.Y. 2004-05 with ITAT (Tribunal). The company is confident of receiving adjudication in its favour.
- The company has received order from A.O. Panchmahals, Godhra range for demand of Rs. 590.13 lakhs by way of adjustment of addition in book profit for calculation of tax under MAT which resulted into the above demand for Assessment Year 2011-2012. The company has preferred an appeal with CIT(A) - 4 Vadodara against such order. The company is confident of receiving adjudication in its favour.
- The company has preferred an appeal with CIT (Appeals)-Vadodara for A.Y.-2013-14 and 2014-15 for disallowance of depreciation on product development amounting to Rs.86.83 lakhs & Rs.158.22 lakhs for A.Y.-2013-14 & 2014-15 respectively. No demand is raised as company pays tax u/s. 115JB (MAT), but MAT Credit is reduced in the order. The company is confident of receiving adjudication in its favour.
- The company has received intimation u/s 143(1) of Income Tax Act,1961 from CPC, Bengaluru wherein demand of Rs. 394.48 lakhs has been raised mainly on account of non-allowance of deduction u/s 80-IC. The company believes this is a mistake apparent from records and is in process of filing rectification petition u/s 154 of Income Tax Act, 1961. The company is confident that the demand would be dropped in due course of time.

The parent 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: (For parent company and indian subsidiary company)

Estimated amount of contracts remaining to be executed on capital account and not provided for Rs. 278.20 Lakhs (Rs. 399.88 Lakhs).

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED ON 31st MARCH, 2018

36. 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 payables, 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.

37. EMPLOYEE STOCK OPTION PLAN (ESOP) 2015- Share based payment. (In relation to parent company)

- Pursuant to approval of shareholders at their meeting held on May 30, 2016, the parent company has established an 'Employee Stock Option Scheme 2015' ('ESOP 2015' or 'the Scheme') to be administered by the Nomination & Remuneration Committee of the Board of Directors.
- Under the Scheme, options not exceeding 610,000 have been reserved to be issued to the eligible employees, with each option conferring a right upon the employee to apply for one equity share. The options granted under the Scheme would vest not less than one year before and not more than four years after the date of grant of the options. The options granted to the employees would be capable of being exercised within a period of one year from the date of vesting.
- The exercise price of the option is Rs. 16/- per option which is at discount of Rs. 15.95 from the closing market price of the shares on the stock exchange as on the date prior to the date of the Nomination & Remuneration Committee resolution approving the grant.
- Pursuant to the above-mentioned scheme, the parent Company has, during the year, granted 4,35,000 (Previous year 6,10,000) options vesting over a period of three years commencing from the date of grant.
- The following are the number of options outstanding during the year:

Stock options	2017-18	2016-17
At the beginning of the year	538,000	-
Granted	-	610,000
Exercised	-	-
Cancelled	103,000	72,000
At the end of the year	435,000	538,000

- The above outstanding options comprise of only one class granted to eligible employees in category of senior.
- The parent company follows the fair value method of accounting for the options. (Rs. in Lakhs)

Balance sheet presentation	2017-18	2016-17
Total stock options cost	69.38	85.81
Less: Deferred employee compensation	16.21	50.39
Stock options outstanding as at 31.03.2018	53.17	35.42

38. Research & Development

The Parent Company, Setco Automotive Limited has a setup of recognized research & development centre (R & D Centre) at its Kalol plant. During the current financial year, the R & D Centre has conducted activities mainly related 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 Indian Accounting Standard - 38 "Intangible Asset" are capitalized by the parent company as Intangible Asset and is included under the head "Intangible Asset under development in Note no. 2 - "property, plant & equipment" and the same shall be amortised as per amortization policy consistently followed by the parent company. based on the accounting expert's opinion obtained by the parent company in preceding previous year, the accounting treatment referred to above is within the purview of Indian Accounting Standard - 38 "Intangible Assets".

The details of expenditure incurred during financial year 2017-2018 are as under:

Rs. in Lakhs

Particulars	Approved (DSIR) R&D expenditure	Other R & D expenditure	Total
Capital expenditure	31.53	-	31.53
Intangible assets under development Including depreciation of Rs. 89.83 Lakhs (Rs. 99.73 Lakhs)	-	290.70	290.70
Revenue expenditure - research expenses	15.71	-	15.71
Total R&D expenditure incurred in 2017-2018	47.24	290.70	337.94
Total R&D expenditure incurred in 2016-2017	23.68	345.26	368.94

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED ON 31st MARCH, 2018

39. Disclosure in respect of materials & component consumption, inventories, deferred tax assets, 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. During the year, the company has made contribution of Rs. 10.00 lakhs (Rs. Nil lakhs) to Political party - Bhartiya Janta Party.
41. Figures in brackets represent previous year's figures.
42. The audited financial statements of the wholly owned ultimate foreign subsidiaries have been prepared in accordance with local laws of the country in which these subsidiaries operate. The said audited financial statements have been restated/recompiled by the management to meet the requirements of Indian Accounting Standards after exercising necessary due diligence to ensure true & fair view of said subsidiaries' affairs.
43. 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 **V. Parekh & Associates**
Chartered accountants
(Firm registration No.: 107488W)

(Rasesh V. Parekh)
Partner
Membership No. 038615
Place: Mumbai
Date: May 23, 2018

For and on behalf of the Board

Harish Sheth
Chairman & Managing Director

Shvetal Vakil
Executive Director

Arun Arora
Director

Ashok Kumar Jha
Director

Vinay Shahane
Vice President – Finance

Udit Sheth
Vice Chairman

Urja Shah
Executive Director

Bhalchandra Naik
Director

Suhasini Sathe
Director

Nishant Javlekar
Company Secretary

Place: Mumbai
Date: May 23, 2018

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This image shows a full page of white paper with horizontal dotted lines. The lines are evenly spaced and run across the width of the page, providing a guide for handwriting or typing. There are no margins, text, or other markings on the page.



NOTES

Handwriting practice lines consisting of 30 horizontal dotted lines.

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 :

4. Bank Name :

5. Branch Name :

Address

Telephone No. :

6. Bank Account Number : (10-Digit or more number only)

7. Ledger Folio No. of the Account :

(if appearing on Cheque Book)

8. Account type :
[Please tick ✓]

Savings

Current

Cash Credit

9. 9-Digit Code Number of the
Bank & Branch appearing on the
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).



