SETCO™
AUTOMOTIVE LTD
LIPE™ CLUTCH

December 14, 2020

To,

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

Dear Sir/Madam,

Sub: Corrigendum to the Annual Report for the financial year 2019-20

With reference to the Annual Report for the financial year 2019-20 filed with the stock exchanges on 4th December, 2020. We wish to inform you that we inadvertently failed to incorporate Note no. 1 "Significant Accounting Policies" in Standalone and Consolidated financial statements.

Revised version is already uploaded on the Company's website on the mentioned link: https://setcoauto.com/annual-report-2019-20/ and the same is enclosed herewith.

In this Connection, we sincerely regret the inconvenience caused.

Thanking you,

Yours faithfully,
For Setco Automotive Limited

Chandra Kant Sharma
Company Secretary

Encl: a/a

SETCO™ AUTOMOTIVE LTD

SINCE 1982

EFFICIENT ENGINEERING

37th ANNUAL REPORT | 2019-20

EFFICIENT ENGINEERING

DRIVEN BY
INNOVATION DESIGN TECHNOLOGY

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.

CONTENTS

CORPORATE

STATUTORY

CORPORATE INFORMATION

BOARD OF DIRECTORS:

Mr. Harish Sheth	Chairman & Managing Director
Mr. Udit Sheth	Vice Chairman
Mr. Shvetal Vakil (Resigned w.e.f. March 31, 2020)	Executive Director
Mrs. Urja Shah	Executive Director
Dr. Arun Arora	Independent Director
Mr. Ashok Jha	Independent Director
Ms. Suhasini Sathe	Independent Director
Mr. Arun Tiwari (Resigned w.e.f. January 11, 2020)	Independent Director

KEY MANAGERIAL PERSONNEL:

Mr. Jatinder Bir Singh Gujral	Chief Executive Officer
Mr. Vinay Shahane	Vice President – Finance & CFO
Mr. Chandra Kant Sharma	Company Secretary

AUDIT COMMITTEE:

Dr. Arun Arora	Chairman
Mr. Ashok Jha	Member
Ms. Suhasini Sathe	Member

NOMINATION & REMUNERATION COMMITTEE:

Dr. Arun Arora	Chairman
Mr. Ashok Jha	Member
Ms. Suhasini Sathe	Member

STAKEHOLDERS GRIEVANCES & RELATIONSHIP COMMITTEE:

Dr. Arun Arora	Chairman
Mr. Harish Sheth	Member
Mrs. Urja Shah	Member

CORPORATE SOCIAL RESPONSIBILITY (CSR) COMMITTEE

Mrs. Urja Shah	Chairperson
Mr. Udit Sheth	Member
Dr. Arun Arora	Member
Ms. Suhasini Sathe	Member

BANKERS / FINANCIAL INSTITUTIONS:

Bank of Baroda
HDFC Bank Limited
Yes Bank
IDBI Bank Limited
Tata Motors Finance Solutions Limited

SOLICITORS:

Wadia Ghandy & Co., Mumbai, Maharashtra, India.

STATUTORY AUDITORS:

V. Parekh & Associates
Chartered Accounts,
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 – 389 330,
Gujarat – India.

CORPORATE OFFICE:

54A, Tardeo Road,
Near Film Center Building,
Mumbai - 400034,
Maharashtra – India.

SUBSIDIARIES & MANUFACTURING INFORMATION:

Setco India

1. Vadodara - Godhra Highway, Kalol, Dist. Panchmahal - 389 330, Gujarat - India.
2. Sitarganj, Dist. Udham Singh Nagar - 262 405, Uttarakhand - India.

Lava Cast Private Limited

Alindra (Village) Vadodara – Godhra Highway,
Kalol (Panchmahals) – 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

OUR BRANDS:

Corporate Brand

CSR Brand

Product Brands

FIVE MANUFACTURING UNITS ACROSS FOUR COUNTRIES

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

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 Code: 505075
   NSE Scrip Symbol: SETCO

c. Website: www.setcoauto.com

d. 37th Annual General Meeting information:
   Date: December 28, 2020
   Day: Monday
   Time: 3.00 PM
   Place: The Company is conducting meeting through VC / OAVM pursuant to the MCA Circular dated May 5, 2020 and as such there is no requirement to have a venue for the AGM.
   For details please refer to the Notice of this AGM.

e. Investor Grievance:
   email:- investor.relations@setcoauto.com

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 I Integrity I Team Spirit I Customer Focus I Environmental Consciousness I Safety & Hygiene

"Last year, we were one of the first in MHCV space to receive BS VI approval and successfully developed a full range of next-gen clutches for farm equipment tractors.

KEY MILESTONES

1982

INCORPORATION

1999 - 2000

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

2005 - 2006

PE INVESTMENT BY NEW VERNON
SET UP SETCO UK – AQUIRED LIPE (UK) FROM DANA CORP. (USA)
SET UP SETCO NA – ACQUIRED THE US FACILITY FROM HALDEX AB SWEDEN

2009 - 2011

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

2013 - 2014

LAUNCH OF CLUTCHES TO CATER AFTERMARKET SEGMENT

2014 - 2015

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

2016 - 2017

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

2017 - 2018

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

2018 - 2019

BS-VI APPROVALS FROM ALL OEM PARTNERS ON TARGET

2019 - 2020

FORAY INTO FARM TRACTOR SEGMENT AND BS VI CLUTCHES

BOARD OF DIRECTORS

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.

Udit Sheth
Vice Chairman

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.

Urja Shah
Executive Director

Mrs. Urja Shah has completed Bachelors in Environmental Science and 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 Shah has been playing a very significant role in the Company's activities related to Corporate Social Responsibility.

Arun Arora
Independent Director

Dr. Arun Arora has been the 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. Arun 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. Arun Arora was conferred with a degree of Doctor of Philosophy by EIILM University, Sikkim for the academic session 2013-14.

Ashok Kumar Jha
Independent Director

Mr. Ashok Kumar Jha has 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. Ashok Kumar 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.

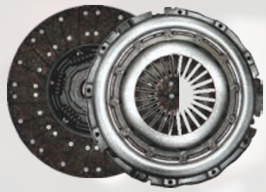
Suhasini Sathe
Independent Director

Ms. Suhasini Sathe is an entrepreneurial person by nature and holds the expertise 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, and 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 the managing director of the Sathe Group of Companies. Ms. Suhasini Sathe holds a Bachelors of Engineering (Mechanical) from V.J.T.I., Mumbai University and is proficient in the use of CAD-CAM software. Her interests include travelling and, knows German & Spanish languages.

LARGEST BS VI MHCV CLUTCH RANGE

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

362mm Single
Diaphragm Spring

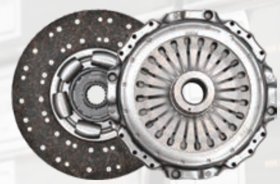


15"/380mm Single Push
Coil Spring

*395mm Single Push
Diaphragm Spring*

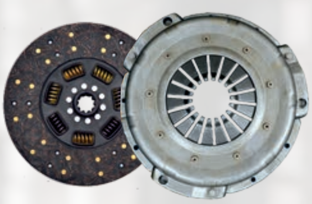
*400mm Twin
Diaphragm Spring*

*430mm Single
Diaphragm Spring*

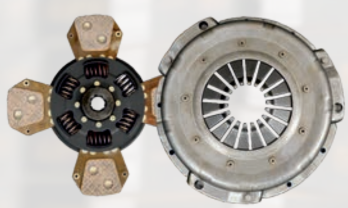


WIDE RANGE OF FARM TRACTOR CLUTCHES

280 Dia
Single Diaphragm Clutch



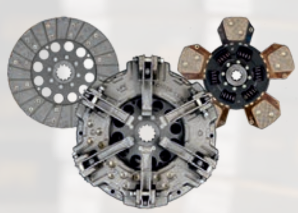
280 Dia Clutch
Set Ceramic Single



280 Dia Clutch Set Double 4P

280 Dia Clutch Set Dual 4P

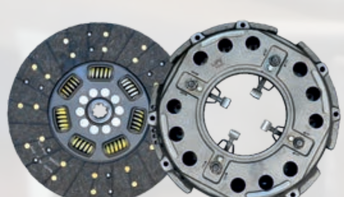
280 Dia Clutch Set Dual 5P



280 Dia Clutch Set Dual 7P

280 Dia Dual-Rigid 4P

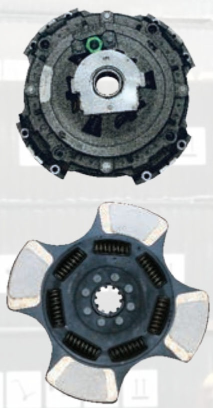
310 Dia Clutch Set Organic Single



310mm Dia Double Clutch with 6P

NEW RANGE FOR NORTH AMERICA MARKET

ANGULAR SPRING DESIGN CLUTCHES



15.5”/395mm Angular Spring
Twin Clutch

Off - Highway, Construction
Hydraulics (Pressure Converters}

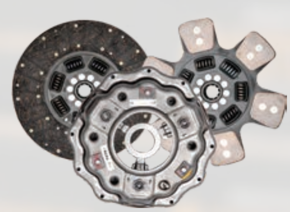
15”/380mm Single & Twin
Direct Pressure Coil Spring

LCV CLUTCH RANGE

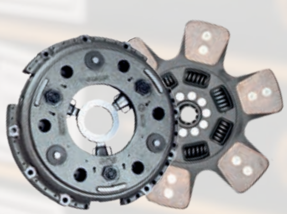
170mm Single
Diaphragm Spring

12”/310mm Single
Diaphragm Spring

13”/330mm Single
Direct Pressure Coil Spring



330 Dia Single Coil Clutch



170mm Single
Diaphragm Spring

CUSTOMERS

TATA

ASHOK LEYLAND

BHARATBENZ

Mahindra
Trucks and Buses

VE COMMERCIAL VEHICLES

SONALIKA INTERNATIONAL

TESTIMONIALS

'LIPE stands for quality, performance and value for money. I have been trading LIPE products from a long time now.'

KIRIT K. BABLA
MIKU AGENCIES, VADODARA

'Setco LIPE clutch is a quality product brand and I am always using Setco materials.'

RAM AVTAR VISHWAKARMA,
VARANASI

'I am associated with LIPE for many years and am happy about its product quality and end-user satisfaction.'

SATYENBHAI D. CHOKSI
JAY AUTOMOBILES, SURAT

'We always prefer Setco LIPE brand of clutches, especially for its complete range of clutches in the MHCV segment. A one-stop shop for all our clutch requirements.'

MAQSOOD AHMED HONYAL,
BHARAT AUTOMOBILES,
KARNATAKA

SETCO AUTOMOTIVE LTD

AWARDS & RECOGNITIONS

'PEOPLE AND SKILLS' AWARD AT NORTHERN AUTOMOTIVE ALLIANCE ANNUAL BUSINESS AWARDS 2019
'HIGHLY COMMENDED' CERTIFICATE UNDER THE MANUFACTURING EXCELLENCE AWARD 2019

'Setco product is a quality brand and when I started selling Setco products, I have been totally satisfied with its quality.'

MD. IRFAN AHMAD, VARANASI

'Setco is a top brand in the clutch industry. I feel proud because I am working with Setco Automotive.'

RINKU, KANPUR

'Setco LIPE clutch is an International brand and we are proud that we are selling an international brand.'

VISHWANATH SHETTY,
SAI AUTOMOBILES, KARNATAKA

'I always prefer Setco clutches for its quality and cost. Why should I advise my customers to buy other brands, when I get original quality clutches at a better price?'

MAHABOOBKHAN TINWALE,
HUBLI GARAGE, KARNATAKA.

"You cannot
cross the sea
merely
by standing
and staring
at the water"

- Rabindranath Tagore

The year 2019-20, has been a difficult year for all as the global economic sentiment was weak and the demand in India had shrunk – while the country has been gunning towards a US $5 trillion economy target, there is a resetting of the way we conduct our business. This also affected the working of Setco Automotive Ltd.

The Government has taken long-overdue substantial steps that have in the short-run affected GDP growth, which in turn has affected the CV industry that we are an integral part of. The introduction of the BS-VI norms also ensured a sharp inventory reduction that impacts the total sales of new vehicles and therefore the clutches. With both the OEM and the OES coupled with the IAM demand, your company has been facing top-line challenges. By the end of another year, we were hit by the Covid-19 pandemic that has spilled into the H1 of 2020-21 as well. This has resulted in a massive top-line de-growth of almost 35% Y-o-Y (in which the CV production was down by almost 60%). The MHCV sales drop was due to overcapacity and the GST implementation as well as the vehicle load adjustment and BS-VI implementation.

In this scenario, as a business in 2019-20, where the demand was low, we were obviously not constrained by production; however, we ensured that we controlled our costs. We have controlled our production costs as well as our fixed overheads that have led to a significant contribution to current year results and in future also.

We are happy to announce our successful foray in the farm tractor market. The year gone by was used for trial and testing which we have succeeded. We have achieved a breakthrough into the OEM market for farm tractors. This will not only lead to diversification of our capacities while de-risking from the MHCV Sector's OE cyclical consumption but also foray into a new sector that is fast becoming the farm equipment factory of the world.

Lava Cast, too, while getting restructured is poised to change gears towards more capacity utilization as well as better micro performance indicators as it has shown good direction in curtailing manufacturing hurdles for quality and productivity. At Lava, the team has been focusing on exports as the main thrust with some success.

We are pivoting as a business into exports of precision machined casting for Lava Cast, Farm Equipment clutch business for Setco Automotive Ltd and also focusing on the ramp for new BS-VI variants for MHCV clutches. We are confident that your business will turn towards a positive future.

At the time, when we were projecting for 2020-21m there was no indication of the impending pandemic except towards March 2020. The Pandemic is here to stay as we all are hopeful about the vaccine in the year 2021-22; however, we are cautious about our costs, tight-fisted towards our CAPEX. Our team members are central to our operations and our success; as a Company, we are very mindful about their safety and well-being and have exercised every Covid-19 precaution to ensure their safety and our manufacturing operations. We have started our production cautiously and have been picking pace steadily. Based on the available business forecast from our customers, we are certain that outlook in the second half of 20-21 will turn positive.

At the heart of our journey are our customers – we have been ensuring that in these times, we can cater to their demands while balancing our supply chain. We are strengthening our customer connect every day with new products and better services. Our board has been very supportive with our actions and decisions that reflect on the rigour that our leadership team works with and we are grateful for their efforts. In recognition of our investment in both the training and development of our workforce, we were acknowledged with 'People and Skills' award and received a certificate for being 'Highly Commended' under the Manufacturing Excellence Award category at the Northern Automotive Alliance Annual Business Awards.

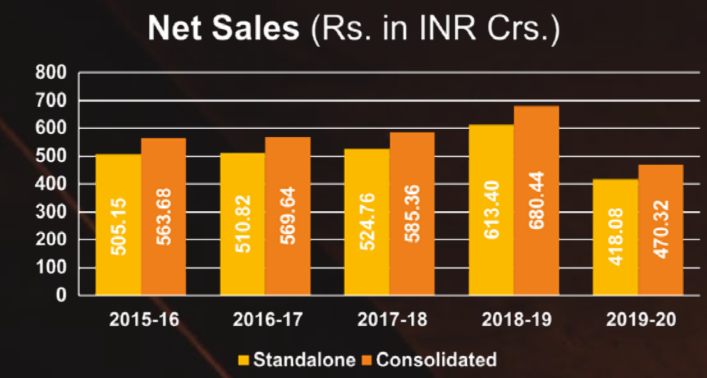
Our team at Setco Foundation too has worked towards the betterment of our communities. We have implemented the production and supply of masks through our communities while making sure everyone understands the importance of increased hygiene and protection in the villages where we work.

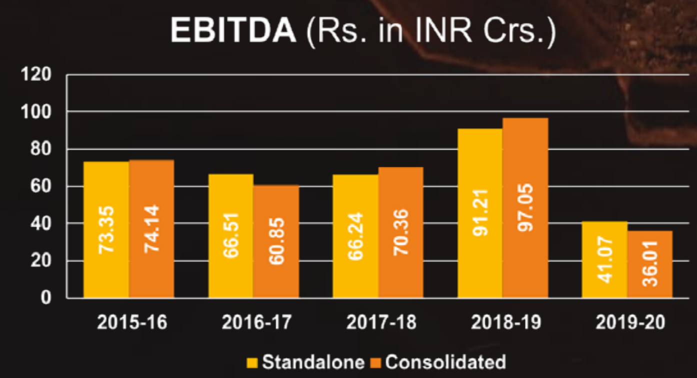
Your Company has its challenges; however, at our central core is the continued success of all our stakeholders that we always continue to work with towards having a strong future which is growth-oriented with a tight control towards costs. We are hopeful that the H2 of 2020-21 will look much better and we will drive our business with excellence and mindfulness. **In the words of Rabindranath Tagore, "You cannot cross the sea merely by standing and staring at the water"** – this adage stands tall in this time of the pandemic; as your company management, we will not sit still as we are working together towards a stronger future.

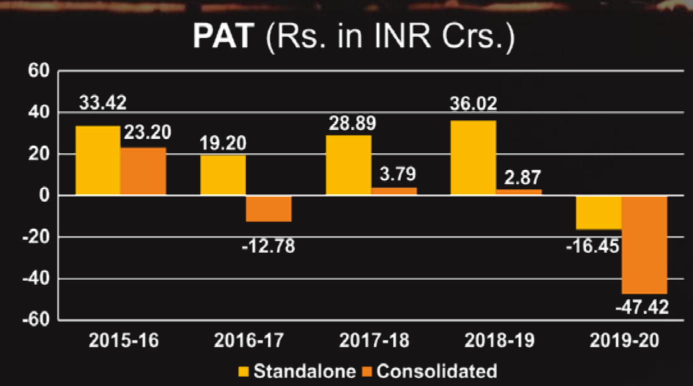
Yours Sincerely,

Harish Sheth
Chairman & Managing Director

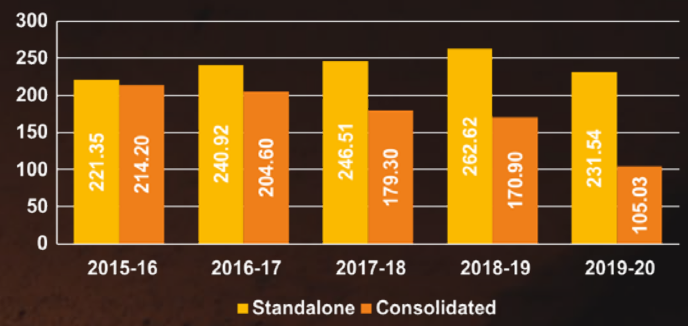
FINANCIAL SNAPSHOT



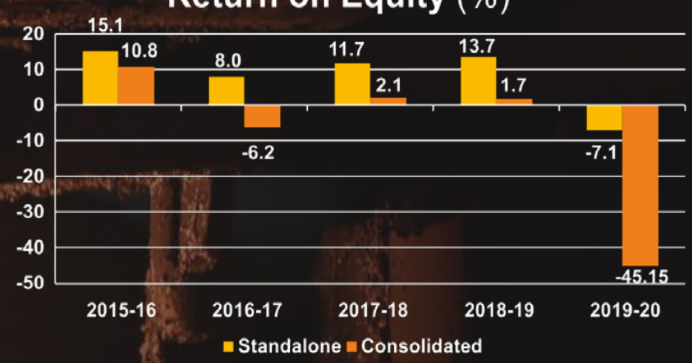




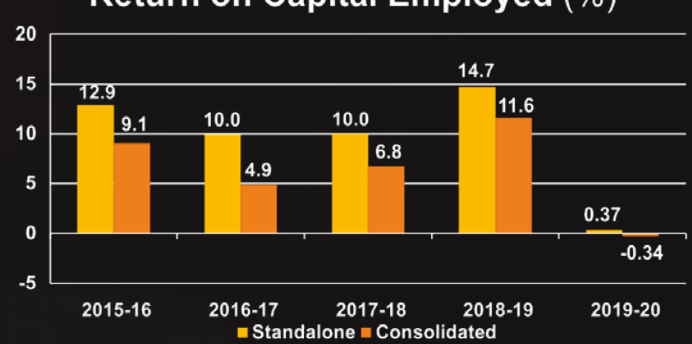
Networth (Rs. in INR Crs.)



Return on Equity (%)



Return on Capital Employed (%)



SETCO™ AUTOMOTIVE LTD

ANNUAL CSR REPORT 2019-2020

MILESTONE JOURNEY

MILESTONES

During our journey spanning nearly a decade, we have crossed many milestones. But what makes our journey gratifying is that we continue to find newer ways to better our impact and expand our outreach. In this past decade, the Setco Foundation has relentlessly worked to create holistic model where we have collaborated with various communities to build more equitable access to healthcare, education, and opportunities for growth through alternate livelihoods.

In view of this objective, we adopted an integrated lifecycle approach in partnership with the ICDS anganwadis to eradicate malnutrition amongst children, mothers and adolescent girls. In 2012 -13, with the launch of our KHUSHI program, we are able to engage with approx. more than 10,000 beneficiaries that include adolescent girls, mothers and children less than 6 years of age, including those who were suffering from severe and moderate malnutrition. We also integrated our maternal-infant health and childcare programs with family-based early childhood development support & education programs. This integrated approach to care-giving helps to support the overall physical, emotional, intellectual and social development of the whole child while also reducing the risk, incidence and severity of malnutrition, developmental delays and disabilities in the communities. and also creates the space for support and intervention services to families with children already facing delays and disabilities.

We also believe that the foundation of strong communities are resilient, self-reliant and empowered women. To that end, we introduced the program 'Sahaas', that focusses on promoting sustainable livelihood and micro-enterprise opportunities amongst women of the community. The model is based upon strengthening collaborative local village-level institutions such self-help groups called 'sakhi mandals' that improve financial inclusion, savings, independence and self-reliance amongst the women of the community.

We also believe the future leadership and promise of the communities lie wth the youth and adolescents. To that end, Shikhar, sports for development was introduced which focusses on cultivating sports skills, self-defence, confidence, collaboration & teamwork, and better gender parity in the community. This program is hugely popular.

Our foundation has been continuously working with dedication and perseverance to drive a meaningful change

in the lives of people, particularly in the rural communities of Kalol, Panchmahal district of Gujarat, India.

Our vision for the foundation is “A just, equitable and sustainable society through empowered communities” and mission states that “We collaborate with communities to develop equal access to healthcare, education, a sustainable environment and opportunities for growth”. Our longstanding model of inclusive growth has already positively affected these communities.

IMPACT

- In 2019-20, 83% of our 0-3 year olds show healthy growth, that is in the “green” zone. The malnutrition rate has dropped from 22% to 17% in two years.
- In 2019-20, 93% of our 3-6 year olds show healthy growth, that is in the green zone. That malnutrition rate dropped from 10% to less than 8.5% with almost no incidence of severely acute malnutrition (SAM).
- In 2019, 90 per cent of the babies had a healthy weight of 2.5 kgs and higher at birth.
- 100% institutional deliveries have been recorded in the year 2019- 20 in the villages of Kalol, Panchmahal District.
- Effective working of the CDAs (Child Development Aide) with children facing delay and disability has observed an improvement in achieving developmental milestones amongst children.
- More than 80 per cent of the regularly attending 5-year-olds have scored 70 per cent and above showing their development and readiness for school enrolment.
- Setco Foundation has engaged 700 women with the federation through 62 SHGs (Self Help Group)
- ₹ 7.31 lacs income has been generated through the Micro-Enterprise Development Programme.
- In amidst the pandemic crisis, our SHG women sewed more than 7000 face masks for company distributions.
- 187 families have been linked under different schemes with the government.
- Registration for the formation of Federation of the SHG has been completed.
- In 2019-20, we recorded no school dropouts from the Shikhar participants.
- The Government of Gujarat facilitated 57 Shikhar Sports Champions, who won medals in Judo and other sports tournaments at SE TransStadia sports facility in Ahmedabad.
- The sports program has also guided our students to explore remarkable career opportunities.

ACHIEVEMENTS

- Setco Foundation received the “Outlook Poshan Award” 2019- Special Jury Award for excellent work in the Child Nutrition.
- Setco Foundation has been awarded the grant for ‘Tech 4 Dev Project’ to digitize the MIS for Program KHUSHI.
- Setco Foundation has been awarded a grant from TOPSEL for Program KHUSHI.
- Setco Foundation has received a certificate of appreciation for partnership and contribution towards a Greener, Safer and Equitable world from Hero MotoCrop Ltd. at their MANTHAN 2020 Annual CSR partners’ meet.
- 1800 namkeen packets were made by our SHG women from Shree Ganesh Mahila Mandal for Dussehra celebration and distributed amongst the employees of Setco.

SETCO AUTOMOTIVE LTD

STATUTORY INFORMATION AND ANNUAL REPORT 2019-20

MANAGEMENT DISCUSSION & ANALYSIS

ECONOMIC OUTLOOK

India's economy saw major de-growth in the year 2019-20. This coupled with reduced investment in infra-structure created demand weakness in the economy.

In the CV industry, the demand contracted much more, mainly due to improvement in vehicle usage efficiency by 10-15% because of GST introduction, Government's introduction of 25% increase in Axle Load Norms also affected demand for new vehicles. This together resulted in 40% increase of available capacity. Across the board, industry was forced to adjust for the demand reduction and also high inventory, resulting in decrease of production of CV by 60%.

Alongwith the above, due to introduction of BS-VI also resulted in very low production in the 4th quarter. Covid-19 also played a major role in low production, as in the second half of March, which is normally a peak period, saw closure of all factories in India.

All this together had a major impact in 2020 and it has continued for the 6 months of 2021. We are happy to inform that against 60% reduction MHCV production, our overall sales dropped by 35% only.

Globally, businesses are struggling to sail through external and sectoral disruptions that have shaken them up and with resilience, they are responding to the challenges by preparing for uncertainties in the months ahead to recover, and then, thrive. Last year, the fresh measures introduced which were aimed at developing the auto sector by improving the production, export regulations, and job opportunities and their timeliness will likely aid in sustained economic recovery and rebuilding, going forward. In FY2020, all OEMs witnessed a sharp drop in sales due to destocking of BS-IV vehicles and in Q4, particularly due to COVID-19 related lockdown and BS VI transition. Still, the economy is aiming to move towards a more stable regime, with a programme of reforms aimed at consolidating public accounts, promoting investment and industrial development and improving the business climate.

AUTOMOBILE INDUSTRY

Demand for passenger vehicles and commercial vehicles particularly MHCV declined sharply in 2019-20 due to transition to BS VI vehicles, forcing automakers to cut production across the year with a frequent plant shutdown. Growing unemployment and a moderating economy led people to postpone vehicle buying decisions. 2019-20 saw a wide range of issues burdened on the automotive industry – from industry-specific challenges to policy resets and macro-economic changes – pressuring the auto sector sales to a large extent. The global pandemic caused by the novel coronavirus came at the time when both the Indian economy and the automotive industry were hoping for recovery. The onset of Covid-19 in India had a negative impact on the automotive industry. It witnessed an overall revenue impact and even after the lockdown was lifted, demand for commercial vehicles took a backseat. This coupled with the transition to BS VI norms made sailing through a chore to endure.

With the switch from BS IV to BS VI, a global-level transformation of this scale, the transition has so far been an exhausting task, needing massive investments in not only the auto sector but also in oil refining and other supportive industries. Three of the four growth engines - private consumption, private investment, and exports - have slowed down significantly. The substantial fall in consumption - which is the biggest contributor to growth for the automobile industry - pointed to fragile consumer sentiment and purchasing ability. As such, the government had announced a slew of reforms to jump-start the economy.

It was also feared that with existing banking sector weakness, there was a risk of a self-sustaining negative loop in which adverse real economic developments and bank weakness reinforce each other and will harm long-term productive capacity. But, the emphasis of government on shoring up domestic automotive production capacities is a prominent attempt to discard the issues hampering the automotive industry.

PREAMBLE

The year 2019-20 has been a decisive and game-changing year for the Indian Economy as well as the automotive sector. Initial turbulence associated with the implementation of BS VI combined with continuing pressure from the competition from electric vehicles impacted business sentiment and growth rate. The auto industry, which was battling the impact of economic slowdown on falling demand, along with lower production with the transition to BS VI emission norms, witnessed further pressure by the Covid-19 outbreak in the country.

Though these factors are recovering subsequently and draw out encouraging results with strong economic fundamentals, significant risks exist in the form of rising oil prices, worsening NPAs of banks, higher interest rates, weakening international trade and pressure on the currency. 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. Your company has transitioned to BS VI clutches so that all our new set of products meets the challenging requirements of future vehicles. Over and above, your company has successfully forayed into the Farm Equipment Sector.

THE EMISSION JOURNEY – UPGRADE TO BS VI

The vehicle emission controls were introduced in India when mass emission norms were enforced for the first time for petrol vehicles in 1991 and for diesel vehicles in 1992. Emission norms were further revised and tightened in 1996 with the necessary fitment of catalytic converters in the petrol cars. Bharat Stage emission norms (which are equivalent to Euro norms for all vehicles) were first introduced in the year 2000. These norms specified the maximum permissible emission limit for hydrocarbons (HC), carbon monoxide (CO), particulate matter (PM) and, nitrogen oxides (NOx).

With the introduction of the BS VI norms, the supposed effect is expected to be witnessed nationwide across the automobile industry. It is projected that the proposed upgrades are probable to reduce vehicular PM and NOx emissions in the range between 40 per cent and 80 per cent. Also, the leapfrog to BS VI norms from BS IV norms will bring down NOx emissions by 25 per cent in petrol engine fitted light-duty vehicles and 68 per cent in diesel engine fitted light-duty vehicles. PM emissions, which are a major component of outdoor air pollution, are also expected to come down drastically by over 80 per cent in diesel engine light-duty vehicles. However, to achieve BS VI emission norms, it had not only created challenges in front of the Indian Auto Industry but also for the Auto Component Industry, Oil & Gas Industry and the Government, and the said struggles are lasting.

The acceptance of the BS VI emission standards is expected to essentially bring Indian motor vehicle regulations into alignment with European Union regulations for light-duty passenger cars and commercial vehicles, heavy-duty trucks and buses, and two-wheeled vehicles. This drastic shift to BS VI vehicles, in a desperate attempt to curtail down the vehicular pollutant emissions, will also help in maintaining the healthier outdoor air quality and ultimately the human health.

BS VI CLUTCH DEMAND

As one of the-largest MHCV clutch manufacturer globally with the largest design and validation facility, we have met all domestic M&HCV BS VI vehicle model requirements of Tata Motors, M&M, Ashok Leyland and Daimler. Immediately after the introduction of BS VI, we successfully launched our line of fitting clutch variants to meet the public demand. Production ramp-up for BS VI clutch was also smoothly managed amid pandemic break-out.

Clutch product requirement with BS VI implementation has gone more challenging with working conditions like 'Limp-home' mode and 'Torque reduction modes' to meet the emission regulations and we at Setco raised to the occasion in developing Clutch to meet these challenges with almost twice the life of Disc assembly with cerametallic material for better customer value proposition with the same comfort level of Organic clutch. It is under the advanced stages of field testing with India's leading CV customer support for implementation as an industry-first concept in India.

We have successfully retained our domestic market share in the MHCV segment of around 85 per cent amid the challenging market conditions. We also expanded our portfolio by developing the new generation 22 dual and double clutches for tractors which passed every rigorous field testing in different farm applications and it's highly demanded in the agricultural sector with the surge in the global growth.

At Secto, we always took BS VI transition as a welcoming change from the perspective of greener and cleaner environment. We are sure that our significant achievements would further reinforce and alter our product portfolio in future to meet modern automotive needs. With our efficient engineering, and the drive for innovation, design and technology, we hope to continue this domination, going forward.

FARM TRACTOR MARKET: AN AGRICULTURE-DRIVEN ECONOMY

India is the biggest producer of tractors. In fact, we are producing more tractors than commercial vehicles if you take only the medium and heavy vehicles into account. Interestingly, tractors that are being manufactured today have a powerful engine with high horsepower and accordingly, they need new types of clutches. Thus, there is a shift or even a vacuum in the market and we are entering that space and expect to reap a good growth, from both OE and aftermarkets.

As per *GlobeNewswire*, the agriculture sector in India has traditionally been one of the largest employment generators employing almost 45 per cent of the population and contributing to almost 15 per cent of the GDP; a situation unlike most developed and emerging economies where these numbers are around 3 per cent-5 per cent and 1 per cent to 3 per cent (GDP contribution) respectively. Also, with the reduction in the farmland sizes held by the farmers, there is a lingering impact on the overall productivity, efficiency and output, leading to a need for efficient farming practices and mechanization based on custom-built solutions for the Indian agricultural market.

Additionally, the government's support to farmers in the form of loan waivers/credit and finance/subsidized loans to drive farm mechanization is the key reason for the growth of the farm equipment market. The implementation of these said farm loan waiver schemes encourages farmers to buy farm equipment. The Indian government has launched various schemes in different parts of the country to relieve farmers from their loans and encourage farm mechanization.

Though, the farm equipment market witnessed a slight downturn in by the year-end, owing to the start of COVID-19 lockdown and reluctance of farmers to purchase expensive high-powered farm equipment. However, the resumption of manufacturing facilities across India, opening of international borders, good monsoon conditions and government's support to the agricultural industry and the farmers are likely to restore momentum to a great extent by the end of the coming fiscal year.

At Setco, OE supplies to be started with major OE farm tractor customer from second half of FY21. Production ramp-up is in place to meet these OE requirements. Additional new customers' requirements are getting focused to cater to the growing segment demand now. Extension on this important agriculture segment which is the backbone to the Indian economy is part of the growth story at Setco. Our continuous R&D efforts have resulted in the development of advanced farm tractor products within a short span of time with the focus on efficiency and productivity to drive business growth.

Presently, our facilities are equipped to meet the projected surge in demand for new tractors, manufacturing capacity expansion, introduction of new tractor models as well as technologies and growing international exports**.**

ORIGINAL EQUIPMENT MANUFACTURER (OEM)

We anticipate a robust comeback in the second half of FY21 due to low base effect. The successful migration to BS VI and Covid-19 disruption which prevented pre-buying at the end of FY20 has caused pent-up demand which is expected to show up during the festive season of the second half of FY-21. Implementation of Higher Axle load notification and BS VI norms has resulted in CV manufactures to come out with products with higher power and higher load-carrying capacity. The clutch products used in this model of CV would be bigger in size thereby increase in realisation for us.

Sluggish start in manufacturing due to supply chain disruption will ease in the second half and production will reach levels better than second half of FY20. Customers will have the opportunity to pick the best performing BS VI model trucks which would have proven themselves by the second half of 20-21. Setco is supplier to all the CV manufacturers and the single source for the varied clutch sizes supplies.

REPLACEMENT MARKET

Our company's aftermarket business comprises two segments; sales of clutch assemblies and service kits through the service and spare sales network of Original Equipment Spares (OES) and sales to the Independent aftermarket (IAM) network of distributors/dealers and local garages under 'LIPE' brand.

Aftermarket is a vital part of our plan. As a strategy, the aftermarket, being a more profitable segment, was carefully developed and nurtured over the years and today, it constitutes almost 70 per cent of our revenue. The segment ensures not only sustainable growth but also decreases the vulnerable nature of the industry due to cyclical OEM demand. The already-peaked OEM cycle in the past is expected now to boost the aftermarket replacements, coming up from FY21 onwards. The aftermarket business will ensure that the cyclical nature of the MHCV sector will not dent our business.

During, the lockdown period for COVID-19 pandemic, our Aftermarket channel (OES & IAM) partners (distributors and retailers) continued to work and deliver the parts to the workshops for the urgent repairs of the vehicles transporting the essential supplies.

INTERNATIONAL BUSINESS

Your company has always laid special emphasis on its international markets through its overseas subsidiaries as it considers international business opportunities as an important growth driver for the company. Our three strategically located overseas subsidiaries which cover the European, North American and Middle Eastern market are an integral part of Setco Group, and we believe its presence will help the company achieve its growth vision.

However, subdued economic conditions in Europe on account of Brexit and reduced economic activity for the major part of 2019 in North America have slightly slowed down our growth; in addition to the COVID-19 pandemic which saw the entire world shut down between February 2020 and May 2020. While your company has plans in place to capitalize on all the opportunities as soon as the economic conditions improve; the disruption on account of the COVID-19 lockdowns, shutdowns and restrictions are not measurable.

Despite the challenges and uncertainty in the current economic environment; we remain very optimistic about our company's growth and future.

SETCO AUTOMOTIVE (UK) LTD – SAUL

While SAUL has been an integral part of the Setco Group as a Research & Development hub for the company it has also served as a marketing face in the European Continent. SAUL has been promoting our LIPE brand of clutches across Europe. However with the economic uncertainty created by BREXIT deal combined with the COVID – 19 pandemic threats the financial year ended approx. 27 per cent below last year. However, taking proactive steps your company has implemented many internal measures to reduce costs and set up some new distributors to be able to capitalize on this in the coming years. Our European presence remains one of the key growth drivers for Setco Group.

SETCO AUTOMOTIVE (NA) INC. – SANAI

The North American market is a lucrative growth driver for your company and we have always had a dedicated focus on the North American operations. We launched a new range of ASD clutches towards the second quarter of the financial year which were very well accepted by the market and also saw good demand in the North American market. The American market witnessed a slowdown for the most part of the year 2019 where construction, manufacturing and Heavy Duty Automotive industries registered a De-growth; In fact, in 2019 the heavy-duty Class 8 truck industry registered a de-growth of 66 per cent compared to 2018. The COVID-19 pandemic has affected The United States worst and it has the highest number of COVID-19 cases in the entire world. Under mandatory Government instructions, SANAI had suspended operations for several weeks between March 20 and May 20 due to supply chain issues, weak customer demand and employee safety.

However, with our new range of ASD clutch products and our ability to penetrate into newer markets of the North American continent. US market is showing signs of recovery and coming quarter, are expected to be much better. In addition, we have also implemented many internal measures to make the operation leaner and this will also help in achieving our growth strategy for the American Markets.

LAVA CAST PRIVATE LIMITED

Lava Cast was established with the vision to help Setco in its growth which is dependent on the supply of castings as it has been consistently facing shortage of quality castings over the past 3-4 years.

Lava Cast is focused on manufacturing of ready to assemble ferrous machined casting products for the automotive industry and has got approval from major OEM's for the supply of castings for external business. Lava cast is in advance stages of negotiation for supplying castings to 2 major International OEM's which initially has indicated to take at least 20-25 per cent capacity of Lava Cast with an understanding to increase the same to 40 per cent p.a. going forward. With focus on export and increase business of Setco will result in optimum utilisation of capacity utilisation

Lava Cast which due to sudden downturn in the OEM production resulted in lowest capacity utilisation since inception and thus was unable to service the Debt obligation. We had applied to bank for restructuring and are happy to inform that the Debt restructuring scheme has been approved and being implemented, which gives Lava Cast benefit of elongated repayment along with lower Interest cost. With increase in Setco's business and anticipated Export along with OEM's will certainly make Lava Cast achieve new heights.

SUBSIDIARIES OPERATIONAL HIGHLIGHTS

LAVA CAST PRIVATE LIMITED

Particulars	FY2019	FY2020
	IN INR Crs	IN INR Crs
Sales	106.37	55.49
EBIDTA	2.11	(3.87)
Profit After Tax	(28.29)	(39.69)

SETCO AUTOMOTIVE (UK) LTD – SAUL

Particulars	FY2019	FY2020	FY2019	FY2020
	IN 'GBP Mn	IN 'GBP Mn	IN INR Crs	IN INR Crs
Sales	3.17	2.71	29.09	24.18
EBIDTA	(0.28)	(0.17)	(2.52)	(1.52)
Profit After Tax	(0.90)	(1.03)	(8.24)	(9.19)

SETCO AUTOMOTIVE (NA) INC. – SANAI

Particulars	FY2019	FY2020	FY2019	FY2020
	IN USD Mn	IN USD Mn	IN INR Crs	IN INR Crs
Sales	6.97	5.98	48.82	42.42
EBIDTA	0.92	0.20	6.41	1.41
Profit After Tax	0.31	(0.20)	2.14	(1.44)

SETCO MEA DMCC

Particulars	FY2019	FY2020	FY2019	FY2020
	IN AED Mn	IN AED Mn	IN INR Crs	IN INR Crs
Sales	2.14	1.82	3.94	3.50
EBIDTA	0.05	(0.45)	0.30	(1.04)
Profit After Tax	0.05	(0.81)	0.28	(1.55)

COMPANY'S OPERATIONAL HIGHLIGHTS & KEY FINANCIAL RATIOS FOR FY 2019-20

Financial Analysis Rs in Cr.

Particulars	FY20	FY19	YoY Change
Operating Revenue	418.08	613.40	-31.8%
EBIDTA	41.07	91.21	-55.0%
EBIT (Operating) Margin	1.87	71.90	-97.4%
Profit before Tax	-18.71	53.06	-135.3%
Profit After Tax	-16.45	36.02	-145.7%

Key Financial Ratios:

Particulars	FY20	FY19	YoY Change	Reasons for change, where changes are significant
EBITDA Margin	9.8%	14.9%	-33.9%	Despite reducing Fixed cost by ~10% over last year, lower sales has resulted in lower EBIT
EBIT (Operating) Margin	0.4%	11.7%	-96.2%	
PBT Margin	-4.5%	8.7%	-151.7%	Lower sales with higher interest cost has resulted in negative PBT
PAT Margin	-3.9%	5.9%	-167.0%	-
Debtors Turnover	108.99	74.29	46.7%	Despite better operating controls, lockdown in later part of Mar'20 has imapcted days
Inventory Turnover	106.94	72.89	46.7%	
Interest Coverage Ratio	1.04	2.68	-61.3%	Lower sales with lower profit has impacted
Current Ratio	0.74	0.99	-25.1%	-
Debt Equity Ratio	1.21	0.86	40.4%	Repayment of long term debt but due to decreased networth has imapacted Debt Equity Ratio.
Retun of Networth	11.7%	13.7%	-14.5%	-

DIRECTORS' REPORT

Dear Members,

Your Directors are pleased to present the 37th (Thirty Seventh) Annual Report on the business operations together with the audited financial statements for the financial year (FY) ended March 31, 2020. 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 Company's financial performance (standalone and consolidated) for the year ended March 31, 2020 is summarised below:

In March 2020, with COVID-19 being declared a pandemic, your Company adopted measures to curb the spread of infection in order to protect the health of its employees and ensure business continuity with minimal disruption. The spread of Covid-19 resulted in the country going into a sudden lockdown from March 25, 2020, brought the country to a complete halt.

The lockdowns and restrictions imposed on various activities due to the pandemic have posed challenges to all the businesses of your Company and its Subsidiaries.

Although there are uncertainties due to the pandemic, the Company is taking several measures to mitigate the adverse impact by optimising costs and continuously realigning the cost-structures to the activity level.

Rs. in Cr. Except for EPS)

Particulars	Standalone		Consolidated	
	2019-20	2018-19	2019-20	2018-19
Revenue from Operation & Other Income	437.09	628.54	475.01	686.26
Gross Profit before Finance Cost & Depreciation	60.08	106.34	40.69	102.85
Less: Finance Cost	39.59	33.98	56.96	52.58
Less: Depreciation	19.00	19.30	32.34	33.51
Profit/(Loss) before Tax	1.49	53.06	(54.05)	16.76
Less: Provisions for Tax Expenses	(3.55)	16.83	(4.50)	17.31
Profit/ (Loss) from continuing operations	(15.16)	36.22	(49.55)	(0.55)
Other Comprehensive Income	(1.28)	0.20	(2.86)	(0.25)
Profit/(Loss) after Taxes including other Comprehensive Income	(16.45)	36.02	(52.42)	(0.79)
Less: Non-Controlling Interest	-	-	(4.50)	(3.67)
Profit/(Loss) for the Year attributable to Equity Holders of the parent	(16.45)	36.02	(47.42)	2.88
Earning Per Shares (Rs.)	(1.13)	2.71	(3.33)	0.23

Due to overall slowdown in auto industry leading to lower sales during the Financial Year 2019-20 followed by abrupt closure of business activities due to COVID-19 lockdown, your Company recorded a decrease of 30.46% in revenue from operations at Rs. 437.09 crores in the year under review as against Rs. 628.54 crores in the previous year.

The Profit for the year before Depreciation, Finance Costs, Exceptional items and Taxation recorded a decrease of 35.98% at Rs. 60.08 crores as against Rs. 106.34 crores in the previous year. During the year under review, the company has incurred loss of Rs. 16.45 crores as against profit of Rs. 36.02 crores in the previous year.

Your Company continues with its rigorous cost restructuring exercises and efficiency improvements which have resulted in significant savings through continued focus on cost controls, process efficiencies and product innovations that exceed customer expectations in all areas thereby enabling the Company to maintain profitable growth in the current economic scenario.

A detailed discussion on the business performance and future outlook is included in Management Discussion & Analysis which forms part of the Directors' Report.

SHARE CAPITAL

During the year under review, your Company has issued and allotted in aggregate 90,000 equity shares of the Company to eligible employees on exercise of options granted under Setco Employees Stock Option Scheme formulated by the Company. Consequent to the aforesaid, the issued, subscribed and paid–up capital of the Company increased from 13,36,77,275 equity shares of Rs. 2/- each to 13,37,67,275 equity shares of Rs. 2/- each.

The equity shares of the Company continue to be listed on BSE Limited ("BSE") and National Stock Exchange of India Limited ("NSE"). The stipulated listing fees for FY2020-21 have been paid to both stock exchanges.

DIVIDEND

Due to the economic impact of the pandemic, Board as an exception has not declared any dividend for the financial year ended on 31st March, 2020.

TRANSFER TO RESERVES

The Board of Directors in view of loss during the year, has decided not to transfer any amount to the reserve during FY 2019-2020.

FIXED DEPOSITS

The Company has not accepted any Deposit covered under Section 73 of the Companies Act, 2013 and The Companies (Acceptance of Deposit) Rules, 2014 during the year under review. Hence, the requirement for furnishing of details relating to deposits covered under Chapter V of the Act or the details of deposits which are not in compliance with the Chapter V of the Act is not applicable.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

Details of loans granted, guarantees provided and investments made by the Company under the provisions of Section 186 of the Act read with the Companies (Meeting of Board and its Powers) Rules, 2014, are provided in the Notes to Standalone Financial Statements of the Company, forming part of this Annual Report.

MANAGEMENT'S DISCUSSION AND ANALYSIS REPORT

Management Discussion and Analysis as stipulated under the Listing Regulations is presented in a separate section forming part of this Annual Report. It provides details about the overall industry structure, global and domestic economic scenarios, developments in business operations / performance of the Company's, internal controls and their adequacy, risk management systems and other material developments during the financial year 2019-20.

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 (Mauritius).

In accordance with Section 136 of the Companies Act, 2013 the Company is exempted 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 I** 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.

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.

Director Retiring by rotation

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

Re-appointment of Independence Directors:

At the Annual General Meeting held on September 27, 2019, the Members have approved the re-appointment of Dr. Arun Arora, Mr. Ashok Kumar Jha and Ms. Suhasini Sathe as Independent Directors for second term of five years to hold office with effect from September 27, 2019.

Cessation

Mr. Arun Tiwari, Independent Director of the Company resigned from the Board of Directors of the Company with effect from January 11, 2020 and Mr. Shvetal Vakil, Whole Time Director of the Company retired from the Board of Directors of the Company with effect from March 31, 2020. The Board places on record its sincere appreciation for their invaluable contribution and guidance during their tenure as Directors of the Company.

Brief details of Directors proposed to be appointed/ re-appointed as required under Regulation 36 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standard on General Meetings (SS-2) is provided in the Notice of the Annual General Meeting.

As on 31st March, 2020, none of the Directors are disqualified for appointment/re-appointment under Section 164 of the Companies Act, 2013.

Declaration by Independent Directors:

The Company has received declarations from all the Independent Directors of the Company confirming that they meet with the criteria of independence as prescribed in Section 149(6) of the Act and Regulation 16(1)(b) of the Listing Regulations and there has been no change in the circumstances which may affect their status as independent director during the year.

Key Managerial Personnel

Pursuant to the provisions of Section 203 of the Act, the Key Managerial Personnel of the Company as on March 31, 2020 are:

- Mr. Harish Sheth, Chairman & Managing Director
- Mrs. Urja Shah, Executive Director

- Mr. Jatinder Bir Singh Gujral, Chief Executive Officer
- Mr. Vinay Shahane, Vice President Finance (Chief Financial Officer)
- Mr. Chandra Kant Sharma, Company Secretary and Compliance officer.

During year under review, Mr. Shvetal Vakil, Whole Time Director of the Company resigned from the Board of Directors of the Company with effect from March 31, 2020. Mr. Chandra Kant Sharma, Company Secretary of the Company appointed with effect from May 6, 2019.

POLICY ON DIRECTORS' APPOINTMENT AND REMUNERATION

The Company's Policy on director's appointment and remuneration and other matters provided in Section 178(3) of the Companies Act, 2013 is available on the Company's website at https://setcoauto.com/statutory-policies/.

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.

PERFORMANCE EVALUATION OF BOARD

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. A formal evaluation of performance of the Board, its Committees, the Chairman and that of the individual Directors was carried out for the financial year 2019-20.

The evaluation of Individual Directors was done taking into consideration the role played by each Director as a member at the respective meetings, in pursuit of the purpose and goals, participation at the meetings, independent views and judgement, initiative, ownership of value building.

The performance of the Committees was evaluated by the Board after seeking inputs from the Committee members on the basis of the criteria such as the composition of Committees, effectiveness of Committee meetings, information shared and participation of members. In respect of evaluation for performance of the Board, the parameters inter alia comprised of key areas such as Board composition, competency of Directors, diversity, frequency of Board and Committee meetings, information sharing and disclosures made to the Board and its Committees. The responses received on evaluation of the Board and its Committees and that of the individual Directors were shared with the Chairman.

The overall performance evaluation process for functioning of Board and its Committees was based on discussions amongst the Board Members, Committee Members and responses shared by each Member. The Board found that there was considerable value and richness in the discussions and deliberations. Based on the outcome of the evaluation, the Board and Committees have agreed for possible continuous improvisation to ensure better effectiveness and functioning of the Board and Committees.

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' RESPONSIBILITY STATEMENT

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

a) in the preparation of the annual accounts for the financial year ended 31st March, 2020, the applicable accounting standards and Schedule III of the Companies Act, 2013, have been followed and there are no material departures from the same;

b) the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of your Company as at 31st March, 2020 and of the profit and loss of the Company for the financial year ended 31st March, 2020;

c) 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;

d) the annual accounts have been prepared on a 'going concern' basis;

e) 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

f) proper systems to ensure compliance with the provisions of all applicable laws were in place and that such systems were adequate and operating effectively.

NUMBER OF BOARD MEETING

The Board of Directors met 6 (Six) times during year under review. The details of board meeting and the attendance of the Directors are provided in the Corporate Governance Report which forms part of this Annual Report.

COMMITTEES OF BOARD

Details of various committees constituted by the Board of Directors as per the provision of the SEBI Listing Regulations and Companies Act, 2013 are given in the Corporate Governance Report which forms part of 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 Accounting Standard (AS-18) 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 as per Indian Accounting Standards (IND AS) – 24 are set out in Note 37 to the Standalone Financial Statements of the Company.

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 II.**

EXTRACT OF ANNUAL RETURN

As per the requirements of Section 92(3) of the Act and Rules framed thereunder, the extract of the annual return for FY 2020 is available on https://setcoauto.com/annual-reports/.

MATERIAL CHANGES AFFECTING THE COMPANY

There are no material changes and commitments affecting the financial position of the Company which have occurred between the end of the financial year 2019-20 and the date of this report. There has been no change in the nature of business of the Company. Pursuant to Accounting Standards, impairment/ recognition of impact on comprehensive income statement has taken place for the first time.

AUDITORS

Statutory Auditors

M/s. V. Parekh & Associates, Chartered Accountants (Firm Registration No. 107488W) were appointed as Auditors of the Company for a term of 5 (five) consecutive years, at the AGM held on September 27, 2017. The Auditors have confirmed that they are not disqualified from continuing as Auditors of the Company.

Directors' comments on Auditors Qualification in Standalone and Consolidated Auditors Report:

The Setco MEA, DMCC, foreign subsidiary has prepared its financial statement on a going concern basis. However, the foreign subsidiary has eroded it entire net-worth due to accumulated losses. As reported by their auditors, the continuance of this foreign subsidiary business as a going concern is dependent upon the foreign subsidiary's ability to carry on business and generate the profit and the continuous support from the shareholders.

SECRETARIAL AUDITOR AND SECRETARIAL AUDIT REPORT

Pursuant to the provisions of Section 204 of the Act and Rules thereunder, the Company had re-appointed M/s. P. P. Shah & Co., Practicing Company Secretaries, (Membership No.1483, CP No. 436) as the Secretarial Auditor to conduct Secretarial Audit for the financial year 2019-20. The Secretarial Audit Report for the financial year ended March 31, 2020 is annexed herewith marked as **Annexure III** in Form MR-3 to this Report.

Directors' comments on Secretarial Auditors Qualification in Appointment of Company Secretary:

A. Appointment of Company Secretary:

As per Section 203, the Company is required to appoint Company Secretary. Further, in case of resignation of Company Secretary, the Company is required to fill the vacancy within a period of 6 months from the date of resignation. The Company Secretary of the Company had resigned on 15th September, 2018. The Company had appointed Company Secretary on 6th May, 2019 whereas the period of 6 months expired on 14th March, 2019. Accordingly, there was a delay of 52 days in the appointment of Company Secretary. In this regard the management of the Company has provided the following reply:

i. The Company was required to fill the vacancy caused by resignation of Company Secretary within 6 months of resignation. The Company had appointed Company Secretary on 6th May, 2019 instead of 14th March, 2019 i.e. after a delay of 52 days. The Company had made all efforts for appointment of Company Secretary however it was not able to find a suitable candidate.

ii. During this period beginning from 15th September, 2018 till 6th May, 2019, the secretarial affairs of the Company were managed by other Company Secretary who are employed in Setco Group of Companies. During this period, all the compliances and filings to be made by the Company were made with the help of Company Secretaries employed in Setco Group of Companies. The delay in appointment of Company Secretary is marginal and all the secretarial functions required to be discharged during the period were properly discharged.

iii. The Company has appointed Mr. Chandrakant Sharma as Company Secretary w.e.f. 06th May, 2019.

B. Delayed Payment of Dividend to Promoter Shareholders:

The Company has declared the dividend at the Annual General Meeting held on 27th September, 2019 for the financial year 2018 – 19. The Company has paid the dividend to all the public shareholders within the time prescribed under Section 124 (1) of the Companies Act, 2013. However, due to financial stress, the Company was not been able to deposit and pay dividend amounts to the promoter shareholders within prescribed time. Last part of the dividend payable to promoter shareholders was paid on 14th July 2020, after the closure of the financial year. Accordingly, to this extent the Company has not complied with the provisions of Section 124 (1) of the Companies Act, 2013.

SECRETARIAL STANDARDS

The Directors state that applicable Secretarial Standards i.e. SS -1 and SS -2, relating to 'Meeting of the Board of Directors' and 'General Meeting', respectively, have been duly followed by the Company.

CORPORATE GOVERNANCE

We comply with the Securities and Exchange Board of India (SEBI)'s guidelines on Corporate Governance. A report on Corporate Governance alongwith 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 2019-20. A declaration to this effect signed by the Chairman & Managing Director of the company is contained in this Annual Report.

The Chief Executive Officer/Chief Financial Officer (CEO/CFO) certification as required under SEBI Listing 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 2019-20, are provided in the Notes to Standalone Financial Statements of the Company, forming part of this Annual Report.

INVESTOR EDUCATION AND PROTECTION FUND (IEPF)

In accordance with the applicable provisions of Companies Act, 2013 read with Investor Education and Protection Fund (Accounting, Audit, Transfer and Refund) Rules, 2016 ("IEPF Rules"), all unclaimed dividends are required to be transferred by the Company to the IEPF, after completion of seven (7) years.

Further, according to IEPF Rules, the shares on which dividend has not been claimed by the shareholders for seven (7) consecutive years or more shall be transferred to the demat account of the IEPF Authority. The details relating to amount of dividend transferred to the IEPF and corresponding shares on which dividends were unclaimed for seven (7) consecutive years, are provided in the General Shareholders Information section of this Annual Report.

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 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.

CONSOLIDATED FINANCIAL STATEMENTS

In accordance with the provisions of Companies Act, 2013 (hereinafter referred to as "the Act"), Regulation 33 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and applicable Accounting Standards, the Audited Consolidated Financial Statements of the Company for the financial year 2019-20, together with the Auditors' Report form part of this Annual Report.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

In accordance with the provisions of Section 135 of the Act and Rules framed there under, the Company has a Corporate Social Responsibility ("CSR") Committee. The Company primarily works through Setco Foundation and also supports other NGOs, towards supporting projects to facilitate a neighborhood 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 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 on Company's website 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.143.02 lakhs on CSR activities. The Annual Report on CSR activities is given at **Annexure IV** hereto.

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, 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.

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 has a robust vigil mechanism through its Whistle Blower Policy approved and adopted by Board of Directors of the Company in compliance with the provisions of Section 177 (10) of the Act and Regulation 22 of the Listing Regulations.

The Policy also provides protection to the employees and business associates who report unethical practices and irregularities.

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 process in place to ensure appropriate identification and mitigation of risks. Risk identification exercise is inter-woven with the annual planning cycle which ensures both regularity and comprehensiveness. 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.

INDUSTRIAL RELATIONS

The relations with the employees have continued to remain cordial.

QUALITY STANDARD ACCREDIATION

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

Further, the Company's Unit is accredited with Environmental Management System (EMS) (ISO 14001) as well as Occupational Health, Safety Standards (OHSAS 18001) and VDA 6.3 Certification.

PARTICULARS OF EMPLOYEES AND RELATED DISCLOSURES

The information required under Section 197 of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are provided in separate annexure forming part of this Report as **Annexure V**.

The statement containing particulars of employees as required under Section 197 of the Companies Act, 2013 read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, will be provided upon request. In terms of Section 136 of the Companies Act, 2013, the Report and Accounts are being sent to the Members and others entitled thereto, excluding the information on employees' particulars which is available for inspection by the members at the Registered Office of the Company during during all working days except on Tuesday, Public Holidays and 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, such Member may write to the Company Secretary in this regard.

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. The Company does not 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. There are no significant or material orders were passed by the Regulators or Courts or Tribunals impacting the going concern status of the Company and its operations in future.

5. None of the Auditors of the Company have reported any fraud as specified under the second proviso of Section 143 (12) of the Companies Act, 2013 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force).

6. The Company does not have any scheme or provision of money for the purchase of its own shares by employees/ Directors or by trustees for the benefit of employees/ Directors.

ACKNOWLEDGEMENTS:

The Board of Directors place on record sincere gratitude and appreciation for all the employees at all levels for their hard work, solidarity, cooperation and dedication during the year.

The Board conveys its appreciation for its customers, shareholders, suppliers as well as vendors, bankers, business associates, regulatory and government authorities for their continued support.

For and on behalf of the Board

Harish Sheth
Chairman and Managing Director
DIN: 01434459

Place: Mumbai
Date: November 10, 2020

ANNEXURE I TO DIRECTORS' REPORT

Form AOC-1

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

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

PART "A": Subsidiaries

Name of the Subsidiary	Reporting period for the subsidiary concerned, if different from the 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. 93.78	598.17	-9.63	590.97	2.43	590.40	-	13.63	-	13.63	-	100.00
Lava Cast Private Limited	Same as Holding Company	INR	11,056.00	-10,351.74	19,710.76	19,006.50	-	5,549.91	-3,959.59	-	-3,959.59	-	87.82
Setco Automotive (UK) Ltd.	Same as Holding Company	1 GBP = Rs. 93.78	2,564.20	-4,473.63	6,724.65	8,634.08	1,539.86	2,735.27	-938.71	-12.24	-926.47	-	100.00
Setco Automotive (NA) Inc	Same as Holding Company	1 USD = Rs. 75.96	1,993.95	-435.56	6,110.60	4,552.21	-	4,245.20	-227.44	-83.04	-144.40	-	100.00
SETCO MEA DMCC	Same as Holding Company	1 AED = Rs. 20.78	20.11	-205.88	627.49	813.26	-	350.12	-155.30	-	-155.30	-	100.00

*Rates as on March 31, 2020

ANNEXURE II 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 accounting standards: For details please refer to notes to Financial Statement mentioned in Annual Report 2019-20.

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 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. 2.71 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 av,erage fair value of options based on Black Scholes methodology: Rs. 16.48

C Options Movement During the year

	Description	
1	Number of Options Outstanding at the beginning of the Year	2,84,800
2	Number of Options Granted during the year	Nil
3	Number of Options forfeited / lapsed during the year	43,100
4	Number of Options vested during the year	1,06,800

5	Number of Options exercised during the year	90,000
6	Number of shares arising as a result of exercise of Options	90,000
7	Money realized by exercise of Options	14,40,000
8	Number of options outstanding at the end of the year	1,51,700
9	Number of Options exercisable at the end of the year	1,78,000

D Options granted to Senior Management Personnel/s

The company has not granted any options during the current financial year 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-dividsion 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.

ANNEXURE III TO DIRECTORS' REPORT

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2020

[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, 2020 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, 2020, 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, 2018;
   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, 2018; **(Not applicable to the Company during the Audit Period)**
6. There are no other laws specifically applicable to the industry to which the Company belongs as identified by the management.

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 on Meetings of Board of Directors and Secretarial Standards – 2 on 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 qualifications:

A. **Appointment of Company Secretary**:
As per Section 203, the Company is required to appoint Company Secretary. Further, in case of resignation of Company Secretary, the Company is required to fill the vacancy within a period of 6 months from the date of resignation. *The*

Company Secretary of the Company had resigned on 15th September, 2018. The Company had appointed Company Secretary on 6th May, 2019 whereas the period of 6 months expired on 14th March, 2019. Accordingly, there was a delay of 52 days in the appointment of Company Secretary. In this regard the management of the Company has provided the following reply:

i. The Company was required to fill the vacancy caused by resignation of Company Secretary within 6 months of resignation. The Company had appointed Company Secretary on 6th May, 2019 instead of 14th March, 2019 i.e. after a delay of 52 days. The Company had made all efforts for appointment of Company Secretary however it was not able to find a suitable candidate.

ii. During this period beginning from 15th September, 2018 till 6th May, 2019, the secretarial affairs of the Company were managed by other Company Secretary who are employed in Setco Group of Companies. During this period, all the compliances and filings to be made by the Company were made with the help of Company Secretaries employed in Setco Group of Companies. The delay in appointment of Company Secretary is marginal and all the secretarial functions required to be discharged during the period were properly discharged.

iii. The Company has appointed Mr. Chandrakant Sharma as Company Secretary w.e.f. 06th May, 2019.

B. Delayed Payment of Dividend to Promoter Shareholders:

The Company has declared the dividend at the Annual General Meeting held on 27th September, 2019 for the financial year 2018 – 19. The Company has paid the dividend to all the public shareholders within the time prescribed under Section 124 (1) of the Companies Act, 2013. However, due to financial stress, the Company was not been able to deposit and pay dividend amounts to the promoter shareholders within prescribed time. Last part of the dividend payable to promoter shareholders was paid on 14th July 2020, after the closure of the financial year. Accordingly, to this extent the Company has not complied with the provisions of Section 124 (1) of the Companies Act, 2013.

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.

Pradip Shah
For P. P. Shah & Co.
Practicing Company Secretaries
FCS No. 1483, C P No.: 436
UDIN: F001483B000503270

Place: Mumbai
Date**:** 25th July, 2020

ANNEXURE IV TO DIRECTORS' REPORT

ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES FOR THE FINANCIAL YEAR 2019-20

[Pursuant to Companies (Corporate Social Responsibility Policy) Rules, 2014]

1	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 CSR policy and projects or programs	Setco Automotive conducts its CSR Programs through its social development arm, Setco Foundation Daman and Mumbai; and through direct grant giving. The Setco Foundation was created in 2007 to implement the Setco Group's Corporate Social Responsibility (CSR) initiatives. The Setco Foundation focuses on healthcare, nutrition, education and empowerment of the under privileged women and children in the Panchmahal district of Gujarat. The foundation aims to create a strong, self-sufficient and progressive society. The Setco Foundation works alongside the Integrated Child Development Services (ICDS) and government anganwadis. Setco Foundation's fundamental areas of operation can be categorized under three heads, • Health and nutrition • Pre-school education support • Empowerment For further details about the above listed programs, please refer to https://setcofoundation.org/. Setco's CSR policy is available on Company's website
2	Composition of CSR & Sustainability Committee	Mrs. Urja Shah, Executive Director (Chairman) Mr. Udit Sheth, Vice Chairman (Member) Dr. Arun Arora, Independent Director (Member) Mrs. Suhasini Sathe, Independent Director (Member)
3	Average net profit of the company for last three financial years	Rs. 38.65 Cr.
4	Prescribed CSR Expenditure (two percent of the amount as in item 3 above)	Rs. 77.30 Lacs
5	Actual amount spend on CSR during the financial year	Rs. 143.02 Lacs

Expenditure Statement for the year 2019-20 as per Schedule VII of the Companies Act, 2013

Sr. No.	CSR Project or activity identified	Sector in which the Project is covered	Projects or programmes (1) Local areas (2) State and district where projects or programs was undertaken	Amount outlay (Budget) project or programs wise	Amount Spent on Programs / Projects	Cumulative expenditure upto the reporting period	Amount spent: Direct or through Implementing Agency
1	Eradicating extreme hunger, poverty and malnutrition, promoting preventive health care and sanitation and making available safe drinking water	Health and Nutrition	Local Area: Kalol District: Panchmahal State: Gujarat	Rs. 40.53 Lacs	Rs. 41.56 Lacs	Rs. 41.56 Lacs	Through Setco Foundation Daman (Ayushi Program)
2	Promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly, and the differently abled and livelihood enhancement projects.	Anganwadi centers, Early childhood education centers and women skill development	Local Area: Kalol District: Panchmahal State: Gujarat	Rs. 50.28 Lacs	Rs. 52.45 Lacs	Rs. 52.45 Lacs	Through Setco Foundation Daman (Nandghar, Pahel and Aeshani Program)
3	Training to promote rural sports, nationally recognized sports, Paralympic sports and Olympic sports	Sports	Local Area: Kalol District: Panchmahal State: Gujarat	Rs. 12.29 Lacs	Rs. 12.50 Lacs	Rs. 12.50 Lacs	Through Setco Foundation Daman (Shikhar Program)
4	Promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly, and the differently abled and livelihood enhancement projects.	School for children	Local Area: Bolundra District: Aravalli State: Gujarat	Rs. 20 Lacs	Rs. 20 Lacs	Rs. 20 Lacs	Through K.G. Vyas Charitable Trust

5	Promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly, and the differently abled and livelihood enhancement projects.	Children with special needs	Local Area: Mumbai District: Mumbai State: Maharashtra	Rs 10 Lacs	Rs 10 Lacs	Rs 10 Lacs	Through Setco Foundation Mumbai (Play Pal program)
6	Promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly, and the differently abled and livelihood enhancement projects.	Enhancing Vocation Skills	Local Area: Vadodara District: Vadodara State: Gujarat	Rs. 1.01 Lacs	Rs. 1.01 Lacs	Rs. 1.01 Lacs	Through Shree Maharani Chimnabai Stree Udhyogalay
7	Promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly, and the differently abled and livelihood enhancement projects.	Umang School	Local Area: Ahmedabad District: Ahmedabad State: Gujarat	Rs. 5.00 Lacs	Rs. 5.00 Lacs	Rs. 5.00 Lacs	Through Shreemad Rajchandra Sewa Kendra
		Total		**Rs. 139.11 Lacs**	**Rs. 142.52 Lacs**	**Rs. 142.52 Lacs**	
	Overheads	**Overheads**		**Rs 1.45 Lacs**	**Rs 0.50 Lacs**	**Rs 0.50 Lacs**	
	Cumulative expenditure up to the reporting period			**Rs. 140.56 Lacs**	**Rs. 143.02 Lacs**	**Rs. 143.02 Lacs**	

Responsibility Statement of the CSR Committee

The CSR & Sustainability Committee affirms that the implementation and monitoring of CSR Policy is in compliance with CSR Policy and Objectives of the Company.

On behalf of the CSR Committee:

Harish Sheth Chairman and Managing Director DIN: 01434459	Urja Shah Chairperson – CSR Committee DIN: 02675341

ANNEXURE V TO DIRECTORS REPORT

Information pursuant to Section 197 of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

a) The percentage increase in remuneration of each Director, Chief Financial Officer, Company Secretary and Managing Director during the financial year 2019-20, ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year 2019-20 are as under:

Sr. No.	Name of Director/KMP and Designation	Remuneration of Director/KMP for Financial Year 2019-20 (Rs. in Lakhs)	%increase / (decrease) in Remuneration for Financial year 2019-20	Median Remuneration (Rs. In Lacs)	Ratio of remuneration of each Director to median remuneration of employees
1.	Mr. Harish Sheth – Chairman and Managing Director	120.00	NA	4.80	0.04
2.	Mr. Shvetal Vakil – Executive Director*	120.00	NA	4.80	0.04
3.	Mrs. Urja Shah – Executive Director	60.00	22%	4.80	0.08
4.	Mr. Jatinder Gujaral – Chief Executive Officer	128.08	18%	4.80	0.04
5.	Mr. Vinay Shahane - Chief Financial Officer	53.58	5%	4.80	0.09
6.	Mr. Chandra Kant Sharma** Company Secretary	21.16	N.A.	4.80	N.A.

* Resigned as on March 31, 2020

**Appointed as on May 6, 2019

b) Percentage increase in the median remuneration of employees in the financial year

In the financial year 2019-20, there was an increase of **28.69%** in the median remuneration of employees.

c) Number of permanent employees on the rolls of Company

There were **798** Permanent employees on the rolls of Company as on 31st March, 2020.

d) Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration:

The average percentage increase made in the salaries of employees other than the managerial personnel for the financial year i.e. 2019-20 was **22.56%** whereas the increase in the managerial remuneration for the same financial year was **44.23%.**

e) Affirmation that the remuneration is as per the remuneration policy of the Company:

It is hereby affirmed that the remuneration paid is as per the Remuneration Policy of the Company.

f) The Statement containing particulars Employees who if employed throughout the year or part thereof was in receipt of remuneration in that year which in the aggregate is in excess of that drawn by the Chairman & Managing Director and CEO & Senior Executive Director.- Not Applicable

g) There were no employees who being employed throughout Financial Year were in receipt of remuneration not less than one crore and two lakh rupees except Mr. Harish Sheth, Mr. Shvetal Vakil and Mr. Jitender Gujaral and the details are as follows:

Sr. No.	Name of the Employee	Designation	Remuneration received (Rs. in Lakhs)	Nature of Employment whether Contractual or otherwise	Qualifications and experience of the Employee	Date of Commencement of Employment	Age	Last employment held by such Employee
1	Mr. Harish Sheth	Chairman & Managing Director		Contractual	Bachelor's degree in Mechanical Engineering from the University of Michigan, Ann Arbor and an MBA (Finance) from the Columbia University, New York	05/05/1982	72	-
2	Mr. Shvetal Vakil*	Executive Director		Contractual	Bachelor's degree from Mumbai University and Advanced Management Programme from IIM, Ahmedabad	01/11/2006	68	Bunge India Private Limited
3	Mr. Jitender Gujaral	Chief Executive Officer		Contractual	Bachelor's degree in Mechanical Engineering from the Punjab University	29/09/2011	57	Goodyear Tire and Rubber Company

* Resigned as on March 31, 2020

h) There were no employees who being employed for a part of Financial Year were in receipt of remuneration not less than eight lakh and fifty thousand rupees per month.

CORPORATE GOVERNANCE REPORT

PHILOSOPHY

Your Company Setco fully subscribes to the principles and spirit of governance and is compliant with the Corporate Governance provisions as stipulated under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") in both letter and spirit. The management believes that these principles will enable it to achieve the long-term objectives and goals. 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. The Company constantly reviews its Corporate Governance policy to not only comply with the business, legal and social framework in which it operates but also to implement the best international practices in that regard.

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, 2020, the Board consists of six members, of which three are Non-Executive Independent Directors. Thus, Company is having total three Non-Executive 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.

A. 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 Company's policy is to have a proper blend of Executive and Non-Executive Directors to maintain independence of the Board and at the same time separate Board's functions of governance from management. As at March 31, 2020 in compliance with Regulation 17 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, the Company's Board of Directors headed by its Chairman and Managing Director – Mr. Harish Sheth, comprises of five other Directors, out of which three Directors are Independent Non-Executive Directors.

The Board comprises of 6 (Six) Directors of which 3 (Three) Directors are Independent, 1 (One) Director is Non-Executive/Promoter Director and 2 (Two) 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 (Resigned w.e.f. March 31, 2020)
Non-Executive Directors		
• Promoter Director	**4.**	Mr. Udit Sheth
• Independent	**5.**	Dr. Arun Arora
	6.	Mr. Ashok Kumar Jha
	7.	Mrs. Suhasini Sathe
	8.	Mr. Arun Tiwari (Resigned w.e.f January 11, 2020)

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

As prescribed under Regulation 27 of the SEBI (LODR), Regulations, 2015, is a Member of more than 10 (ten) Committees and Chairman of more than 5 (five) Committees (Committees being, Audit Committee and Stakeholders' Relationship Committee) across all the companies in which he/she is a Director. All the Directors have made necessary disclosures regarding Committee positions held by them in other companies and do not hold the office of Director in more than 10 (ten) public companies as on March 31, 2020.

The Company has an Executive Chairman. According to Regulation 27 of the Listing Regulations, 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 year, the Board met 6 (Six) times on April 10, 2019, May 30, 2019, August 13, 2019, November 14, 2019, February 12, 2020 and March 30, 2020. The Board meets at least once in every quarter to review the Company's operations and financial performance and the maximum time gap between any two meetings is not more than 120 days. The necessary quorum was present in all the meetings. A separate meeting of the Independent directors was held on February 12, 2020.

Board Meetings are governed by structured agenda. All major agenda items are backed by comprehensive background information to enable the Board to take informed decisions. The Company Secretary in consultation with the Senior Management prepares the detailed agenda for the meetings.

All material information was circulated to the directors before the meeting or placed at the meeting, including minimum information required to be made available to the Board as prescribed under Part A of Schedule II of Sub- Regulation 7 of Regulation 17 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Where it is not practicable to attach any document to the Agenda, the same is tabled before the meeting with specific reference to this effect in the Agenda. In special and exceptional circumstances, additional or supplementary item(s) on the Agenda are permitted. In order to transact some urgent business, which may come up after circulation of agenda papers, the same is placed before the Board by way of Table Agenda or Chairman's Agenda. Frequent and detailed deliberation on the agenda provides the strategic roadmap for the future growth of the Company.

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 required information as enumerated in Part A of Schedule II to SEBI Listing Regulations is made available to the Board of Directors for discussions and consideration at every Board Meetings. The Board periodically reviews compliance reports of all laws applicable to the Company as required under Regulation 17(3) of the SEBI Listing Regulations.

The Companies Act, 2013 read with the relevant rules made thereunder, now facilitates the participation of a Director in Board / Committee Meetings through video conferencing or other audio visual mode. Accordingly, the option to participate in the Meeting through video conferencing was made available for the Directors except in respect of such Meetings / Items which are not permitted to be transacted through video conferencing.

The following table provides the attendance record at the Board Meeting and Annual General Meeting of the Company during the financial year 2019-20 and directorships, memberships and chairmanships in other public limited companies at the end of the financial year 2019-20:

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

Table 1: Composition of the Board and attendance record of directors for 2019-20

Name of the Director (Alphabetically arranged)	Category	Relationship with other Directors	No. of Board Meetings Attended	Whether attended last AGM
Mr. Harish Sheth	Chairman & Managing Director	Father of Mr. Udit Sheth & Mrs. Urja Shah	6/6	Yes
Mr. Shvetal Vakil**	Executive Director	N.A.	4/6	Yes
Mr. Udit Sheth	Non- Executive Director	Son of Mr. Harish Sheth & Brother of Mrs. Urja Shah	6/6	Yes
Mrs. Urja Shah	Executive Director	Daughter of Mr. Harish Sheth & Sister of Mr. Udit Sheth	5/6	No
Dr. Arun Arora	Independent Director	N.A.	5/6	No
Mr. Ashok Kumar Jha	Independent Director	N.A.	3/6	No
Mrs. Suhasini Sathe	Independent Director	N.A.	5/6	No
Mr. Arun Tiwari*	Independent Director	N.A.	3/4	No

* Ceased to be Directors w.e.f. January 11, 2020.
** Ceased to be Directors w.e.f. March 31, 2020

Table 2: Number of directorships/committee positions of directors as on March 31, 2020

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$
Mr. Harish Sheth	1	1	-	28,97,575
Mr. Shvetal Vakil**	1	-	-	3,15,750
Mr. Udit Sheth	1	-	-	27,62,863
Mrs. Urja Shah	1	1	-	42,84,725
Dr. Arun Arora	2	3	2	58,750
Mr. Ashok Kumar Jha	3	4	2	40,000
Mrs. Suhasini Sathe	1	1	-	18,000
Mr. Arun Tiwari*	4	-	-	0

* Ceased to be Directors w.e.f. January 11, 2020.
** Ceased to be Directors w.e.f. March 31, 2020.
@ 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.

Skills / expertise competencies of the Board of Directors:

The following is the list of core skills / expertise / competencies identified by the Board of Directors as required in the context of the Company's business and that the said skills are available with the Board Members:

i) Knowledge on Company's businesses, policies and culture (including the Mission, Vision and Values), major risks / threats and potential opportunities and knowledge of the industry in which the Company operates

ii) Behavioural skills - attributes and competencies to use their knowledge and skills to contribute effectively to the growth of the Company

iii) Business Strategy, Sales & Marketing, Corporate Governance, Administration, Decision Making,

iv) Financial and Management skills

v) Technical / Professional skills and specialized knowledge in relation to Company's business

vi) Stakeholders Relationship skills

Note - Each Director may possess varied combinations of skills/ expertise within the described set of parameters and it is not necessary that all Directors possess all skills/ expertise listed therein.

Non-Executive Directors with materially significant, pecuniary or business relationship with the Company

There have been no pecuniary or business relationship between the Non-Executive Directors and the Company, except for the sitting fees and commission payable to them annually in accordance with the applicable laws and with the approval of the shareholders. A declaration to this effect is also submitted by all the Directors at the beginning of each financial year.

Declarations

The Independent Directors have submitted declaration(s) that they meet the criteria of Independence laid down under the Companies Act, 2013 and the Listing Regulations. The Board of Directors, based on the declaration(s) received from the Independent Directors, have verified the veracity of such disclosures and confirm that the Independent Directors fulfill the conditions of independence specified in the Listing Regulations and are independent of the management of the Company. The Company has also issued formal appointment letters to all the Independent Directors in the manner provided under the Companies Act, 2013 read with the Rules issued thereunder. A sample letter of appointment/ re-appointment containing the terms and conditions, issued to the Independent Directors, is posted on the Company's website at https://setcoauto.com/statutory-policies/

Resignation of Independent Directors:

Mr. Arun Tiwari, Independent Director of the Company resigned and ceased to be the Director with effect from January 11, 2020.

As publically informed, the cessation was due to some added responsibilities in recent past, which are onerous, fiduciary in nature, somewhere nearing conflict of interest, apart from demanding on time. The confirmation has been received from Mr. Arun Tiwari that there were no material reasons other than those mentioned above for the resignation.

Familiarization Programme

At the time of appointment of a Director, a formal letter of appointment is given explaining the role, duties and responsibilities expected of him as a director of the Company. He is also explained the Compliance required from him under the Companies Act, 2013, Listing Regulations and other various statues and an affirmation is obtained. The Company conducts Familiarization Programme for Independent Directors to enable them to understand their roles, rights and responsibilities. Presentations are also made at the Board meetings which facilitates them to clearly understand the business of the Company and the environment in which the Company operates. They are also provided a platform to interact with multiple levels of management and are provided with all the documents required and/or sought by them to have a good understanding of Company's operations, businesses and the industry as a whole. Further, they are periodically updated on material changes in regulatory framework and its impact on the Company.

The details of such familiarization programmes for Independent Director(s) are put up on the website of the Company i.e. https://setcoauto.com/statutory-policies/

A. **Committees of Board of Directors**

The Board has constituted various Committees with specific terms of reference in line with the provisions of the Listing Regulations, Companies Act, 2013 and the Rules issued thereunder. The Board periodically reviews the composition and terms of reference of its Committees in order to comply with any amendments/modifications to the provisions relating to composition of Committees under the Listing Regulations, Companies Act, 2013 and the Rules issued thereunder. The Company currently has 6 (six) Committees of the Board, namely, 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 Regulations are as follows:

Audit Committee:

The Committee met four times during the financial year 2019-20 viz., May 29, 2019, August 13, 2019, November 11, 2019 and February 12, 2020. The detailed constitution and attendance at the Committee meetings which were held during the year are as follows:

Name of the Director	Category	Designations	No. of meetings	
			Held	Attended
Dr. Arun Arora	Non- Executive Independent Director	Chairman	4	4
Mr. Ashok Kumar Jha	Non- Executive Independent Director	Member	4	3
Mr. Arun Tiwari*	Non- Executive Independent Director	Member	3	2
Mrs. Suhasini Sathe**	Non- Executive Independent Director	Member	1	1

* Consequent upon his resignation as Independent Director of the Company on January 11, 2020. Mr. Arun Tiwari ceased to be a Member of the Committee.

** Appointed as a member of the committee on 14th November, 2019.

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.

The powers, role and terms of reference of the Audit Committee covers the areas as contemplated under Listing Regulations as amended from time to time and Section 177 of the Companies Act, 2013. The brief terms of reference of Audit Committee are as under:

a) Overseeing the Company's financial reporting process and disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
b) Recommending to the Board the appointment, re-appointment, remuneration and terms of appointment of auditors of the Company;
c) Reviewing, with the management, the quarterly, half-yearly and annual financial statements before submission to the Board for approval;
d) Reviewing, with the management, the performance of statutory and internal auditors, and adequacy of the internal control systems;
e) Review and monitor the auditor's independence and performance and effectiveness of audit process;
f) To approve transactions and subsequent modification(s) to the transactions of the Company with related parties;
g) To scrutinize inter-corporate loans and investments of the Company;
h) Valuation of undertaking or assets of the Company, wherever it is necessary;
i) Evaluation of internal financial controls and risk management systems;
j) Carrying out any other function as is mentioned in the terms of reference of the Audit Committee under the provisions of Companies Act, 2013 and Rules thereto and that of the Listing Regulations.

Nomination and Remuneration Committee

The Committee met two times during the financial year 2019-20 viz. May 29, 2019 and August 13, 2019. The detailed constitution and attendance at the Committee meetings which were held during the year are as follows:

Name of the Director	Category	Designations	No. of meetings	
			Held	Attended
Dr. Arun Arora	Non- Executive Independent Director	Chairman	2	2
Mr. Ashok Kumar Jha	Non- Executive Independent Director	Member	2	2
Mrs. Suhasini Sathe	Non- Executive Independent Director	Member	2	2

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 appointment and 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.

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.

The detailed information for Directors' remuneration / commission for financial year 2019-20 are as follows:

Rs. in lakhs

Name of the Director	Category	Salary, allowances and perquisites	Contribution to Provident and Other Fund	Commission / Performance Incentive	Sitting Fees	Total
Mr. Harish Sheth	Chairman and Managing Director	330.00#	39.60	-	-	369.60
Dr. Arun Arora	Independent Director	--	--	-	7.75	7.75
Mr. Ashok Kumar Jha	Independent Director	--	--	-	3.45	3.45
Mr. Arun Tiwari*	Independent Director	--	--	-	3.05	3.05
Mrs. Suhasini Sathe	Independent Director	--	--	-	4.95	4.95
Mr. Shvetal Vakil**	Executive Director	138.00##	11.52	-	-	149.52
Mr. Udit Sheth	Non-Executive Director & Vice Chairman	--	--	--	--	--
Mrs. Urja Shah	Executive Director	60.00	5.76	-	-	66.48

* Ceased to be Directors w.e.f. January 11, 2020.

** Ceased to be Directors w.e.f. March 31, 2020.

Excess Remuneration of Rs. 210.00 Lakhs refunded to the Company as on July 24, 2020.

Excess Remuneration of Rs. 18.00 Lakhs refundable to the Company.

Performance Evaluation of Board

In compliance with the provisions of Companies Act, 2013 and Listing Regulations, the Company has undertaken the performance evaluation process for the Board of Directors, its Committees and that of individual Directors. The performance evaluation was undertaken as per the Guidance Note on Board evaluation issued by Securities and Exchange Board of India, setting out parameters for conducting performance evaluation of the Board. The details of the performance evaluation undertaken are provided in the Directors' Report.

Stakeholders Relationship Committee

The Committee met four times during the financial year 2019-20 viz., May 30, 2019, August 13, 2019, November 14, 2019 and February 12, 2020. The detailed constitution and attendance at the Committee meetings which were held during the year are as follows:

Name of the Director	Category	Designations	No. of meetings Attended	
			Held	Attended
Dr. Arun Arora	Non- Executive Independent Director	Chairman	4	4
Mr. Harish Sheth	Chairman and Managing Director	Member	4	4
Mrs. Urja Shah	Executive Director	Member	4	3

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

Mr. Chandra Kant Sharma Company Secretary is designated as the Compliance Officer of the Company.

The status of investor grievances received during the financial year 2019-20 is as follows:

No. of Complaints pending as on April 1, 2019	02
No. of Complaints / queries received during the year	01
No. of Complaints resolved during the year	03
No. of Complaints pending as on March 31, 2020	NIL

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.

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 and Dr. Arun Arora, Independent Director.

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 Mrs. Suhasini Sathe, Independent Directors and Mr. Pradip C. Shah, outside Expert.

Corporate Social Responsibility (CSR) Committee

The Committee met one time during the financial year 2019-20 viz. May 30, 2019. The detailed constitution and attendance at the Committee meetings which were held during the year are as follows:

Name of the Director	Category	Designa-tions	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	Non-Executive Director & Vice Chairman	Member	1	1

The terms of reference of CSR Committee as approved by the Board and amended from time to time, includes the following:

1. Recommend the amount of expenditure to be incurred on the activities;
2. Monitor implementation and adherence to the CSR Policy of the Company from time to time;
3. Prepare a transparent monitoring mechanism for ensuring implementation of the projects/programmes/ activities proposed to be undertaken by the Company; and
4. Such other activities as the Board of Directors may determine from time to time.

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 Corporate Social Responsibility Policy of the Company has been uploaded on the Company's website https://setcoauto.com/statutory-policies/.

C. General Body Meetings

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

Financial Year	Venue	Day & Date	Time
2016-17	**Registered Office at :**Baroda – Godhra Highway, Kalol, 389330 District– Panchmahal, Gujarat.	Wednesday, September 27, 2017	3:00 pm
2017-18		Friday, September 28, 2018	4:00 pm
2018-19		Friday, September 27, 2019	12:00 Noon

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

Date of AGM / EGM	Section	Particulars of Special Resolution
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
	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. Shvetal 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	Enabling resolution for Issue of Securities by way of QIP
September 28, 2018 (35th AGM)	1. Section 149, 152 read with Schedule IV of the Companies Act, 2013	Appointment of Mr. Bhalchandra L. Naik (DIN: 02490022) as an Independent Director of the Company
	2. Section 149, 152 read with Schedule IV of the Companies Act, 2013	Appointment of Mr. Arun Tiwari (DIN: 05345547) as an Independent Director of the Company
	3. Section 23, 42 and 62(1)(c) of the Companies Act, 2013	Enabling resolution for Issue of Securities by way of QIP
	4. Section 185 of the Companies Act, 2013	Loans to Lava Cast Pvt. Ltd., Subsidiary/Joint Venture of the Company
	5. Section 186(3) of the Companies Act, 2013	Increase of limit u/s 186(2) of Companies Act, 2013 for extending loans, providing guarantees or giving securities for loans taken by any person or body corporate
September 27, 2019 (36th AGM)	1. Section 149, 152 read with Schedule IV of the Companies Act, 2013	Re-appointment of Dr. Arun Arora (DIN: 00172044) as an Independent Director of the Company.
	2. Section 149, 152 read with Schedule IV of the Companies Act, 2013	Re-appointment of Mr. Ashok Kumar Jha (DIN: 00170745) as an Independent Director of the Company.
	3. Section 149, 152 read with Schedule IV of the Companies Act, 2013	Re-appointment of Ms. Suhasini Sathe (DIN: 00205174) as an Independent Director of the Company.
	4. Section 23, 42 and 62(1)(c) of the Companies Act, 2013	Enabling resolution for Issue of Securities by way of QIP

iii. There were no resolutions passed through the Postal Ballot during the Financial Year 2019-20. None of the businesses proposed to be transacted at the ensuing Annual General Meeting require passing of resolution through postal ballot.

D. **Polices and Disclosures:**

i. 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 unpublished 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.

ii. Details of Non-Compliance with Capital Markets:

During the year under, the BSE Ltd and National Stock Exchange of India Ltd. imposed a Fine of Rs. 1,02,660/- for delay in appointment of Company Secretary and Compliance Officer under Regulation 6(1) of the SEBI (LODR) Regulations, 2015 and Rs. 23,600 for Non-Compliance of Listing Regulation 29(2)/(3) of the SEBI (LODR) Regulations, 2015.

iii. Disclosure of materially significant Related Party Transactions:

All transactions entered into with Related Parties as defined under the Companies Act, 2013 and Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 during the financial year were in the ordinary course of business and on an arm's length basis and do not attract the provisions of Section 188 of the Companies Act, 2013. 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 37 of notes forming part of financial statements. Necessary approvals have been obtained wherever required.

The Policy for dealing with related party transactions is placed on the website of the Company i.e https://setcoauto.com/statutory-policies/.

The Company has adopted a Policy for determining material subsidiary in line with the requirements prescribed under the Listing Regulations. The Policy for determining material subsidiary is available on the website of the Company i.e. https://setcoauto.com/statutory-policies/.

iv. Management Discussion and Analysis Report:

The Management Discussion and Analysis Report forms part of the Annual Report and includes discussion on various matters specified under Schedule V of Listing Regulations.

v. Risk Management:

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

vi. 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 2019-20.

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, 2020 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.

vii. Insider Trading:

Pursuant to the requirements of SEBI (Prohibition of Insider Trading) Regulations, 2015, the Company has adopted w.e.f. April 01, 2019 the Revised "Code of Conduct to Prevent Inside Trading for Fair Disclosure of Unpublished Price Sensitive Information.

The code is posted on the Company Website. The Company keeps the Code updated as per the requirements of SEBI from time to time- www.setcoauto.com

viii. Subsidiary Companies:

None of the subsidiaries of the Company other than Lava Cast Private Limited comes under the purview of the Material Non Listed Subsidiary as per criteria given in Regulation 16(1) (c) of Listing Regulations. The Company has nominated Mrs. Suhasini Sathe, Independent Director of the Company, as a Director on the Board of Lava Cast Private Limited. The Company is not required to nominate an Independent Director on the Board of any other Subsidiary Companies. The Audit Committee of the Company reviews the Financial Statements and Investments made by unlisted subsidiary companies and the minutes of the unlisted subsidiary companies are placed at the Board Meeting of the Company.

ix. Whistle / Vigil mechanism Policy:

The Company is committed to adhere to the highest standards of ethical, moral and legal conduct of business operations. In its endeavor to provide its employee(s), secure and fearless working environment, the Company has established the 'Vigil Mechanism Policy' for its Directors, employee(s) and other stakeholders ("Policy"). The purpose of the Policy is to provide a framework to promote responsible and secure whistle blowing and to provide a channel to the employee(s), Directors and other stakeholders to report to the management, concerns about unethical behavior, actual or suspected fraud or violation of the code of conduct or policy/ies of the Company, as adopted / framed from time to time. The mechanism provides for adequate safeguards against victimization of employee(s), Directors and other stakeholders to avail of the mechanism and also provide for direct access to the CEO / Chairman of the Audit Committee in exceptional cases. No personnel have been denied access to the Audit Committee under the Whistle Blower Policy.

The Policy is in line with the vision and objectives of the Company and should be read in conjunction with applicable regulations and existing policies and procedures of the Company.

x. Details of preferential allotment or qualified institutional placement as specified under Regulation 32 (7A) of the Listing Regulations:

The Company has not raised funds through preferential allotment or qualified institutional placement.

xi. Certificate from Practicing Company Secretary:

The Company has obtained a certificate from Practicing Company Secretary, confirming that none of the Directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as Director of companies by the Securities and Exchange Board of India and Ministry of Corporate Affairs or any such authority and the same forms part of this Report.

xii. Recommendations of Committees of the Board:

There were no instances during the financial year 2019-20, wherein the Board had not accepted recommendations made by any committee of the Board.

xiii. Total fees paid to Statutory Auditors of the Company:

Total fees of Rs. 55.81 Lakhs (Rupees Fifty Five Lakhs Eighty One Thousand Only) for financial year 2019-20, for all services, was paid by the Company and its subsidiaries, on a consolidated basis, to the statutory auditor and all entities in the network firm/network entity of which the statutory auditor is a part.

xiv. Credit Ratings and any revisions thereto for debt instruments or any fixed deposit program or any scheme or proposal involving mobilization of funds, whether in India or abroad:

The Credit Rating assigned to the Company by CARE Ratings Limited in respect of Bank Facilities is as under:

Facilities	Rating	Revised Rating
Long term Bank Facilities	CARE B; Negative (Single B; Outlook: Negative)	CARE C; Negative (Single C; Outlook: Negative)
Short term Bank Facilities	CARE A4 (A Four)	Reaffirmed

During the year under review, Care Ratings Limited has revised Long Term Bank Facilities credit rating from CARE BBB-; Positive (Triple B minus; Outlook: Positive) to CARE C; Negative (Single C; Outlook: Negative).

xv. Disclosure relating to Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013:

The Company has in place an effective mechanism for dealing with complaints relating to sexual harassment at workplace. The details relating to the number of complaints received and disposed of during the financial year 2019-20 are as under:

a. Number of complaints filed during the financial year: NIL

b. Number of complaints disposed of during the financial year: NIL

c. Number of complaints pending as on end of the financial year: NIL

E. General Shareholder Information:

37th Annual General Meeting		
(i)	Day & Date	Monday, December 28, 2020
	Time	3:00 PM
	Venue	The Company is conducting meeting through VC / OAVM pursuant to the MCA Circular dated May 5, 2020 and as such there is no requirement to have a venue for the AGM. For details please refer to the Notice of this AGM.
(ii)	Financial year	April 1 to March 31
	First Quarterly Results	On or before 14th August, 2020
	Second Quarterly Results	On or before 14th November, 2020
	Third Quarterly Results	On or before 14th February, 2021
	Fourth Quarterly Results	On or before 30th May, 2021
(iii)	Dates of Book Closure	Tuesday, December 22, 2020 to Monday December 28, 2020
(iv)	Dividend Payment Date	During the year no dividend was declared
(v)	Listing details	
	Name of Stock Exchanges, Stock Code(s) & Address	BSE Ltd (Stock Code- 505075) Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 001
		National Stock Exchange of India Ltd. (Scrip Symbol: SETCO) Exchange Plaza, C -1, Block G, Bandra – Kurla Complex, Bandra (E), Mumbai - 400 051
	ISIN for Depositories	INE878E01021
	Listing Fees	The Company has paid Listing Fees of both the Stock Exchanges for the financial year ended 31st March, 2020.

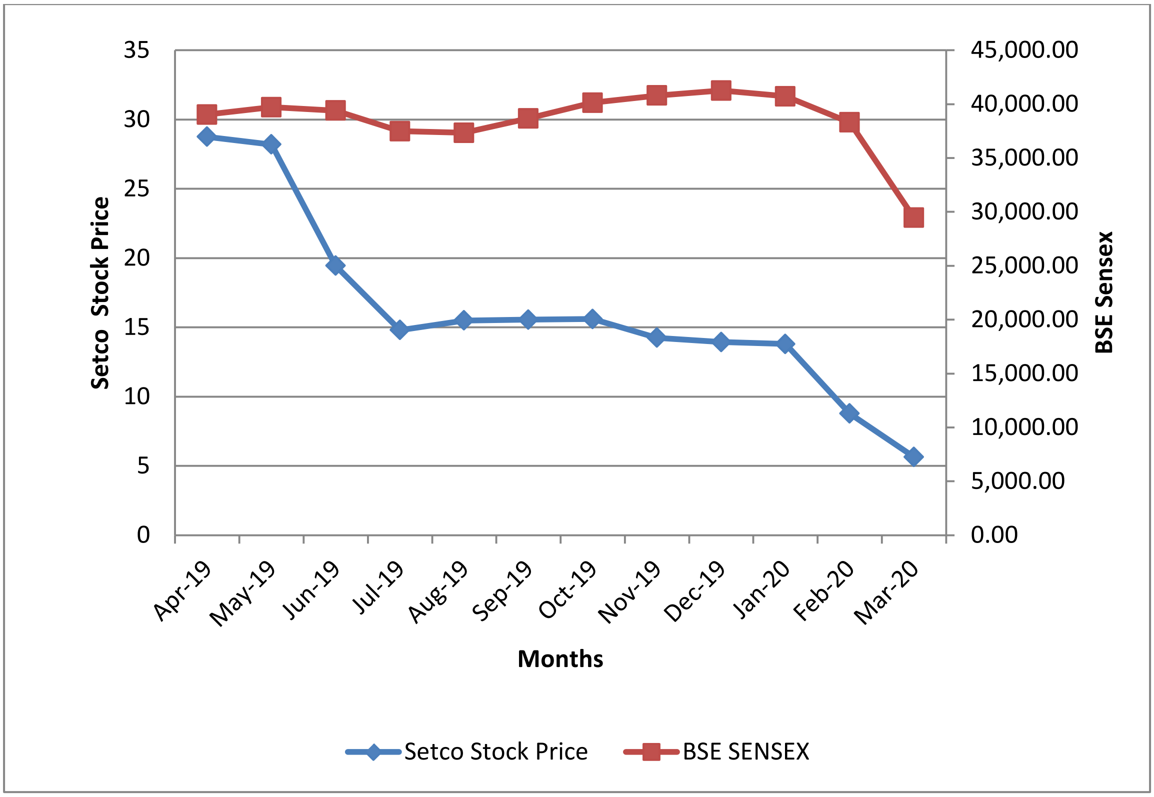
(vi) Market Price Data – the monthly high and low prices of the company's shares at BSE and NSE for the financial year ended 31st March, 2020 are as follows:

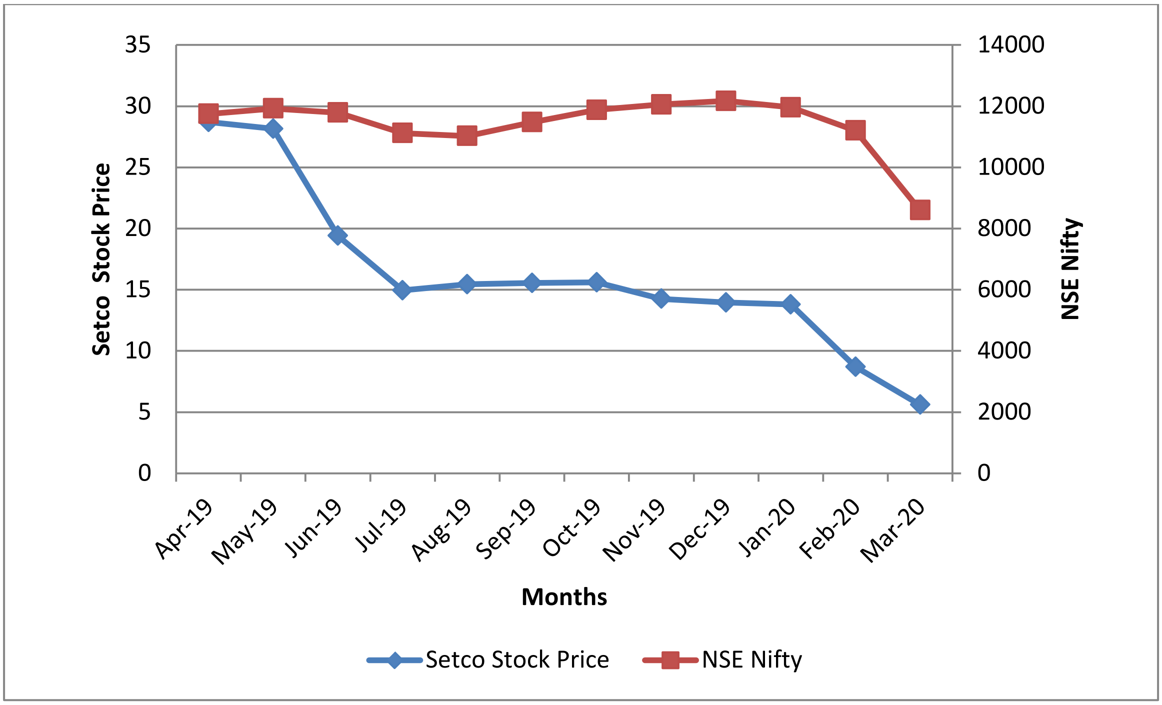
Month(s)	BSE		NSE	
FY2019-20	**High (Rs.)**	**Low (Rs.)**	**High (Rs.)**	**Low (Rs.)**
April-19	34.80	27.65	34.80	29.50
May-19	28.90	22.40	29.00	22.30
June-19	28.40	18.20	28.35	18.10
July-19	20.10	13.00	20.20	13.00
August-19	16.45	12.75	16.45	12.75
September-19	19.30	15.15	19.90	15.20
October-19	16.50	12.10	16.65	13.95
November-19	16.45	13.85	16.75	14.10
December-19	15.15	12.55	14.70	11.20
January-20	16.40	13.71	16.45	13.40
February-20	14.15	8.50	14.25	8.45
March-20	9.05	5.45	9.00	5.45

Source: BSE and NSE website

(vii) Performance of share price in comparison with board – based indicates viz. BSE Sensex and NSE Nifty:

The Chart below shows the comparison of the Company's share price movement on BSE vis-à-vis the movement of the BSE Sensex and NSE Nifty for the financial year ended 31st March, 2020 (based on month end closing):





(viii) **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

(ix) **Share Transfer System:**

In terms of Regulation 40(1) of SEBI Listing Regulations, as amended, securities can be transferred only in dematerialized form w.e.f. April 1, 2019, except in case of request received for transmission or transposition of securities. Members holding shares in physical form are requested to consider converting their holdings to dematerialized form. Transfers of equity shares in electronic form are effected through the depositories with no involvement of the Company. The Directors and certain Company officials (including Chief Financial Officer and Company Secretary) are authorised by the Board severally to approve transfers, which are noted at 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.

(x) **Dematerialization of Shares and Liquidity:**

The Equity Shares of the Company are tradable in compulsory dematerialized segment of the Stock Exchanges and are available in depository system of National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). The demat security (ISIN) code for the Equity Share is INE878E01021.

As on March 31, 2020, 13,20,57,075 (constituting 98.72%) were in dematerialized form.

The Company's Equity Shares are regularly traded on the BSE Limited and National Stock Exchange of India Limited.

(xi) **The Distribution of Shareholding as on March 31, 2020 is as follows:**

(a) **Distribution of Shareholding as on March 31, 2020:**

Distribution of Shareholding						
No. of Shares			**Shareholders**		**Shares Held**	
			No.	**%**	**Shares**	**%**
1	-	500	20739	63.06	4232147	3.16
501	-	1000	5343	16.24	4504785	3.37
1001	-	2000	3315	10.08	5006779	3.74
2001	-	3000	1196	3.64	3098191	2.32
3001	-	4000	491	1.49	1781526	1.33
4001	-	5000	476	1.45	2272134	1.70
5001	-	10000	716	2.18	5383848	4.03
10001	-	**********	613	1.86	107487865	80.35
			32,889	**100.00%**	**13,37,67,275**	**100.00%**

(b) **Category-wise Shareholding Pattern as on March 31, 2020:**

Category	No. of Shares held	% of Shares held
Promoters and Promoter Group	7,91,22,588	59.15
Mutual Fund	0	0
Foreign Portfolio Investor	1,00,000	0.07
Financial Institutions/ Banks	45,769	0.03
Individuals – Upto Rs.2 Lakhs	3,53,75,696	26.45
Individuals – in excess of Rs. 2 Lakhs	78,93,164	5.90
HUF	23,73,932	1.77
Trusts	750	0.00
Bodies Corporate	51,62,628	3.86
NRIs (Non-Repat)	10,52,995	0.79
NRIs (Repat)	7,58,400	0.57
Clearing Members	1,24,458	0.09
Foreign Nationals	34,790	0.03
IEPF Authority	13,49,190	1.01
Director or Director's Relatives	3,72,915	0.28
Total	**13,37,67,275**	**100.00**

(xii) Outstanding GDRs / ADRs / Warrants or any Convertible Instruments:

There were no outstanding GDRs / ADRs / Warrants or any convertible instruments as at March 31, 2020.

(xiii) Commodity price risk or foreign exchange risk and hedging activities:

The Company does not deal in commodities and hence the disclosure pursuant to SEBI Circular dated November 15, 2018 is not required to be given. For a detailed discussion on foreign exchange risk and hedging activities, please refer to Management Discussion and Analysis Report.

(xiv) Plant Locations in India:

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

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

(xv) Address for correspondence:

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

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

Unit: Setco Automotive Limited, C-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.

F. **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.

c. Shareholder Rights: The quarterly, half yearly and annual financial results are published in newspapers having wide circulation in English and Gujarati and are also available on Company's website. The Annual Report is sent to all shareholders of the Company.

d. Reporting of internal auditor As per the requirements, the internal auditor may 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.

G. 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. 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.

The details of unclaimed dividends and shares transferred to IEPF during F.Y 2019-20 are as follows:

Financial Year	Amount of unclaimed dividend transferred (Rs. In Lakhs)	Number of shares transferred
2011-12	10.90	84,710

Please note that the concerned Shareholders can claim both, the unclaimed dividend amount and the shares form 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:

Financial Year	Date of declaration of Dividend	Due date to transfer to IEPF
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
Final Dividend 2017-18	28.09.2018	27.09.2025
Final Dividend 2018-19	27.09.2019	26.09.2026

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.

CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

(Pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

To,

The Members of
Setco Automotive Limited
2A Film Centre Building,
Ground Floor, Tardeo Road,
Mumbai – 400 034

We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of Setco Automotive Limited having CIN – L35999GJ1982PLC005203 and having registered office at Baroda Godhra Highway, Kalol (Panchmahal),Gujarat – 389330 (hereinafter referred to as 'the Company'), produced before us by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para C sub-clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In our opinion and to the best of our information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to us by the Company & its officers, We hereby certify that none of the Directors on the Board of the Company as stated below for the financial year ending on 31st March, 2020 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs, or any such other Statutory Authority.

Sr. No.	Name of Director	DIN	Date of appointment in Company
1.	Ashok Kumar Jha	00170745	22/01/2010
2.	Arun Arora	00172044	28/03/2007
3.	Udit Harish Sheth	00187221	30/06/2008
4.	Suhasini Somesh Sathe	00205174	12/02/2014
5.	Harish Kiritbhai Sheth	01434459	05/05/1982
6.	Urja Harshal Shah	02675341	28/09/2015

Ensuring the eligibility for the appointment / continuity of every Director on the Board is the responsibility of the Management of the Company. Our responsibility is to express an opinion on these based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

Pradip Shah
For P. P. Shah & Co.,

Practicing Company Secretaries
FCS No. 1483, C P No.: 436
UDIN: F001483B000304346

Place: Mumbai
Date**:** 30th May, 2020

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, 2020.

Harish K. Sheth
Chairman & Managing Director
DIN: 01434459

Udit Sheth
Vice Chairman
DIN: 00187221

Place: Mumbai

Date: 12th September, 2020

CHIEF EXECUTIVE OFFICER (CEO) & CHIEF FINANCIAL OFFICER (CFO) CERTIFICATION

We, Jatinder Bir Singh Gujral, Chief Executive Officer, and Vinay Shahane, Vice President – Finance & CFO of Setco Automotive Limited hereby certify that: -

A. We have reviewed financial statements and the cash flow statement for the year ended March 31, 2019 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. We hereby certify that, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the listed entity's code of conduct.

C. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the listed entity pertaining to financial reporting and we have disclosed to the auditors and the audit committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.

D. We have indicated to the auditors and the Audit committee

(1) significant changes in internal control over financial reporting during the year;

(2) significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and

(3) instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the listed entity's internal control system over financial reporting.

Date: 12th September, 2020	**Jatinder Bir Singh Gujral**	**Vinay Shahane**
Place: Mumbai	**Chief Executive Officer**	**Vice President – Finance & CFO**

PRACTICING COMPANY SECRETARY'S CERTIFICATE ON COMPLIANCE OF CORPORATE GOVERNANCE

To

The Members of Setco Automotive Limited

1. We have examined the compliance of conditions of Corporate Governance by Setco Automotive Limited ("the Company"), for the year ended on 31st March, 2020, as stipulated in Regulations 17 to 27 and clauses (b) to (i) of Regulation 46(2) and para C and D of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the Listing Regulations).

Management's Responsibility

2. The compliance of conditions of Corporate Governance is the responsibility of the Management. This responsibility includes the design, implementation and maintenance of internal control and procedures to ensure the compliance with the conditions of the Corporate Governance stipulated in Listing Regulations.

Auditor's Responsibility

3. Our responsibility is limited to examining the procedures and implementation thereof, adopted by the Company for ensuring compliance with the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

4. We have examined the secretarial and other relevant records and documents maintained by the Company for the purposes of providing reasonable assurance on the compliance with Corporate Governance requirements by the Company.

Opinion

5. Based on our examination of the relevant records and according to the information and explanations provided to us and the representations provided by the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Regulations 17 to 27 and clauses (b) to (i) of Regulation 46(2) and para C and D of Schedule V of the Listing Regulations during the financial year ended 31st March, 2020.

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

For M/s. P. P. Shah & Co.
Practicing Company Secretaries

Pradip C. Shah
Partner
Membership No. 1483
Certificate of Practice: 436

Place: Mumbai
Date: 25th September, 2020

INDEPENDENT AUDITORS' REPORT

TO

THE MEMBERS OF SETCO AUTOMOTIVE LIMITED

REPORT ON THE AUDIT OF THE STANDALONE FINANCIAL STATEMENTS

OPINION

We have audited the Standalone Financial Statements of Setco Automotive Limited ("the Company"), which comprise the Standalone Balance Sheet as at 31st March 2020, and the Standalone Statement of Profit and Loss (including Other Comprehensive Income), Standalone Statement of Changes in Equity, Standalone Statement of Cash Flows for the year then ended and notes to the Standalone Financial Statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("the Act') in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rule 2015, as amended ("Ind AS) and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020, and Loss and total comprehensive income, changes in equity and its cash flows for the year ended on that date.

BASIS FOR OPINION

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Standalone Ind AS Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the standalone financial statement.

EMPHASIS OF MATTER

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

a) The management's assessment of the impact of COVID -19 pandemic on its liquidity position and the recoverability of its assets comprising property, plant and equipment, inventories, receivables and other current assets as at the balance sheet date and on the basis of evaluation, has concluded that no material adjustments are required in the financial statements. (Refer Note No. 52 of Standalone Ind AS Financial Statements).

b) As per legal expert's opinion obtained by the Company about its investments/ loans in and guarantees given for subsidiaries and related entities, it has complied with provisions of Section 186 of the Companies Act, 2013. (Refer Note No. 3(e) of Standalone Ind AS Financial Statements).

c) The Company's subsidiary Lava Cast Private Limited has eroded substantial net worth due to losses. Their Bank has classified subsidiary 's account as NPA as on 29.12.2019 and issued SARFAESI Notice to the subsidiary and to the guarantor (i.e. Setco Automotive Ltd). The subsidiary has submitted restructuring proposal, which is still under consideration. Meanwhile, the bank has withheld the recovery proceedings against the subsidiary and guarantor as conveyed through letter dated 18.02.2020. Based on this letter and pending acceptance of restructuring proposal, the Company has not provided any liability under guarantee contract. The subsidiary's net worth has eroded due to losses. However, no impairment is provided on value of investment, based on the valuation report of Independent Valuer, as per DCF method. (Refer Note no. 3(b), 17(a) of Standalone Ind AS Financial Statements).

d) The Company has made investment of Rs. 3885 Lakhs in 9% cumulative compulsorily redeemable preference shares of Setco Engineering Private Limited, a company in which directors have interest. SEPL, being an investment company, derives its major income from Setco Automotive Limited in form of dividend and sales commission. SEPL has incurred loss in current year and hence, the Company has made impairment provision for loss of dividend. In FY 2020-21, the Company has further invested Rs. 708 Lakhs in preference share application money on the same terms. (Refer Note No. 33(b) of Standalone Ind AS Financial Statements)

e) The Company has invested Rs. 1,535.00 lakhs in 30,70,000 equity shares of SE Transstadia Private Limited, a company in which directors have interest. The investee Company has eroded entire net worth due to losses. Due to non-payment of interest and instalments, company's accounts with bank have become NPA in December, 2018. The investee company has submitted restructuring proposal to bank on 17.06.2020 and the same is under consideration. Based on the future projected profitable operations and report of Independent valuer as per DCF Method, the Company has provided impairment on this investment. (Refer Note No. 33(g) of Standalone Ind AS Financial Statements).

f) Amount receivable of Rs. 426 Lakhs towards sharing of common expenses from SE Transstadia Pvt Ltd (SETPL), a company in which directors are interested. Considering current financial position of SETPL, the said amount has remained outstanding. The company has made ECL provision of 10% of the outstanding amount. As per legal expert's opinion obtained, the provisions of section 185 of the Companies Act 2013 are not applicable, the company, shall out of abundant caution, will seek approval of shareholders in the ensuing annual general meeting. (Refer Note No. 33(f) of Standalone Ind AS Financial Statements)

g) The Company' wholly owned ultimate foreign subsidiary Setco Automotive UK Ltd. has eroded net worth due to losses. Based on the report of Independent Valuer as per DCF method, provision for impairment has been made on the Investment and loans receivables from the subsidiary Company. (Refer Note No. 33 (a) of Standalone Ind AS Financial Statements).

h) The Company's wholly owned foreign subsidiary Setco MEA, DMCC has eroded net worth due to loss. The Company has provided impairment loss against trade receivable equal to the net assets deficit reported by their auditor. The Company could not remit share application money to this foreign subsidiary, since inception and hence, allotment of share and issue of share certificate is pending. The Company has recognized it as investment in the subsidiary company and consolidated the said subsidiary based on 100% control. (Refer Note No. . 33(c) of Standalone Ind AS Financial Statements)

i) Trade receivables, Trade Payables and other debit/ credit balances are subject to reconciliation and confirmation. (Refer Note No. 43 of Standalone Ind AS Financial Statements).

j) In earlier year, the Company has recognized Rs. 398 Lakhs as income being reimbursement of Central Goods & Service Tax (CGST)/Integrated Goods & Service Tax (IGST) share of State for the Uttarakhand unit pending notification of incentives by the State Government. In absence of any notification in the said matter, the Company has filed writ petition in High Court. Pending any further progress in this matter, the Company has provided for impairment. (Refer Note No. . 33(d) of Standalone Ind AS Financial Statements)

k) An amount of Rs. 3260.97 lakhs is pending against export receivables as on 31 March 2020, beyond the timelines stipulated under the Foreign Exchange Management Act, 1999. The management of the Company has submitted necessary application with the appropriate authority for condonation of delays to regularize the default. Impact thereof if any, will be considered when such application is disposed off. (Refer Note No. 9 of Standalone Ind AS Financial Statements)

Our opinion is not modified in respect of these matters.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the Standalone Ind AS Financial Statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

1. Physical verification of Stock as on the Balance Sheet date:

Key Audit Matters	How the matter was addressed in the audit
Due to Covid-19 outbreak and related lock-down restrictions, physical verification of stock was carried out subsequent to year end on different dates and performed roll-back procedures from date of count to the reporting date to arrive at the physical stock as on reporting date. Considering the above, we have adopted alternate audit procedures. Due to significance and size of inventory and audit procedure performed, Inventory's existence considered as a key audit matter.	1. Evaluating and reviewing effectiveness of control over Inventory's physical verification. 2. Reviewing the physical verification working papers. 3. Test check the reconciliation of differences, if any, between management physical count and inventory records including accounting of such variance basis management approval. 4. Testing of the inventory provisions made by the Company and understanding management assumptions. 5. Obtaining Internal Auditor's physical inventory valuation certificate. Refer to note no 8 of the accompanying standalone Ind AS financial statement

2. Product Development:

Key Audit Matters	How the matter was addressed in the audit
Intangible Assets: Product development The Company conducts significant level of development activities and has to apply judgements in identifying product development expenses meeting the criteria for capitalization under the requirements of Ind AS. . Expenditure Identifiable and reliably measurable, incurred on product development yielding future economic benefits is capitalized as Product Development Expenses. We identified the capitalization of Product development costs as a key audit matter due to significant management judgements about the future performance and viability of the products.	1. Testing management's controls over capitalization of Product development costs. 2. Evaluating the nature of development expenses incurred that are capitalized into product development expense; 3. Assessing the reasonableness of the capitalization based on success of the product, 4. Verifying amortization of capitalization after commercial production commences as per consistent policy of Company to amortise over 10 years. 5. Obtaining fair valuation of product development capitalised from independent valuer. 6. Checking reasonableness of disclosure relating to research and development in financial statements. Refer to note no. 2 (iii) of the accompanying standalone Ind AS financial statement.

3. Impairment assessment of long term investments in, loans receivables and trade receivables from subsidiaries, joint venture and associates.

Key Audit Matters	How the matter was addressed in the audit
The assessment of recoverable amount of the Company's investment in and loans receivable and trade receivables from its subsidiaries and joint venture and other related entity involves significant judgement. The investments are carried at cost less any diminution in value of such investments and tested for impairment at each reporting date. These includes assumptions such as projected cash flows, discount rates, current work on hand, future contract future business plan, claims, recoverability of certain receivables as well as economic assumption such as growth rate. We focused on these areas as key audit matter due to judgement involved in forecasting future cash flows and selection of assumptions.	1. Evaluated and tested the design and implementation of operating effectiveness of controls over the management review process of impairment assessment. 2. Compared the carrying amount of investment with the expected value of the business based on the discounted cash flow method. 3. Assessed the key assumptions including discount rate and estimated future growth, of independent valuation report obtained by the Company. Compared the previous forecast to actual results to assess the Company's ability to forecast accurately. 4. We checked the loans advanced / repaid in relation to these loans during the year through bank statements. 5. Evaluated accuracy of disclosure in the financial statements. Refer Note no. 33 of accompanying Standalone Ind AS financial statements.

INFORMATION OTHER THAN THE STANDALONE FINANCIAL STATEMENTS AND AUDITOR'S REPORT THEREON

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Company's annual report i. e. Corporate Information, Board of Directors, Management Discussion and Analysis, Directors Report and Corporate Governance Report but does not include the standalone financial statements and our auditors' report thereon. The above information is yet to be provided to us.

MANAGEMENT'S RESPONSIBILITIES FOR THE STANDALONE FINANCIAL STATEMENTS

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance, total comprehensive income, changes in equity and cash flows of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and 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 standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is also responsible for overseeing the Company's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE STANDALONE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

As part of an audit in accordance with SAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

1. 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 "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

2. 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 Changes in Equity and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.

   d) In our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under Section 133 of the Act.

   e) On the basis of the written representations received from the directors as on 31st March, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2020 from being appointed as a director in terms of Section 164 (2) of the Act.

   f) 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". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.

   g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended, in our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act except excess remuneration of Rs. 228.00 lakhs were paid to two directors. Out of which Rs. 210.00 Lakhs due from Chairman & Managing Director has since been recovered.

   h) With respect to the other matters to be included in the Auditor's 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 on its financial position in its standalone financial statements – Refer Note 42 B to the financial statements;

      (ii) The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

      (iii) There has been no delay in transferring 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
UDIN: 20038615AAAAKN8219

Place : Mumbai
Date : 12th September, 2020

ANNEXURE A TO INDEPENDENT AUDITORS' REPORT

Referred to in paragraph under the heading "Report on Other Legal and Regulatory Requirements" of our report of even date to the Members of Setco Automotive Limited on the Standalone Financial Statements as of and for the year ended on March 31, 2020

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) The Company has a program of verification to cover all the items of fixed assets in phased manner, which in our opinion is reasonable having regard to the size of the Company and the nature of its assets. During the year, the Company has verified certain fixed assets in accordance with this program. According to the information and explanation given to us, no material discrepancies were noticed on such verification. Balance verification which company couldn't complete due to COVID-19, is planned to be done by November 2020.

   c) The title deeds of immovable properties disclosed in Note No. 2 on Fixed Assets to the Standalone Financial Statements are held in the name of the Company. In respect of leased hold land that have been taken on lease and disclosed as fixed assets in the standalone financial statements, the lease agreements are in the name of the Company.

2. Due to Covid-19 outbreak and related lock-down restrictions, management was unable to perform the year end physical verification of inventories on 31March 2020. The physical verification was carried out before year end on different dates in various locations and performed roll-back procedures to arrive at the physical stock as on reporting date. The discrepancies noticed on verification between the physical stock and book records were not material. In respect of inventory lying with third parties, these have 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 and Indian subsidiary Company and one Company in which two directors have substantial interest.

   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 and as per legal expert's opinion obtained by the company, the Company has complied with the provisions of section 185 and 186 of the Act, with respect to Loans & Investments and providing guarantee and securities as applicable.

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 Act 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. The Company has maintained sufficient cost records for its internal use. We have broadly reviewed these cost records, however, we have not made a detailed examination of the records with a view to determine whether they are accurate or complete.

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. There is delay in deposition of Provident Fund and Employees' State Insurance, Professional Tax, and Goods and Service Tax, Income Tax, Dividend Payable and Dividend Distribution Tax for one month to six months. According to the information and explanations given to us, there are no undisputed items outstanding as at 31ST March, 2020 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, 2020 which have not been deposited as per following details :

Sr. No.	Name of the Statute	Nature of the dues	Amount (Rs. In Lakhs)	Related F.Y. / A.Y.	Forum where dispute is pending	Remark, if any
1	Income Tax Act, 1961	Demand Notice U/s 156	0.73	A.Y. 16-17	CIT(A) – Vadodara.	
3	Income Tax Act, 1961	Demand Notice u/s 156	590.13	A. Y. 11-12	ITAT- Ahmedabad	
4	Income Tax Act, 1961	Appellate matters - Product Development Expense	475.47	A.Y. 16-17	CIT (A), Vadodara.	
5	Income Tax Act 1961	Appeal against order of CIT (A) Vadodara	347.32 372.39	A.Y. 13-14 A.Y. 14-15	ITAT Appeal filed by ACIT, Godhra.	**
**	Matter covered by ITAT Judgement in Company's own case for earlier years.					
6 7	Income Tax Act, 1961	Income Tax dues as per Intimation u/s 143(1)	394.48 6.07	A. Y. 15-16 A. Y. 17-18	CPC, Bengluru.	

8. 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.

9. 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.

10. 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.

11. 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. except excess remuneration of Rs. 228.00 lakhs were paid to two directors. Out of which Rs. 210.00 Lakhs due from Chairman & Managing Director has since been recovered.

12. As the Company is not a Nidhi Company and hence reporting under clause 3 (xii) of the Order is not applicable to the Company.

13. 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 standalone financial statements as per Ind AS 24, "Related Party Disclosures". (Refer Note No. 37 of the Standalone Financial Statements).

14. 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.

15. 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.

16. 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
UDIN: 20038615AAAAKN8219

Place : Mumbai
Date : 12th September, 2020

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, 2020 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

MANAGEMENT'S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the 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 standalone 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 standalone 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 standalone 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

The Company has in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March, 2020 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 ICAI. However, such internal financial controls over financial reporting need to be improved and strengthened further in future. The Company needs to strengthen its internal control over inventory, fixed assets and receiving external balance confirmation on periodic basis.

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

(Rasesh V. Parekh)
Partner
Membership No. 038615
UDIN: 20038615AAAAKN8219

Place : Mumbai
Date : 12th September, 2020

Balance Sheet as at 31st March, 2020

(Rs. In Lakhs)

	Particulars	Note No.	As at 31st March, 2020	As at 31st March, 2019
	ASSETS :			
1.	**Non-current assets**			
	a. Property, plant and equipment	2	10,178.21	11,013.26
	b. Capital work-in-progress	2	845.96	-
	c. Right of use of assets	2	1,494.74	349.19
	d. Intangible assets	2	2,638.16	2,459.41
	e. Intangible Assets Under Development	2	1,316.17	1,365.57
	f. Financial assets			
	(i) Investments	3	16,879.01	14,030.81
	(ii) Loans Receivables	4	8,835.27	1,306.74
	(iii) Other financial assets	5	220.86	147.66
	g. Deferred tax assets (net)	6	1,556.68	1,133.02
	h. Other non-current assets	7	359.68	84.85
	Total non-current assets		**44,324.74**	**31,890.51**
2.	**Current assets**			
	a. Inventories	8	11,730.73	12,249.00
	b. Financial assets			
	(i) Trade receivables	9	8,273.57	12,483.57
	(ii) Cash and cash equivalents	10	313.04	693.77
	(iii) Bank Balances other than (ii) Above	11	99.73	106.03
	(iv) Loans	12	2,397.65	6,392.36
	c. Other current assets	13	2,296.94	2,330.28
	Total current assets		**25,111.66**	**34,255.01**
	Total assets		**69,436.40**	**66,145.52**
	EQUITY AND LIABILITIES :			
	EQUITY			
	Equity share capital	14	2,675.35	2,673.55
	Other equity	15	20,478.57	23,588.35
	Total equity		**23,153.92**	**26,261.90**
	LIABILITIES			
1.	**Non-current liabilities**			
	a. Financial liabilities			
	(i) Borrowings	16	7,405.43	1,347.09
	(ii) Lease liability		882.37	-
	(iii) Other financial liabilities	17	660.20	718.68
	b. Other non current liabilities	18	12.60	13.86
	c. Provisions	19	309.57	185.11
	Total non-current liabilities		**9,270.17**	**2,264.74**
2.	**Current Liabilities**			
	a. Financial liabilities			
	(i) Borrowings		16,758.70	18,418.72
	(ii) Lease liability	20	271.42	-
	(iii) Trade payables			
	(a) Dues of micro, small and medium enterprises	21	1,032.55	871.33
	(b) Dues of creditors other than micro, small and medium enterprises		13,043.36	10,866.26
	(iv) Other financial liabilities	22	3,482.68	3,437.75
	b. Other current liabilities	23	1,642.59	3,120.57
	c. Provisions	24	427.56	375.80
	d. Current tax liabilities (net)	25	353.45	528.45
	Total current liabilities		**37,012.31**	**37,618.88**
	Total liabilities		**46,282.48**	**39,883.62**
	Total equity and liabilities		**69,436.40**	**66,145.52**

Notes including Significant Accounting Policies are an integral part of the Financial Statements : 1 To 54

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 : 12th September, 2020

For and on behalf of the Board

Harish Sheth
Chairman & Managing Director

Udit Sheth
Vice Chairman

Urja Shah
Executive Director

Arun Arora
Independent Director

Ashok Jha
Independent Director

Suhasini Sathe
Independent Director

Vinay Shahane
Vice President - Finance

Chandra Kant Sharma
Company Secretary

Place: Mumbai
Date : 12th September, 2020

Statement of Profit and Loss for the year ended on 31st March, 2020

(Rs. In Lakhs)

	Particulars	Note No.	Year ended 31st March 2020	Year ended 31st March 2019
	INCOME :			
I.	Revenue from operations	26	41,807.83	61,339.77
II.	Other income	27	1,901.27	1,514.61
III.	**Total Revenue (I + II)**		**43,709.10**	**62,854.38**
IV.	**EXPENSES :**			
	Cost of materials consumed	28	25,340.70	37,852.92
	Changes in inventories of finished goods and work-in-progress	29	-877.66	-1,613.65
	Employee benefit expenses	30	5,227.16	5,673.06
	Finance costs	31	3,959.38	3,398.44
	Depreciation and amortization expenses	2	1,900.12	1,930.57
	Other expenses	32	8,010.45	10,306.89
	Total expenses (IV)		**43,560.15**	**57,548.23**
V.	**Profit/(loss) before exceptional items and tax (III - IV)**		**148.95**	**5,306.15**
VI.	Exceptional items	33	2,019.88	-
VII.	**Profit/(loss) before tax (V - VI)**		**-1,870.93**	**5,306.15**
VIII.	**Tax expense/(credit)**			
	- Current tax		-	1,063.45
	- Deferred tax		-499.47	857.81
	MAT credit entitlement			
	- Previous years		-20.71	-775.78
	- Current year		165.57	544.28
	Tax adjustment for earlier years		-	-5.97
			-354.61	**1,683.79**
IX.	**Profit/(loss) for the year from continuing operations (VII - VIII)**		**-1,516.32**	**3,622.36**
X.	**Other comprehensive income/(loss)**			
	A. (i) Items that will not be reclassified to profit or loss			
	(a) Remeasurement of gain /(loss) on defined benefit plans		-44.07	-30.76
	(b) Gain / (loss) on FVTOCI Equity securities		-153.50	-
	(ii) Income tax relating to items that will not be reclassified to Profit or Loss	33(g)	69.04	10.75
	B. (i) Items that will be reclassified to Profit or Loss		-	-
	(ii) Income tax relating to items that will be reclassified to profit or loss		-	-
			-128.53	**-20.01**
XI.	**Total comprehensive income for the year (IX + X)**		**-1,644.85**	**3,602.35**
XII.	**Earnings per equity share (face value of Rs. 2/- Each)**			
	- Basic (In Rs. per share)	35	-1.13	2.71
	- Diluted (In Rs. Per share)	35	-1.13	2.71

Notes including Significant Accounting Policies are an integral part of the Financial Statements : 1 To 54

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 : 12th September, 2020

For and on behalf of the Board

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Independent Director

Suhasini Sathe
Independent Director

Vinay Shahane
Vice President - Finance

Chandra Kant Sharma
Company Secretary

Place: Mumbai
Date : 12th September, 2020

Cash Flow Statement for the year ended on 31st March, 2020

(Rs. In lakhs)

	Particulars	Year ended 31st March 2020	Year ended 31st March 2019
A.	**CASH FLOW FROM OPERATING ACTIVITIES**		
	Net Profit before tax	**-1,870.93**	**5,306.15**
	Adjustment for :		
	Depreciation and amortisation expense	1,900.12	1,930.57
	(Profit)/loss on sale of property, plant and equipment	0.26	-6.00
	Unrealized exchange loss/(gain)	-202.57	19.46
	Impairment loss/(reversal) in the value of Investments	1,413.86	-
	Impairment loss allowance on advances/receivables	606.02	-
	Interest expense	3,516.47	3,030.82
	Other Financial charges	442.91	367.62
	Rent Income	-32.52	-32.52
	Interest income	-1,377.04	-830.22
	Finance Income Related to Financial Guarantee Measured at Fair Value	-89.05	-170.47
	Corporate tax	-	-1,057.48
	MAT credit entitlement	-144.86	231.50
	Employee stock options cost	-17.56	-10.31
	Employee Benefits Designated Through Other Comprehensive Income	-44.07	-30.75
	Government Grants - Cash Subsidy amortization	-1.26	-1.26
	Operating profit / (loss) before changes in working capital	**4,099.78**	**8,747.11**
	Adjustments for changes in :		
	Trade receivables	4,401.72	-1,093.68
	Inventories	518.28	-786.15
	Loans and other assets	-3,173.93	-3,094.47
	Other non-current and current assets	-763.49	1,052.08
	Non-current and current financial assets	-73.20	4.30
	Trade payables	2,272.49	1,559.32
	Other non-current and current provisions	1.21	332.34
	Other non-current and current liabilities	-1,479.25	925.50
	Non-current and current financial liabilities	90.14	55.84
	Change in current assets/liabilities	**1,793.96**	**-1,044.92**
	Cash generated from operations	**5,893.74**	**7,702.19**
	Direct taxes (Tax deducted at source)	-84.02	-26.58
	Net Cash flow from Operating Activities	**5,809.71**	**7,675.61**
B.	**CASH FLOW FROM INVESTING ACTIVITIES**		
	Purchase of Property, Plant and Equipment	-2,612.32	-416.23
	Proceeds on sale of Property, Plant and Equipment	3.77	13.38
	Intangible asset	-577.63	-772.23
	Interest income	1,377.04	830.22
	Rent Income	32.52	32.52
	Government Grants - Cash Subsidy amortization	1.26	1.26
	Investment in Equity Shares	-500.00	-850.00
	Investment in Preference Shares	-3,885.00	-
	Net Cash used in Investing Activities	**-6,160.37**	**-1,161.08**
C.	**CASH FLOW FROM FINANCING ACTIVITIES**		
	Proceeds from Cash Credit	-663.75	2,078.69
	Proceeds from Short Term /Other Loans	-	-
	Proceeds from Term/Other Loans	9,235.68	496.27
	Proceeds from Lease	1,153.79	-

(Rs. In lakhs)

Particulars	Year ended 31st March 2020	Year ended 31st March 2019
Repayment of Short Term Loans	-996.27	-500.00
Repayment of Term Loans	-3,216.25	-3,414.30
Interest expense	-3,516.47	-3,030.82
Other Financial charges	-442.91	-367.62
Proceeds from issue of Shares including Premium	28.76	25.75
Final dividend and dividend distribution tax	-1,612.64	-1,289.24
Net Cash used in Financing Activities	**-30.07**	**-6,001.27**
Net increase/(decrease) in Cash and Cash Equivalents (A + B + C)	**-380.72**	**513.26**
Opening Cash and Cash Equivalents	**693.77**	**180.51**
Closing Cash and Cash Equivalents	**313.04**	**693.77**

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 54

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 : 12th September, 2020

For and on behalf of the Board

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Chairman & Managing Director

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Vice Chairman

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Executive Director

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Suhasini Sathe
Independent Director

Vinay Shahane
Vice President - Finance

Chandra Kant Sharma
Company Secretary

Place: Mumbai
Date : 12th September, 2020

Statement of Changes in Equity for the year ended on 31st March, 2020

A. Equity share capital

Particulars	(Rs. In Lakhs)
Balance at the beginning of April 1, 2018	**2,671.93**
Changes in Equity Share Capital during the year	1.61
Balance as at 31st March, 2019	**2,673.55**
Changes in Equity Share Capital during the period	1.80
Balance as at 31st March, 2020	**2,675.35**

B. Other Equity

(Rs. In Lakhs)

Particulars	Reserves and Surplus					
	Capital Reserve	General Reserve	Security Premium	Retained Earnings *	Share option outstanding	Total
Balance as at 1st April, 2018	**0.21**	**1,948.62**	**188.20**	**19,789.03**	**53.17**	**21,979.23**
Ind AS Adjustments	-	-	-	-717.82	-	-717.82
Share Premium on Shares issued for ESOP	-	-	24.14	-	-	24.14
Employee stock option granted during the year	-	-	-	-	-10.31	-10.31
Dividend (including tax on dividend) declared during the year	-	-	-	-1,289.24	-	-1,289.24
Profit for the year	-	-	-	3,622.37	-	3,622.37
Other Comprehensive Income (net of tax)	-	-	-	-20.01	-	-20.01
Total comprehensive income for the year ended 31st March, 2019				**3,602.35**	-	**3,602.35**
Balance as at 31st March, 2019	**0.21**	**1,948.62**	**212.34**	**21,384.32**	**42.86**	**23,588.35**
Ind AS Adjustments	-			138.30		138.30
Share Premium on Shares issued for ESOP	-		26.96			26.96
Employee stock option granted during the year	-				-17.56	-17.56
Dividend (including tax on dividend) declared during the year	-			-1,612.63		-1,612.63
Profit for the year	-	-	-	-1,516.32	-	-1,516.32
Other Comprehensive Income (net of tax)	-	-	-	-128.53	-	-128.53
Total comprehensive income for the year ended 31st March, 2020				**-1,644.85**	-	**-1,644.85**
Balance as at 31st March, 2020	**0.21**	**1,948.62**	**239.30**	**18,265.15**	**25.30**	**20,478.58**

Notes including Significant Accounting Policies are an integral part of the Financial Statements : 1 To 54

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

(Rasesh V. Parekh)
Partner
Membership No. 038615

Place: Mumbai
Date : 12th September, 2020

For and on behalf of the Board

Harish Sheth
Chairman & Managing Director

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Independent Director

Suhasini Sathe
Independent Director

Vinay Shahane
Vice President - Finance

Chandra Kant Sharma
Company Secretary

Place: Mumbai
Date : 12th September, 2020

General Information

Setco Automotive Limited (The "Company) is a public limited Company incorporated in India with its registered office at Kalol, India. The Company is listed on Bombay Stock Exchange Limited, Mumbai and National Stock Exchange of India Limited, Mumbai.

The company is engaged in manufacturing of Clutch products and systems and Hydraulics (Pressure Converters). The company is having four manufacturing units across three countries, i.e India, United Kingdom and United States of America.

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 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.

New and amended standard adopted by the company.

The Company has applied the following standards and amendments for the first time for its annual reporting period commencing April 1, 2019:

- Ind AS 116, Leases*
- Long-term interests in Associates and Joint-ventures - Ind AS 28, Investments in associates and Joint-Ventures *
- Prepayment Features with Negative Compensation - Amendments to Ind AS 109, Financial Instruments*
- Uncertainty over Income Tax Treatments – Appendix C to Ind AS 12, Income Taxes*
- Plan Amendment, Curtailment or Settlement – Amendments to Ind AS 19, Employee Benefits*
- Amendment to Ind AS 103, Business Combinations*
- Ind AS 111, Joint Arrangements*
- Ind AS 23, Borrowing Costs*
- Uncertainty over Income Tax Treatments – Appendix C to Ind AS 12, Income Taxes*
- Amendment to Ind AS 12, Income Taxes*
- Plan Amendment, Curtailment or Settlement – Amendments to Ind AS 19, Employee Benefits*

* There has been no impact on adoption of these amendments on the standalone financial statements.

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 their realisation in cash or cash equivalents. As set 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 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. The company has initially recognised property, plant & Equipment at Cost. The cost of Property, Plant & Equipment includes directly attributable expenses incurred for the purpose of acquiring / constructing these assets, net of GST credit if any, on qualifying assets. The Company has chosen Cost Model for Property, Plant & Equipment accounting. 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.

ii. 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.

iii. 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.

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

Asset Classification	Useful Life
Buildings	3-30 Years
Plant & Machinery	1-15 Years
Furniture & Fixtures	1-10 Years
Equipments	2-5 Years
Electric Fittings	10 Years
Vehicle	4-8 Years
Pollution Equipments	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.

v. 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 statement of profit or loss.

1.3 Intangible Assets

i. Intangible Assets are stated at their cost of acquisition, net of GST credit if any, less accumulated amortization and impairment loss, if any. Expenditure, identifiable and reliably measurable, incurred on product development yielding future economic benefits is capitalized as Intangible Asset as per Ind AS-38 "Intangible Assets". The expenses incurred on product till such time its production commences are shown under the head "Assets Under Development" in the Property Plant and Equipment.

ii. Amortization

Intangible Assets are amortized as follows:

a) Product development: Product Development expenses incurred on the new product developed and whose commercial production started during the year are treated as Intangible Assets & are amortised over a period of ten years after commencement of commercial production of relevant product.

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 Company has adopted Ind AS 116 "Leases" using the modified retrospective approach with effect from 1st April 2019. Accordingly, the information presented for previous year ended 31st March 2019, is not restated and reported as per Ind AS 17.

The Company evaluates if an arrangement qualifies to be a lease as per the requirements of Ind AS 116 and this may require significant judgment. The Company also uses significant judgement in assessing the lease term (including anticipated renewals) and the applicable discount rate.

The discount rate is generally based on the interest rate specific to the lease being evaluated or if that cannot be easily determined the incremental borrowing rate for similar term is used.

The Company has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred, less any lease incentives received.

The right-of-use assets are subsequently depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the lease terms indicates transfer of ownership of the underlying asset to the lessee at the end of the lease term or the exercise price of purchase option reflects that the lessee will exercise a purchase option, the lessee shall depreciate the right-of-use asset from the commencement date to the end of the useful life of the underlying asset.

In addition, the right-of-use asset is reduced by impairment losses, if any. The lease liability is initially measured at amortised cost at the present value of the future lease payments. When a lease liability is remeasured, the corresponding adjustment of the lease liability is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

On Derecognition of the finance lease agreement, the difference between the carrying amount of the financial liability and the carrying amount of ROU is recognised in profit or loss account.

1.6 Revenue Recognition

(1) Sale of Goods:

Revenue is recognised upon transfer of control of promised products or services to customers in an amount that reflects the probable consideration which the Company expects to receive in exchange for those products or services.

Revenue is measured based on the transaction price, which is the consideration, and it is adjusted for volume discounts, cash discounts, price concessions and incentives, if any, as specified in the contract with the customer. Revenue excludes taxes collected from customers.

Contracts are subject to modification to account for changes in contract specification and requirements. The Company reviews modification to contract in conjunction with the original contract, based on which the transaction price could be allocated to a new performance obligation, or transaction price of an existing obligation could undergo a change. In the event transaction price is revised for existing obligation, a cumulative adjustment is accounted for. Contract costs are expensed of as and when incurred.

Use of significant judgments and estimates in revenue recognition

- Contracts with customers could include promise to transfer multiple products and services to a customer. The company assesses a contract and identifies distinct performance obligations in the contract. Identification of distinct performance obligation involves judgment to determine the deliverables and the ability of the customer to benefit independently from such deliverables.
- The company needs to decide transaction price for the contract. The transaction price could be either a fixed amount of customer consideration or variable consideration with elements such as volume discounts, cash discounts, price concessions and incentives. The Company allocates the elements of variable considerations to all the performance obligations of the contract unless there is observable evidence that they pertain to one or more distinct performance obligations.
- The company exercises judgment in determining whether the performance obligation is satisfied. The Company considers indicators such as how the customers consume the benefit or who controls the asset, transfer of significant risk and rewards to the customers, acceptance of delivery by the customer, specific bill and hold instructions from customers, etc.

(2) Other Operating Revenue:

Other operating revenue 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.

Rendering of Services :

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

(3) Insurance claims are accounted as and when admitted.

(4) 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 along with transaction cost.

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.

Interest Income and Impairment loss on such debt instruments is recognised in statement of profit or loss.

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

I. Investments in equity instruments of subsidiaries:

The Company measures its investments in equity instruments of subsidiaries at cost in accordance with Ind AS 27.

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. Investment in Preferential instruments of Related Entity:

At initial recognition, the company measures its investments in preference shares at fair value and on re-measurement it is carried out at amortised cost. Gains or losses arising on re-measurement are recognized in P & L.

IV. 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

In accordance with Ind AS 109 Financial Instruments, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss for financial assets.

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.

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 expense / income in the statement of profit and loss.

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.

Financial liabilities and equity instruments

Classification as debt or equity

Equity instruments issued by the Company is classified as equity in accordance with the substance of the contractual arrangements and the definitions of 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 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".

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 though 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.

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 derecognized and the consideration paid and payable is recognised in profit or loss.

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.

1.10 Inventories

Inventories are valued at lower of weighted average Cost (exclusive of Taxes & GST credits 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

The tax expenses for the period comprises of current tax and deferred income tax. Tax is recognised in Statement of Profit and Loss, except to the extent that it relates to items recognised in the Other Comprehensive Income. In which case, the tax is also recognised in Other Comprehensive Income.

A. Current Tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the Income Tax authorities, based on tax rates and laws that are enacted at the Balance sheet date.

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.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

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 in other cases it is capitalised.

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 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 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.

1.17 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.

1.18 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 board. Interim dividends, if any are recorded as a liability on the date of declaration by the company's board of directors.

1.19 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.

1.20 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.

1.21 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.

1.22 Exceptional items

When an item of income or expense within Statement of profit and loss from ordinary activity is of such size, nature or incidence that its disclosure is relevant to explain more meaningfully the performance of the Company for the year, the nature and amount of such items is disclosed as exceptional items.

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 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 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, obsolete, 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 crystallizing 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.

1.24 Recent Accounting Pronouncements:

Ministry of Corporate Affairs (MCA) notifies new standard or amendments to the existing standards. There is no such notification which would have been applicable from April 1, 2020.

Notes Forming Part of The Financial Statements for the year ended on 31st March 2020

Note - 2
Property, Plant and Equipment

(Rs. In lakhs)

SR. NO.	PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
		Cost as on 01.04.2019	Additions for the year	Adjust-ment for the year	Cost as on 31.03.2020	Up to 01.04.2019	Additions for the year	Adjust-ment for the year	Up to 31.03.2020	As on 31.03.2020	As on 31.03.2019
A	**Property, Plant & Equipment**										
01	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	-
03	Buildings	3,988.36	-	-	3,988.36	460.03	160.67	-	620.70	3,367.66	3,528.33
	Previous year	*3,988.36*	-	-	*3,988.36*	*299.36*	*160.67*	-	*460.03*	3,528.33	-
04	Plant & Machinery	8,018.50	508.36	-2.69	8,524.17	3,416.87	1,102.15	-0.02	4,519.00	4,005.17	4,601.63
	Previous year	*7,777.04*	*252.07*	*-10.61*	*8,018.50*	*2,260.23*	*1,167.25*	*-10.61*	*3,416.87*	4,601.63	-
05	Furniture & Fixtures	251.97	27.23	-2.38	276.81	66.34	29.20	-1.22	94.33	182.48	185.63
	Previous year	*189.83*	*62.14*	-	*251.97*	*41.82*	*24.52*	-	*66.34*	185.63	-
06	Office Equipments	106.76	5.82	-0.55	112.02	85.64	9.85	-0.55	94.94	17.08	21.12
	Previous year	*103.52*	*7.56*	*-4.32*	*106.76*	*59.99*	*29.56*	*-3.91*	*85.64*	21.12	-
07	Pollution Equipments	1.25	-	-	1.25	0.63	0.21	-	0.84	0.41	0.62
	Previous year	*1.25*	-	-	*1.25*	*0.42*	*0.21*	-	*0.63*	0.62	-
08	Computers	211.63	40.45	-	252.09	159.91	31.77	-	191.68	60.40	51.72
	Previous year	*173.96*	*37.68*	-	*211.63*	*126.91*	*33.00*	-	*159.91*	51.72	-
09	Electric Fittings	476.14	-	(0.27)	475.87	161.94	56.69	(0.08)	218.55	257.32	314.20
	Previous year	*448.18*	*27.96*	-	*476.14*	*105.93*	*56.01*	-	*161.94*	314.20	-
10	Vehicles	359.91	30.72	0.00	390.62	118.28	53.06	0.00	171.34	219.28	241.63
	Previous year	*353.21*	*28.82*	*-22.13*	*359.91*	*81.44*	*51.99*	*-15.15*	*118.28*	241.63	-
	Sub Total (Property, Plant & Equipment)	**15,482.90**	**612.58**	**-5.90**	**16,089.58**	**4,469.64**	**1,443.60**	**-1.87**	**5,911.37**	**10,178.21**	**11,013.26**
	Previous year	***15,103.74***	***416.23***	***-37.07***	***15,482.90***	***2,976.10***	***1,523.21***	***-29.67***	***4,469.64***	***11,013.26***	**-**

B	**Right of use of Assets**										
01	Land	360.89	-	-	360.89	11.70	3.90	-	15.60	345.29	349.19
	Previous year	*360.89*	-	-	*360.89*	*7.80*	*3.90*	-	*11.70*	349.19	-
02	Plant & Machinery	-	1,152.21	-	1,152.21	-	4.33	-	4.33	1,147.88	-
	Previous year	-	-	-	-	-	-	-	-	-	-
03	Office Equipments	-	1.58	-	1.58	-	0.01	-	0.01	1.57	-
	Previous year	-	-	-	-	-	-	-	-	-	-
	Sub Total (Right of use of Assets)	**360.89**	**1,153.79**	**-**	**1,514.68**	**11.70**	**8.24**	**-**	**19.94**	**1,494.74**	**349.19**
	Previous year	***360.89***	***-***	***-***	***360.89***	***7.80***	***3.90***	***-***	***11.70***	***349.19***	***-***
C	**Intangible Assets**										
01	Product Development	3,288.78	622.76	-	3,911.54	858.61	433.14	-	1,291.75	2,619.79	2,430.17
	Previous year	*2,421.97*	*866.81*	-	*3,288.78*	*486.43*	*372.18*	-	*858.61*	2,430.17	
02	Computer Software	198.66	4.27	-	202.93	169.42	15.13	-	184.55	18.38	29.24
	Previous year	*169.24*	*29.43*	-	*198.66*	*138.14*	*31.28*	-	*169.42*	29.24	
	Sub Total (Intangible Assets)	***3,487.44***	***627.03***	**-**	4,114.47	**1,028.03**	**448.27**	**-**	**1,476.30**	**2,638.16**	**2,459.41**
	Previous year	***2,591.21***	***896.23***	***-***	***3,487.44***	***624.57***	***403.46***	***-***	***1,028.03***	***2,459.41***	
D	**Intangible Asset Under Development (Product Development)**	1,365.57	573.36	-622.76	1,316.17	-	-	-	-	1,316.17	1,365.57
	Previous year	*1,489.57*	*742.80*	*-866.81*	*1,365.57*	-	-	-	-	*1,365.57*	
E	**Capital Work in Progress :**										
01	Capital Work in Progress	-	845.96	-	845.96	-	-	-	-	*845.96*	-
	Previous year	-	-	-	-	-	-	-	-	-	
	Grand Total (A + B + C + D + E)	**20,696.80**	**3,812.71**	**-628.66**	**23,880.86**	**5,509.37**	**1,900.12**	**-1.87**	**7,407.61**	**16,473.24**	**15,187.43**
	Previous Year :	***19,545.41***	***2,055.26***	***-903.87***	***20,696.80***	***3,608.47***	***1,930.57***	***-29.67***	***5,509.37***	***15,187.43***	***-***

Note :

(I) 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 certificate obtained from technical experts.

(II) Additions in gross block include Interest on borrowing of Rs. 81.81 lakhs (Previus Year Rs. Nil)) in accordance with Ind AS - 23 “Borrowing Costs”.

(III) Expenditure, identifiable and reliably measureable, incurred on Product Development yielding future economic benefits is capitalized as internally generated intangible asset and it is kept under asset under development (Product Development) till the start of Commercial Production of respective products. The carrying value is supported by valuation report of independent valuer.

(IV) 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.

3. Non-current investment **(Rs. In Lakhs)**

Particulars	Refer Note No.	As at 31st March, 2020	As at 31st March, 2019
i) Investment in Subsidiary Companies (At Deemed Cost) :			
20,94,269 (20,94,269) 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
Less : Impairment in Value of Investments	33(a)	1,269.06	-
		422.78	1,691.84
1,28,778 (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
9,70,90,000 (9,20,90,000) Equity share of Rs. 10/- each fully paid up of subsidiary - Lava Cast Private Limited	3(b)	9,709.00	9,209.00
Deemed Investment in Equity - Fair Value of Financial Guarantees extended to Lava Cast Private Limited		1,100.18	1,069.62
2,15,014 (2,15,014) 0% redeemable preference shares of MUR 100 each fully paid up of wholly owned foreign subsidiary - WEW Holdings Limited (Mauritius)	3(c)	316.79	316.79
100 (100) Equity shares of AED 1000 each fully paid up of wholly owned foreign subsidiary - Setco MEA DMCC (Dubai)	3(d)	17.75	17.75
Sub total (i)		**11,757.31**	**12,495.81**
ii) Investment in other related entities (At Fair Value Through Other Comprehensive Income) :			
30,70,000 (30,70,000) Equity Share @ Rs. 50/- each fully paid up of SE Transstadia Private Limited		1,535.00	1,535.00
Less : Impairment in Value of Investments	33(g)	153.50	-
Sub total (ii)		**1,381.50**	**1,535.00**
iii) Investment in other related entities (At Amortised Cost) :			
3,88,50,000 (Nil) 9% Non Convertible Cumulative Compulsorily Redeemable Preference Share of Rs. 10/- each fully paid of Setco Engineering Private Limited		3,885.00	-
Less : Impairment in Value of Investments	33(b)	144.80	-
Sub total (iii)		**3,740.20**	**-**
iv) Non trade investment (unquoted) (at Deemed cost) :			
10 (10)Equity shares of Rs. 25/- each of Kalol Urban Co.op.Bank Limited Rs. 250/- (Rs. 250/-)		-	-
Sub total (iv)		**-**	**-**
Total (non-current investments)		**16,879.01**	**14,030.81**

a) Investments in other related entities, Subsidiaries/Joint Venture have been made in terms of investment limits approved by Board of Directors of the company from time to time.

b) 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 87.82% Equity shares as on 31st March, 2020 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.

The net worth of Lava Cast Private Limited eroded due to losses. Based on report of Independent valuer as per DCF method, no impairment is required to be provided.

c) 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.

d) Pending compliance of bank conditions, company could not remit share application money to Setco MEA DMCC, resulting to non issuance of share certificate to the company. The company has recognised it as investment in the wholly owned foreign subsidiary based on 100% control.

e) As per legal expert's opinion obtained by the Company about its investments/ loans in and guarantees given for subsidiaries and related entities, it has complied with provisions of Section 186 of the Companies Act , 2013.

4. Loans Receivables (Rs. In Lakhs)

Particulars	Refer Note No.	As at 31st March, 2020	As at 31st March, 2019
Considered good, Unsecured			
Loans to subsidiary companies			
Setco Automotive (NA) Inc.	4(a)	315.53	418.24
Setco Automotive (UK) Ltd.	4(b)	3,873.96	888.50
Less : Impairment Loss Allowance		290.55	-
		3,583.41	888.50
Lava Cast Private Limited	4(c)	4,936.33	-
Total		**8,835.27**	**1,306.74**

a) Unpaid interest for the year is Rs. 113.77 lakhs. This loan is repayable within 2 years.
b) Unpaid interest for the year is Rs. 781.20 lakhs. This loan is repayable 7 years.
c) Unpaid interest for the year is Rs. 453.75 lakhs. This loan is repayable within 10 years.

5. Others Financial Assets (Rs. In Lakhs)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Considered good, Unsecured		
Other deposits	220.86	147.66
Total	**220.86**	**147.66**

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

Particulars	As at 31st March, 2020	As at 31st March, 2019
Deferred tax liabilities:		
Timing Differences related to Property, Plant & Equipment and Intangible Assets	5,443.92	5,147.98
Deferred Tax Assets:		
Timing differences related to Expenses	2,573.51	416.83
MAT credit entitlement	2,235.39	2,380.24
Deferred Tax Assets (Liability)	-678.71	-1,247.22
Net Deferred Tax Assets	**1,556.68**	**1,133.02**
Total provision made in Statement of Profit and Loss	**(499.47)**	**857.81**

- Refer Note no. 49 for detailed Deferred Tax Assets (Liabilities)

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

Particulars	As at 31st March, 2020	As at 31st March, 2019
Considered good, Unsecured		
Capital advances	359.68	84.85
Total	**359.68**	**84.85**

8. Inventories (Rs. In Lakhs)

Particulars	Refer Note No.	As at 31st March, 2020	As at 31st March, 2019
Raw materials [Including Goods in transit Rs. 108.99 lakhs (Rs. 114.21 lakhs)]		5,223.69	6,648.99
Work-in-progress		3,234.77	2,558.67
Finished goods [Including Sales in transit Rs. 502.08 lakhs (Rs. 644.93 lakhs)]	36	2,424.56	2,222.25
Stores and Packing Materials		844.07	814.70
Scrap		3.64	4.39
Total		**11,730.73**	**12,249.00**

9. Trade Receivables (Unsecured) **(Rs. In Lakhs)**

Particulars	Refer Note No.	As at 31st March, 2020	As at 31st March, 2019
Considered good			
Related parties		5,072.37	3,318.88
Others		3,201.20	9,164.69
		8,273.57	12,483.57
Considered doubtful			
Related parties	33 (c)	159.55	-
Others		79.77	138.23
		239.32	138.23
Less : Allowance for Credit Loss		239.32	138.23
		-	-
Total		**8,273.57**	**12,483.57**

Movement in Allowance for Credit Loss is as follows :

Particulars	As at 31st March, 2020	As at 31st March, 2019
Opening	138.24	136.54
Add : Additions	317.13	94.06
Less: Utilisations / Reversals	216.05	92.36
Closing	**239.32**	**138.24**

- An amount of Rs. 3260.97 lakhs against export receivables as on 31st March 2020, beyond the timelines stipulated under the Foreign Exchange Management Act, 1999. The management of the Company has submitted necessary applications with the appropriate authority for condonation of delays to regularize the default. Impact thereof if any, will be considered when such application is disposed off.

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

Particulars	As at 31st March, 2020	As at 31st March, 2019
Cash balance	34.08	54.78
Bank balances	158.57	212.11
Fixed Deposit Account (Lien-marked on Margin Account)	120.39	0.39
Cheques on hand	-	426.49
Total	**313.04**	**693.77**

11. Bank Balances Other Than Cash and Cash Equivalents Above **(Rs. In Lakhs)**

Particulars	As at 31st March, 2020	As at 31st March, 2019
Other bank balance		
Unclaimed dividends	99.73	106.03
Total	**99.73**	**106.03**

12. Loans Receivables **(Rs. In Lakhs)**

Particulars	Refer Note No.	As at 31st March, 2020	As at 31st March, 2019
Considered good, Unsecured			
Loans to subsidiary companies			
Lava Cast Private Limited	4(c)	-	2,302.48
Setco Automotive (NA) Inc.	4(a)	251.20	-
Setco Automotive (UK) Ltd.	4(b)	2,085.98	4,083.57
Setco MEA Limited, UAE	12(a)	60.47	6.31
Total		**2,397.65**	**6,392.36**

a) Unpaid interest for the year is Rs. 53.56 lakhs.

13. Other Current Assets

(Rs. In Lakhs)

Particulars	Refer Note No.	As at 31st March, 2020	As at 31st March, 2019
Advances to related parties			
Unsecured, Considered doubtful			
SE Transstadia Private Limited	33(f)	426.49	-
Less : Impairment Loss Allowance		42.65	-
Sub total		383.84	-
Pre-payments			
Prepaid expenses		283.95	212.00
Capital advances		288.12	557.82
Advances to suppliers	33(e)	770.45	621.73
Less : Impairment Loss Allowance		72.50	-
		1,270.02	1,391.55
Balance with Statutory / Government Authorities			
Balance with Income Tax	42(B)	143.03	118.03
Statutory dues receivable - Income Tax		84.02	26.58
GST/VAT refund receivables	33(d)	441.23	787.05
Less : Impairment Loss Allowance		40.78	-
Sub total		627.50	931.66
Other Loans And Advances			
Employees advances		15.58	7.07
Total		**2,296.94**	**2,330.28**

14. Equity

(Rs. In Lakhs)

Particulars	As at 31st March, 2020	As at 31st March, 2019
(i) Authorised capital		
25,00,00,000 (25,00,00,000) Equity Shares of Rs. 2/- each	5,000.00	5,000.00
Total	**5,000.00**	**5,000.00**
Issued, subscribed and fully paid up share capital		
13,37,67,275 (13,36,77,275) Equity Shares of Rs. 2 each	2,675.35	2,673.55
Total	**2,675.35**	**2,673.55**

a) Pursuant to the approval of members in the Annual General Meeting held on 28th September, 2015 the equity shares of face value of Rs. 10/- each have been subdivided into equity shares of face value of Rs. 2/- each with effect from 17th December, 2015. As a result, the number of equity shares has increased from 2,67,19,335 to 13,35,96,675 shares. Accordingly the number of shares has been adjusted for all the periods presented.

b) The company has only one class of equity shares having a par value of Rs. 2 per share. Each shareholder of equity share is entitled to one vote per share.

c) 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 31-03-2020		As on 31-03-2019	
	Number	(Rs. In Lakhs)	Number	(Rs. In Lakhs)
Equity shares				
As at the beginning of the year	133677275	2673.546	133596675	2671.934
Add : Shares issued on exercise of employee stock options	90000	1.8	80600	1.612
	133767275	**2675.346**	**133677275**	**2673.546**
Less : Changes, if any during the year	-	-	-	-
Outstanding at the end of the year	**133767275**	**2675.346**	**133677275**	**2673.546**

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

Name of Shareholders	As on 31-03-2020		As on 31-03-2019	
	Number	% Holding	Number	% Holding
Equity shares of Rs. 2/- each fully paid				
Setco Engineering Private Limited	64063845	47.892	64063845	47.924

15. Other Equity (Rs. In Lakhs)

Particulars		As at 31st March, 2020	As at 31st March, 2019
(i) Capital Reserve (Opening & Closing Balance)			
a) On forfeiture of Shares		0.21	0.21
	Total	**0.21**	**0.21**
(ii) Securities Premium			
As per Last Balance Sheet		212.34	188.20
Add : Received during the year on exercise of employee stock options		26.96	24.14
	Total	**239.30**	**212.34**
(iii) Employee Stock Options outstanding			
As per Last Balance Sheet		42.86	53.17
Add : Amounts recorded on grants/modifications/cancellations during the year		-17.56	-10.31
	Total	**25.30**	**42.86**
(iv) General Reserve			
As per Last Balance Sheet		1,948.62	1,948.62
	Total	**1,948.62**	**1,948.62**
(v) Retained Earnings			
As per Last Balance Sheet		21,384.32	19,789.03
Less : Ind AS Adjustment		138.30	-717.82
Add : Profit for the year		-1,644.85	3,602.35
Less : Dividend		-1,337.67	-1,069.42
Less : Dividend Distribution Tax		-274.96	-219.82
	Total	**18,265.14**	**21,384.32**
	Total (i to v)	**20,478.57**	**23,588.35**

16. Borrowings (At amortized cost) (Rs. In Lakhs)

Particulars		As at 31st March, 2020	As at 31st March, 2019
Term loans			
From banks			
Secured		436.20	916.63
Unsecured		-	430.46
From others			
Secured		4,927.56	-
Unsecured		2,000.00	-
	Total (A)	**7,363.76**	**1,347.09**
Other loans			
From banks			
Secured		19.56	-
From others			
Secured		22.11	-
	Total (B)	**41.67**	**-**

Lease liability		
From others		
Secured	882.37	-
Total (C)	**882.37**	**-**
Total (A+B+C)	**8,287.80**	**1,347.09**
The above amount includes		
Secured borrowings	**6,287.80**	**916.63**
Unsecured borrowings	**2,000.00**	**430.46**

- Refer Note no. 22 for Current maturities of long term borrowing.
- Indian rupee term loan from Bank of Baroda is repayable in 16 quarterly instalments each of Rs. 141.00 lakhs to be repaid by December, 2021. The loan is secured by first pari passu charge on company's fixed assets (excluding cars/vehicles) along with Tata Motors Finance Solutions Limited 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 Vice Chairman of the Company.
- In previous year, Lava Cast Private Limited (LCPL), the subsidiary company had obtained Plant & Machinery and Equipment of Rs. 1,441.00 lakhs under finance lease arrangement with Tata Capital Financial Services Ltd. (Lessor). The Lease was secured by Plant & Machinery as well as corporate guarantee of Holding Company i.e. Setco Automotive Limited. During the year, the LCPL has transferred all rights, interests, obligations and benefits i.e. right of use of assets under the Lease Deed to the company at Rs. 1,153.79 lakhs, by entering into a Novation Agreement with the Lessor and the company.

  The company pays lease rental monthly for 5 years with residual acquisition value of 1% of lease value. The Lease is secured by relevant Plant & Machinery. The maturity profile of finance lease obligations is as follows:

Particulars	As at 31st March, 2020		As at 31st March, 2019	
	MLP	PV of MLP	MLP	PV of MLP
Payable within 1 years	316.95	285.79	-	-
Payable within between 1 to 5 years	836.84	686.52	-	-
Total Minimum Lease payment	**1153.79**	**972.31**	**-**	**-**

- Indian rupee corporate term loan of Rs. 4,500.00 lakhs from Tata Motors Finance Solutions Limited is repayable in 72 EMI each of Rs. 87.44 lakhs to be repaid by May, 2025. The loan is secured by first pari passu charge on company's present & future fixed assets (excluding cars/vehicles) along with Bank of Baroda and personal guarantee of Chairman and Managing Director and Mr. Udit Sheth, Non Executive Vice Chairman of the Company.
- Indian rupee corporate term loan of Rs. 1,000.00 lakhs from Tata Motors Finance Solutions Limited is repayable in 72 EMI each of Rs. 19.43 lakhs to be repaid by October, 2025. The loan is secured by first pari passu charge on company's present & future fixed assets (excluding cars/vehicles) along with Bank of Baroda and personal guarantee of Chairman and Managing Director and Mr. Udit Sheth, Non Executive Vice Chairman of the Company.
- Indian rupee term loan of Rs. 708.00 lakhs from Tata Motors Finance Solutions Limited is repayable as below :

Capex Term Loan	Amount (Rs.)	Nos	EMI (Rs.)	Repaid By
CAPEX - I	504.00 lakhs	72 EMI	11.53 lakhs	October, 2025
CAPEX - II	126.00 lakhs	72 EMI	2.78 lakhs	December, 2025
CAPEX - III	28.00 lakhs	72 EMI	0.62 lakh	January, 2026
CAPEX - IV	50.00 lakhs	72 EMI	1.12 lakhs	February, 2026

- The above loans are secured by first pari passu charge on company's present & future fixed assets (excluding cars/vehicles) and personal guarantee of Chairman and Managing Director and Mr. Udit Sheth, Non Executive Vice Chairman of the Company.
- 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 vehicle loan from Toyota Financials Services India Pvt. Ltd. is repayable in 60 EMI each of Rs. 0.57 lakhs to be repaid by February, 2025. 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 Vice Chairman of the Company. The loan is repayable in 4 EMI each of Rs. 500.00 lakhs to be repaid by April, 2020.
- Unsecured loan is from Tata Motors Finance Solutions Limited.

- As per RBI Notification having reference RBI/2019-20/186:DOR.No.BP.BC.47/ 21.04.048 / 2019- 20 dated March 27, 2020, the Company has availed the benefit of moratorium on payment of unpaid installment of Rs. 141.00 lakhs and Interest of Rs. 154.64 lakhs for the month of March 2020. The company has further availed the benefit of unpaid installments of Rs. 865.68 lakhs and interest of Rs. 1,242.53 lakhs upto the month of August, 2020.

17. Other financial liabilities **(Rs. In Lakhs)**

Particulars	Refer Note No.	As at 31st March, 2020	As at 31st March, 2019
Financial Guarantee Contracts - LCPL	17(a)	571.82	632.43
Finance lease obligation	17(b)	3.35	3.22
Deposits		85.03	83.03
Total		**660.20**	**718.68**

a) Due to tough economic scenario for Medium & Heavy Commercial Vehicles, Lava Cast Private Limited,(LCPL) a subsidiary of the company has submitted Debt Restructuring Proposal to Bank of Baroda on December 24, 2019. Due to default in payment of principal and interest on Term Loan and Cash Credit, LCPL's account with Bank of Baroda was classified as NPA on 29.12.2019. Subsequently, the bank issued SARFAESI notices to the company as a guarantor and to LCPL for recovery of total outstanding dues of Rs. 11,648.00 lakhs. The bank vide its letter dated February 18,2020 has informed the company that it doesn't intend to proceed with the recovery action against the company as well as subsidiary as the restructuring proposal is under its consideration and has deferred the proceeding though reserved all rights of recovery under SARFAESI Act. Based on interaction with bank, LCPL has submitted revised restructuring proposal in March 2020 which is under consideration. The company is confident of the approval and successful implementation of restructuring proposal of LCPL and accordingly , the company has not provided any liability under guarantee contract.

b) The maturity profile of finance lease obligations is as follows:

Particulars	As at 31st March, 2020		As at 31st March, 2019	
	MLP	PV of MLP	MLP	PV of MLP
Payable within 1 years	0.82	0.56	0.41	0.69
Payable within between 1 to 5 years	2.05	1.03	2.05	1.13
Payable after 5 years	29.68	2.32	30.086	2.09
Total Minimum Lease payment	**32.54**	**3.91**	**32.54**	**3.91**

18. Other Non - Current liabilities **(Rs. In Lakhs)**

Particulars	As at 31st March, 2020	As at 31st March, 2019
Government Grants - Cash Subsidy	12.60	13.86
Total	**12.60**	**13.86**

19. Provisions **(Rs. In Lakhs)**

Particulars	Refer Note No.	As at 31st March, 2020	As at 31st March, 2019
Provision for employee benefits			
Provision for gratuity	44(ii)	179.70	67.52
Provision for compensated absences	44(iii)	129.87	117.59
Total		**309.57**	**185.11**

20. Borrowings (At amortized cost) **(Rs. In Lakhs)**

Particulars	Refer Note No.	As at 31st March, 2020	As at 31st March, 2019
Loans repayable on demand from banks			
Secured	20(a)	16,754.97	17,418.72
Total (A)		**16,754.97**	**17,418.72**
From other parties			
Unsecured	20(b)	3.73	1,000.00
Total (B)		**3.73**	**1,000.00**

Lease liability			
From others			
Secured	20(c)	271.42	-
Total (C)		**271.42**	**-**
Total (A+B+C)		**17,030.12**	**18,418.72**

a) Cash Credit facilities are secured by first charge by way of hypothecation of current assets including stocks, book debts etc. and second charge on entire fixed assets of the company on paripassu basis.

b) Unsecured loan is from Tata Capital Financial Services Limited.

c) Lease liability (Current Maturity) is fromTata Capital Financial Services Limited.

21. Trade payables **(Rs. In Lakhs)**

Particulars	As at 31st March, 2020	As at 31st March, 2019
Dues of Micro, small and medium enterprises	1,032.55	871.33
Dues other than of Micro, small and medium enterprises	13,043.36	10,866.26
Total	**14,075.91**	**11,737.59**

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 31st March, 2020	As at 31st March, 2019
Principal amount remaining unpaid to any supplier at the end of each accounting year	1,032.55	871.33
Interest accrued & remaining unpaid	6.18	3.83

22. Other financial liabilities **(Rs. In Lakhs)**

Particulars	Refer Note No.	As at 31st March, 2020	As at 31st March, 2019
Current maturities of long term loans	16	2,783.74	2,933.57
Interest accrued and but not due on borrowings		165.61	54.68
Unpaid/unclaimed dividend	22(a)	99.73	106.03
Other Payable		25.27	82.43
Creditors for capital expenditure		212.75	67.45
Financial Guarantee Contracts - LCPL		172.48	172.48
Financial Guarantee Contracts - SAUL		-	0.36
Financial Guarantee Contracts - SANAI		22.54	20.06
Finance lease obligation		0.56	0.69
Total		**3,482.68**	**3,437.75**

a) 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.

23. Other current liabilities **(Rs. In Lakhs)**

Particulars	Refer Note No.	As at 31st March, 2020	As at 31st March, 2019
Payable towards statutory liabilities		1,122.21	2,643.63
Payable to employees		77.25	475.68
Final Dividend Payable	23(a)	166.91	-
Corporate Tax on Dividend Payable		274.96	-
Government Grants - Cash Subsidy		1.26	1.26
Total		**1,642.59**	**3,120.57**

a) During the year, the company declared dividend but did not transfer part of dividend payable to promoters to Dividend Bank account. Company provided interest @ 12% p.a as per Section 124 of the Companies Act, 2013.

24. Provisions (Rs. In Lakhs)

Particulars	Refer Note No.	As at 31st March, 2020	As at 31st March, 2019
Provision for gratuity	44(ii)	56.59	53.82
Provision for compensated absences	44(iii)	75.28	74.49
Provision for warranty	24(a)	295.69	247.49
Total		**427.56**	**375.80**

a) 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.

25. Current Tax Liabilities (net) (Rs. In Lakhs)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Provision for taxation (net of advance tax paid) (A.Y. 2019-20)	528.45	528.45
Advance tax paid (A.Y. 2020-21)	-175.00	-
Total	**353.45**	**528.45**

26. Revenue from operations (Rs. In Lakhs)

Particulars	Refer Note No.	Year ended 31st March 2020	Year ended 31st March 2019
i) Sales of products		54,472.97	78,883.99
Less : Sales in transit	36	572.94	752.32
Total		**53,900.03**	**78,131.67**
Less : Goods and Service Tax		12,092.20	16,791.90
Total		**41,807.83**	**61,339.77**

27. Other Income (Rs. In Lakhs)

Particulars	Year ended 31st March 2020	Year ended 31st March 2019
Interest Income from		
Loan to Subsidiary	1,377.04	830.22
Others	101.43	216.45
Other non-operating income		
Rent	32.52	32.52
Profit on sale of Property, Plant and Equipment (Net)	-	6.00
Finance Income - Financial Guarantee	116.42	199.41
Foreign Exchange Fluctuation Gain (Net)	242.32	132.47
Government Grants - Cash Subsidy amortization	1.26	1.26
Government Grants - Duty drawback	29.03	72.93
Others	1.25	23.35
Total	**1,901.27**	**1,514.61**

28. Cost of Material Consumed (Rs. In Lakhs)

Particulars	Year ended 31st March 2020	Year ended 31st March 2019
Opening stock	6,648.99	5,361.69
Add : Purchases (net)	24,586.16	39,938.56
Less : Closing Stock	5,223.69	6,648.99
Less : Sales of manufacturing scrap	670.76	798.34
Total	**25,340.70**	**37,852.92**

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

(Rs. In Lakhs)

Particulars	Year ended 31st March 2020	Year ended 31st March 2019
Opening inventories :		
Work-in-progress	2,558.67	1,873.52
Finished goods	1,577.32	1,171.19
Goods-in-transit	644.93	121.98
Scrap	4.39	4.97
	4,785.31	**3,171.66**
Closing inventories :		
Work-in-progress	3,234.77	2,558.67
Finished goods	1,922.48	1,577.32
Goods-in-transit	502.08	644.93
Scrap	3.64	4.39
	5,662.97	**4,785.31**
(Increase) /decrease in inventories	**(877.66)**	**(1,613.65)**

30. Employee Benefit Expenses

(Rs. In Lakhs)

Particulars	Year ended 31st March 2020	Year ended 31st March 2019
Salaries, wages and bonus	4,768.42	5,238.44
Contribution to employees welfare funds	287.89	250.42
Staff welfare expenses	170.85	184.20
Total	**5,227.16**	**5,673.06**

31. Finance Cost

(Rs. In Lakhs)

Particulars	Year ended 31st March 2020	Year ended 31st March 2019
Interest expense	3,516.47	3,030.82
Other financial charges	442.88	367.58
Finance expenses	0.03	0.04
Total	**3,959.38**	**3,398.44**

32. Other Expenses

(Rs. In Lakhs)

Particulars	Year ended 31st March 2020	Year ended 31st March 2019
Stores and Tools Consumed	763.90	990.31
Carriage Inward	527.07	757.89
Power and fuel	634.81	693.43
Job work charges	655.22	922.53
Repairs and maintenance to machineries	84.58	90.54
Repairs to building	35.08	20.85
Other repairs	40.47	22.47
Computer expenses	319.26	255.47
Factory expenses	53.92	59.80
Rent	222.13	98.83
Insurance	99.07	91.25
Conveyance	123.95	155.61
Travelling expenses	267.85	331.57
Legal and professional charges	631.24	794.35
Statutory auditors' remuneration	37.50	37.50
Printing and stationary	29.23	43.27
Communication expenses	31.06	37.88
Books, subscription and membership	17.69	49.24
Directors' sitting fees	19.20	29.85
Commission to non executive directors	-	57.18
Office expenses	29.71	29.32
Corporate social responsibility expenses	84.00	120.66
Donation	27.54	34.73
General expenses	186.88	194.96
Marketing and sales promotion	525.00	604.43
Advertisement expenses	7.14	7.70
Discount, commission and other expenses on sales	1,359.48	1,889.59
Bad Debts written off	216.05	92.36
Allowance for Doubtful Debts	-58.46	1.70
Packing and forwarding expenses	1,039.62	1,791.62
Loss on Sale of Property ,Plant & Equipment (Net)	0.26	-
Total	**8,010.45**	**10,306.89**

33. Exceptional Items

(Rs. In Lakhs)

Particulars	Refer Note No.	Year ended 31st March 2020	Year ended 31st March 2019
Provision for diminution in investment	33 (a),(b)	1,413.86	-
Provision for advance	33 (d),(e),(f)	446.47	-
Provision for expected losses	33 (c)	159.55	-
Total		**2,019.88**	**-**

a) Rs. 1,691.84 lakhs (Rs.1,691.84 lakhs) invested in 20,94,269 (20,94,269) Equity shares of Setco Automotive (UK) Limited, (SAUL), a Wholly Owned Ultimate Foreign Subsidiary, a Technical know how and development hub of the group is for domestic and international markets. SAUL has substantial accumulated losses in the year ended 31st March, 2020 amounting to Rs. 4,483.43 lakhs (Rs. 3,583.10 lakhs). The net worth of SAUL eroded due to losses. The Company has provided for impairment in value of the same based on a report of independent valuer as per Discounted Cash Flow method.

b) During the year, the company has invested in preference share of Setco Engineering Pvt. Ltd (SEPL), a Company in which directors have interest. As this investment is compulsorily redeemable on its maturity, the company has treated it as investment in debt instruments and valued at amortised basis. SEPL being a Investment company, its major income source is mainly from the company i.e. Setco Automotive Limited in form of Dividend and Commission. Since, during the year, SEPL has incurred loss, the company has provided impairment on investment to the extent of dividend receivable on it. The company has further invested Rs. 708.00 lakh in Preference Shares of SEPL in F.Y 2020-21.

c) The company has formed a 100% subsidiary in UAE in the name of Setco MEA DMCC. The Company's wholly owned foreign subsidiary Setco MEA, DMCC has eroded net worth due to loss. The Company has provided impairment loss against Trade receivable equal to net assets deficit reported by their auditors. The Company could not remit share application money to this foreign subsidiary, since inception and hence, allotment of share and issue of share certificate is pending. The Company has recognized it as investment in the subsidiary company and consolidated the said subsidiary based on 100% control.

d) In FY 2017-18, the Company had recognised Rs. 398 lakhs as income being refund of IGST/CGST share of State for the Uttarakhand unit pending notification of incentives by the State Government. The Company believed, the issuance of notification for GST benefits by the State Government was certain based on the notification already issued by the Central Government. In absence of any notification in the said matter till date and based on legal opinion, the company has filed writ petition claiming refund of said amount & has continued to show this as asset recoverable in accounts. In absence of any tangible progress in the matter, company has provided impairment @10% of the amount receivable from Government.

e) The Company has given capital advance for purchase of machinery to the supplier. The company charged and recovered 10.96% p.a interest upto last year. Due to COVID-19, the supplier is unable to serve interest to the Company and hence impairment is provided for loss of interest on this advance.

f) This represents amount receivable towards sharing of common expenses from SE Transstadia Pvt. Ltd., (SETPL) a company in which directors have interest. Considering current financial position of SETPL, ECL provision of 10% is made on this amount. Further, company shall seek approval of shareholders to comply with Section 185 of Companies Act, 2013.

g) 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. The said company has completed the project and has commenced commercial operations in March 2017. The company has accumulated loss of Rs. 20,299.32 lakhs (Rs. 11,180.08 lakhs) as per latest audited Financial Statements as at 31.03.2019 and has eroded entire networth due to loses. Due to non payment of interest and instalments, company's accounts with bank have became NPA in December, 2018. The company has submitted restructuring proposal to bank on 17.06.2020 and the same is under consideration. The said company is confident of profitable operations post restructuring by banks as proposed and based on report of independent valuer as per DCF method, impairment has been provided.

34. MAT CREDIT

Appellate tax proceedings relating to earlier years granted a substantial relief to the company resulting in credit of MAT of Rs. 752.76 lakhs in previous year. The relief granted has stabilised the treatment of certain development expense as revenue expenses in tax assessments, though the same were treated as Capital Expense in the books of account. In view of the above, the company has recognised this MAT credit and its consequent impact on deferred tax asset/deferred tax liability, as applicable. During the year, company has adjusted/(recognised) MAT Credit of Rs. 165.57 lakhs for current financial year (Previous year Rs. 544.28 lakhs) and same is shown as adjustment from the current tax amount in the statement of profit and loss. The company has also recognised/(reversed) Net MAT credit of Rs. 20.71 lakhs (Rs. 23.01 lakhs) in respect of previous periods.

35. Earning per share

Particulars	2019-2020	2018-2019
Profit available to Equity Shareholders after tax (Rs. In Lakhs)	-1,516.32	3,622.36
Weighted average number of equity shares of Rs. 2/- each		
Basic - No. of Shares	133,767,275	133,677,275
Diluted - No. of Shares	133,918,975	133,743,474
Earnings per share in Rs. :		
Basic in Rs.	(1.13)	2.71
Diluted in Rs.	(1.13)	2.71

36. SALES-IN-TRANSIT

Effective from 1st April, 2018, the Company has adopted IND AS - 115 "Revenue from Contracts with Customers" using the modified retrospective approach and cumulative effect due to application of IND AS - 115 has been adjusted to the previous year opening balance of retained earnings resulting in reduction of Rs. 723.00 lakhs. It has also resulted in the revenue and profit before tax for the previous year being higher by Rs. 2693.00 lakhs and Rs. 723.00 lakhs respectively and hence the same are not comparable to the current year. The Products dispatched from the factory, which remained in transit in respect of which the control have not been transferred amounts to Rs. 572.94 lakhs (Rs. 752.33 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. 502.08 lakhs (Rs. 644.93 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) (Step down subsidiary)	
3	WEW Holdings Limited, Mauritius	
4	Setco MEA DMCC, UAE	
5	Lava Cast Private Limited	Subsidiary Company
6	**Key Managerial Personnel ***	
	Shri Harish Sheth	Chairman and Managing Director
	Shri Shvetal Vakil	Executive Director
	Smt. Urja Shah	Executive Director
	Shri Jitender Gujaral	Chief Executive Officer
	Shri Vinay Shahane	Chief Financial Officer
	Shri Chandra Kant Sharma (w.e.f. 6th May, 2019)	Company Secretary
7	Setco Engineering Private Limited	Enterprises over which key managerial personnel are able to exercise significant influence
8	Western Engineering Works (Partnership)	
9	SE Transstadia Private Limited	
10	White River Entertainment Pvt. Ltd.	
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 (Proprietory concern)	
20	Pahadi Goodness Private Limited	
21	Pahadi Local Capital Private Limited	
22	Transstadia Education and Research Foundation	
23	Hrehan Venture Advisors Pvt. Ltd.	
24	Wingspun Funds Advisors LLP	
25	Setco Foundation (Trust)	
26	Shri Harshal Shah	Relatives of Key Managerial Personnel
27	Shri Udit Sheth (designated as Executive Vice Chairman w.e.f 1st May, 2020)	

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	2019-2020	2018-2019
A)	**Transactions with wholly owned ultimate foreign subsidiaries :**		
	Export		
	- Setco Automotive (UK) Limited	558.72	618.46
	- Setco Automotive (NA), Inc.	385.23	231.23
	- Setco MEA DMCC	195.11	394.42
	Import		
	- Setco Automotive (UK) Limited	-	0.29
	- Setco Automotive (NA), Inc.	3.13	-
	Expenditure including capital items (Net)/ Recovery		
	- Setco Automotive (UK) Limited	436.84	508.94
	- Setco Automotive (NA), Inc.	(6.28)	(4.55)
	- Setco MEA DMCC	0.21	9.18

Interest income		
- Setco Automotive (UK) Limited	775.92	674.06
- Setco Automotive (NA), Inc.	93.80	70.07
- Setco MEA DMCC	53.56	-
Finance Income		
- Setco Automotive (UK) Limited	5.28	7.52
- Setco Automotive (NA), Inc.	19.97	21.31
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	17.75
Financial Guarantees Liabilities		
- Setco Automotive (UK) Limited	-	0.36
- Setco Automotive (NA), INC.	22.54	20.06
Loans and advances		
- Setco Automotive (UK) Limited	5,959.94	4,972.07
- Setco Automotive (NA), INC.	566.73	418.24
- Setco MEA DMCC	60.47	6.31
Amount receivable		
- Setco Automotive (UK) Limited	2,378.60	2,135.13
- Setco Automotive (NA), INC.	736.00	513.46
- Setco MEA DMCC	570.58	478.45
Amount Payable		
- Setco Automotive (UK) Limited	990.83	798.06
- Setco Automotive (NA), INC.	12.06	4.29
- Setco MEA DMCC	28.01	26.93
B) Transactions with Indian subsidiary : Lava Cast Private Limited		
Investment	500.00	850.00
Sale - Scrap	1,195.35	889.82
Sale - Others	-	1.15
Purchase (gross)	7,042.66	13,347.83
Jobwork charges	0.36	2.73
Expenditure recovered	1.75	1.80
Loans given	2,325.00	2,225.00
Interest on Loans (Gross)	453.75	86.09
Finance Income	91.16	170.59
Outstanding at year end :		
Investment	9,709.00	9,209.00
Loans and advances	4,936.33	2,302.48
Financial Guarantees Liabilities	744.30	804.91
Deemed Equity Investment	1,100.18	1,069.62
Amount receivable	1,387.19	191.84
Amount payable	2,328.33	2,827.15
C) Transactions with enterprises over which key managerial personnel are able to exercise significant influence :		
Investment		
- Setco Engineering Private Limited	3,885.00	-
Expenditure recoverable		
- SE Transstadia Private Limited	-	110.65
Marketing Expenses		
- SE Transstadia Private Limited	2.99	52.75
- Pahadi Goodness Pvt. Ltd.	-	6.53
Marketing commission paid		
- Setco Engineering Private Limited	834.09	1,196.79

	Purchase (gross)		
	- Pahadi Goodness Pvt. Ltd.	1.52	-
	Dividend paid		
	- Transstadia Capital Private Limited	16.50	16.50
	- Setco Engineering Private Limited	623.64	468.91
	CSR Activity		
	- Setco Foundation	**84.00**	**117.78**
	Outstanding at year end :		
	Investment		
	- SE Transstadia Private Limited	1,535.00	1,535.00
	- Setco Engineering Private Limited	3,885.00	-
	Amount receivable		
	- SE Transstadia Private Limited	426.49	-
	Amount payable		
	- Setco Engineering Private Limited	152.88	144.45
	- SE Transstadia Private Limited	0.03	0.23
	- Pahadi Goodness Pvt. Ltd.	1.11	1.41
	- Western Engineering Works	22.79	24.72
D)	**Transactions with key managerial personnel and their relatives :**		
	Managerial remuneration (directors)		
	(Including provident fund and excluding commission to non-executive directors)		
	- Shri Harish Sheth*	159.60	413.85
	- Shri Shvetal Vakil	131.52	154.83
	- Smt. Urja Shah	66.48	46.32
	Dividend paid		
	- Shri Harish Sheth	29.59	57.78
	- Shri Udit Sheth	27.63	31.74
	- Smt. Urja Shah	42.85	0.01
	- Smt. Sneha Sheth	34.03	8.26
	- Shri Shvetal Vakil	3.16	2.20
	- Shri Vinay Shahane	0.34	0.20
	- Shri Jitender Gujaral	0.20	0.06
	Remuneration of other Key Managerial Personnel	**202.84**	**183.18**
	Outstanding at year end :		
	Amount receivable		
	- Shri Harish Sheth (Excess remuneration since recovered)	210.00	-
	- Shri Shvetal Vakil (Excess remuneration to be recovered)	18.00	-
	Amount payable		
	- Shri Harish Sheth	-	145.05
	- Shri Shvetal Vakil	-	18.75
	- Wingspun Funds Advisors LLP	5.40	5.40

* In pursuance of special resolutions passed by the members and in view of inadequacy of profits in F.Y. 2019-20, the Chairman & Managing Director has been paid remuneration of Rs. 120 Lakhs per annum, 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 31.03.2020	As at 31.03.2019	Maximum Balance during 2019-2020	Maximum Balance during 2018-2019
1	Setco Automotive (UK) Limited, UK	5959.94	4972.07	5959.94	4972.07
2	Setco Automotive (NA) Inc., USA	566.73	418.24	566.73	549.67
3	Setco MEA DMCC	60.47	-	60.47	-
4	Lava Cast Private Limited	4936.33	-	4936.33	-

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, 17, 22, 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)**

Particulars	As at 31st March, 2020	As at 31st March, 2019
As Auditors		
Statutory Audit Fees	37.50	37.50
Total	**37.50**	**37.50**

42. Contingent Liabilities and Commitments

A. Contingent Liabilities :

i) Guarantees given by the bank on behalf of the Company Rs. 5.42 lakhs (Rs. 50.39 lakhs).

ii) Guarantee given for maximum £ Nil (£ 0.80 million) to Bibby Financial Services, U.K. for wholly owned ultimate foreign subsidiary's credit facilities Rs. Nil (Rs. 723.44 lakhs). The carrying amounts of related financial guarantee contracts recognised in books of account are Rs. Nil as at 31.03.2020 (Rs. 0.36 lakhs).

iii) Guarantee given for maximum $ 3.00 million ($ 3.20 million) to Bank of Baroda, New York, USA for wholly owned ultimate foreign subsidiary's credit facilities Rs. 2,278.80 lakhs (Rs. 2,220.48 lakhs). The carrying amounts of related financial guarantee contracts recognised in books of account are Rs. 22.54 lakhs as at 31.03.2020 (Rs. 20.06 lakhs).

iv) 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 are Rs. 744.30 lakhs as at 31.03.2020 (Rs. 820.22 lakhs).

B. Note on Pending Litigation :

i) The Pollution control department had filed a civil /criminal case against the company and all the Directors in 1993. The civil matter was disposed in favour of the company.

In criminal matter against the company and the directors, Hon. High Court had quashed the case against all the nominee directors. The case will now proceed against the company and the managing director in local court.

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

iii) 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 ITAT- Ahmedabad against such order. The company is confident of receiving adjudication in its favour.

iv) The company has preferred an appeal against an order issued by CIT(A) rejecting product development expenditure as revenue expense amounting to Rs. 347.32 lakhs and Rs. 372.39 lakhs for A.Y 2013-14 and A.Y 2014-15 respectively with ITAT. There is ITAT judgement in the same matter in company's own case for earlier years.

v) The company has received intimation u/s 143(1) of Income Tax Act,1961 from CPC, Bengaluru for A.Y. 2015-16 wherein demand of Rs. 2.00 lakhs have 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 has filed 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.

vi) The company has received demand notice u/s 156 of Income Tax Act,1961 from TPO for A.Y. 2016-17 wherein demand of Rs. 0.73 lakhs has been raised on account of notional guarantee fees u/s 92CA(3). The company believes this is a mistake apparent from records and has filed rectification petition u/s 154 of Income Tax Act, 1961 and also filed application for stay of demand. The company is confident that the demand would be dropped in due course of time.

vii) The company has preferred an appeal against an order issued by AO rejecting product development expenditure as revenue expense amounting to Rs. 475.47 lakhs for A.Y 2016-17 with CIT(A). There is ITAT judgement in the same matter in company's own case for earlier years.

viii) The company has received intimation u/s 143(1) of Income Tax Act,1961 from CPC, Bengaluru for A.Y. 2017-18 wherein demand of Rs. 6.07 lakhs has been raised on account of disallowance of Employee Benefit expenses u/s 36 & 43B. The company believes this is a mistake apparent from records and has filed 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.

C. Commitments :

i) Estimated amount of contracts remaining to be executed on capital account and not provided for Rs. 672.47 lakhs (Rs. 842.88 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, for which balance confirmations have been received, are under reconciliation process and necessary adjustments, if any, will be accounted when the same is reconciled. While others 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 287.89 lakhs (Rs. 250.42 lakhs) (Provident Fund & ESIC) is recognized as an expense and included in Note 30 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.

(Rs. In Lakhs)

Particulars	As at 31st March, 2020	As at 31st March, 2019
a) Funded status of the Plan		
Present value of funded obligations	756.68	630.61
Fair value of plan assets	(520.39)	(509.27)
Net Liability (Asset)	**236.29**	**121.34**
b) Profit and loss account for the year		
Service Cost :-		
Current service cost	50.59	53.44
Net interest cost	7.23	7.82
Total included in 'Employee Benefit Expense'	**57.82**	**61.26**
Expenses deducted from the fund	-	-
Total charged to profit and loss account	**57.82**	**61.26**
(c) Other comprehensive income for the year		
Components of actuarial gain/losses on obligations:		
Due to Change in financial assumptions	(22.89)	2.56
Due to change in demographic assumption	6.21	-
Due to experience adjustments	70.66	(0.19)
Return on plan assets excluding amounts included in interest income	3.15	4.45
Amounts recognised in other comprehensive income	**57.13**	**6.82**

(d)	**Reconciliation of net defined benefit obligation**		
	Net opening provision in books of accounts	630.61	561.15
	Current service cost	50.59	53.44
	Interest Cost	45.65	40.60
	Actuarial(Gain)/Loss on obligation	53.98	2.37
	Past service cost	-	-
	Benefits paid	(24.15)	(26.96)
	Closing provision in books of accounts	**756.68**	**630.61**
(e)	**Reconciliation of planned assets**		
	Opening value of plan assets	509.27	432.89
	Expenses deducted from the fund	-	-
	Interest Income	38.41	32.78
	Return on plan assets excluding amounts included in interest income	(3.15)	(4.45)
	Contributions by employer	-	75.00
	Benefits paid	(24.15)	(26.96)
	Closing value of plan assets	**520.39**	**509.27**
(f)	**Principle actuarial assumptions**		
	Discount Rate	6.60%	7.65%
	Salary Growth Rate	4.50%	6.00%
	Withdrawal Rates	10.00% p.a. at younger ages reducing to 1% p.a. at older ages	5.00% p.a. at younger ages reducing to 1% p.a. at older ages
(g)	**Sensitivity to key assumptions**		
	Discount rate Sensitivity		
	Increase by 0.5%	728.41	605.81
	(% change)	-9.90%	-10.63%
	Decrease by 0.5%	787.05	657.31
	(% change)	10.87%	11.71%
	Salary growth rate Sensitivity		
	Increase by 0.5%	786.05	655.35
	(% change)	10.64%	11.07%
	Decrease by 0.5%	728.77	606.60
	(% change)	-9.86%	-10.48%
	Withdrawal rate (W.R.) Sensitivity		
	W.R. x 110%	759.89	632.49
	(% change)	1.30%	0.91%
	W.R. x 90%	753.32	628.67
	(% change)	-1.36%	-0.98%

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 any.

(h)	**Bifurcation of liability as per Schedule III**		
	Current Liability*	56.59	53.82
	Non-Current Liability	179.70	67.52
	Net Liability	**236.29**	**121.35**

* 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.

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. 46.36 lakhs (Rs. 99.18 lakhs). The said liability is provided based on actuarial valuation. The said liability is not funded.

45. Share Based Payments (Employee Stock Option Plan - ESOP 2015)

(a) 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.

(b) 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.

(c) The exercise price of the option is Rs. 16.00 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.

(d) Pursuant to the above mentioned scheme, the Company has, during the year, granted 1,51,700 (Previous year 2,84,800) options vesting over a period of three years commencing from the date of grant.

(e) The following are the number of options outstanding during the year:

Particulars	As at 31st March, 2020	As at 31st March, 2019
At the beginning of the year	284,800	435,000
Exercised	90,000	80,600
Cancelled	43,100	69,600
At the end of the year	151,700	284,800

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

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

Balance sheet presentation	As at 31st March, 2020	As at 31st March, 2019
Total Stock Options Cost	42.86	44.44
Less: Deferred employee compensation	17.56	1.58
Stock Options Outstanding	25.30	42.86

(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 :

- 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. 16.00 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
30/05/2019	1.5

Expected volatility of the options

The shares of the company are listed and hence the closing prices from 1st April, 2014 to 19th May, 2017 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	1.70%
30/05/2016	0.80	2.60%
26/05/2015	0.30	0.60%
11/11/2014	0.30	0.70%
30/05/2014	0.53	2.50%
29/05/2013	0.53	2.50%
06/07/2012	0.80	1.80%
		1.78%

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, we have used the same for our 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 year, mortality rates are not considered in the valuation.

Valuation results

The fair value of the 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

The total cost of the options granted, if all the outstanding shares are vested and exercised is Rs. 25.30 lakhs.

46. Corporate Social Responsibility Expenditure

a) Gross amount required to be spent by the Company during the year : Rs. 61.68 lakhs (Rs. 68.85 lakhs).

b) **Amount spent during the year on :** **(Rs. In Lakhs)**

Particulars	In Cash	Yet to be paid in Cash	Total
(i) Construction / acquisition of any Assets	-	-	-
(ii) On purposes other than (i) above *	84.00	-	84.00

Includes Contribution to a trust controlled by the Company (Setco Foundation) in relation to CSR Expenditure : Rs. 84.00 lakhs (Rs. 117.78 lakhs)

47. Research and Development

The company has a set up 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. Till previous financial year, such expenses were capitalized as Intangible Asset and was included under the head "Intangible Asser under Development in Note No. 2 - "Property, Plant & Equipment" and the same shall be amortised as per amortization policy consistently followed by the company. From current financial year, the company has treated R & D expenditure as Revenue expenditure. 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 2019-2020 are as under : **(Rs. In Lakhs)**

Particulars	Approved (DSIR) R&D Expenditure	Other R & D Expenditure	Total
Capital Expenditure	11.00	-	11.00
Revenue Expenditure	148.70	92.14	240.84
Total R&D Expenditure incurred in 2019-2020	**159.70**	**92.14**	**251.84**
Total R&D Expenditure incurred in 2018-2019	**157.87**	**89.24**	**247.11**

48. (i) Tax Expenses :

(Rs. In Lakhs)

Particulars	Year ended 31st March 2020	Year ended 31st March 2019
(a) Tax expense :		
Current tax		
Current tax on profits for the year	165.57	1,607.73
Adjustments for current tax of prior periods	-20.71	-781.75
Total current tax expense	**144.86**	**825.98**
Deferred tax		
Decrease/(increase) in deferred tax assets	(602.88)	94.17
(Decrease)/increase in deferred tax liabilities	103.41	763.64
Total deferred tax expense/(benefit)	**(499.47)**	**857.81**
Tax Expenses	**-354.61**	**1,683.79**

(b) Reconciliation of tax expense and the accounting profit multiplied by India's tax rate :

(Loss)/Profit before tax	-1,870.93	5,306.15
Tax at the Indian tax rate of 17.472% (Previous year 21.549%)		
Tax effect of amounts which are not deductible (taxable) in calculating taxable income :		
– Disallowance of expenditure	1,896.69	19.99
– Others IND-AS adjustment on Profit	(391.06)	(391.06)
Tax effect of amounts which are deductible (non-taxable) in calculating taxable income :		
Revised Accounting (Loss)/Profit	**-365.30**	**4,935.08**
Tax Expenses on 17.472% (Previous year 21.549%)	**-63.83**	**1,063.45**
Current Tax as per Profit & Loss Account	**-**	**1,063.45**

(ii) Movement in Deferred Tax :

(Rs. In Lakhs)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Deferred Tax Liabilities :		
Timing Differences related to Property, Plant & Equipment and Intangible Assets	5,443.92	5,147.98
Investment measured at Fair Value	26.42	39.63
Other Expenses	3.99	5.99
Actuarial Gain / Loss - (Gratuity / Leave Benefits)	2.95	4.42
Borrowings at Amortised Cost	41.41	62.11
Remeasurement of stock options at fair value	0.61	0.92
Timing Differences	5,519.31	5,261.05
Rate of Tax	34.94%	34.94%
Deferred Tax Liabilities	**1,928.42**	**1,838.04**
Deferred Tax Assets :		
Timing Differences related to Expenses	2,573.51	416.83
Investment measured at Fair Value	469.20	473.55
Other Expenses	480.01	720.01
Other Deposit - at FVTPL (Finance Expense)	9.96	14.94
Actuarial Gain / Loss - (Gratuity / Leave Benefits)	14.56	21.84
Advances at Amortised Cost	37.05	55.57
MGVCL Deposit - at Amortised Cost	0.23	0.35
Timing Differences	3,584.52	1,703.09
Rate of Tax	34.94%	34.94%
Deferred Tax Assets	**1,249.71**	**590.83**
DTA / (DTL)	(678.71)	(1,247.21)
MAT Credit Entitlement	2,235.39	2,380.24
Net Deferred Tax Assets	**1,556.68**	**1,133.03**

49. 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 31st March, 2020	As at 31st March, 2019
A. Financial assets		
I. Measured at amortised cost		
Loans	11,232.92	7,699.10
Trade Receivables	8,273.57	12,483.57
Cash and Cash Equivalents	120.39	0.39
Other Financial Assets	191.95	92.36
Investment in Preference Shares of Related Entity	3,740.20	-

II. Measured at fair value through profit and loss (FVTPL)		
Financial Guarantees-Deemed Investment	1,100.18	1,069.62
Other Financial Assets	28.91	55.30
III. Measured at fair value through other comprehensive income (FVOCI)		
Investment in Equity Instruments of Related Entity	1,381.50	1,535.00
	26,069.62	**22,935.34**
A. Financial liabilities		
I. Measured at amortised cost		
Borrowings	10,189.17	4,280.66
Lease Liability	1,153.79	-
Unclaimed Dividend	99.73	106.03
Trade Payables	14,075.91	11,737.59
II. Measured at fair value through profit and loss (FVTPL)		
Financial Guarantees	766.84	825.33
Finance lease obligation	3.91	3.91
	26,289.35	**16,953.52**

(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 2020			
Financial Guarantees-Deemed Investment	-	-	1,100.18
Other Financial Assets	-	-	28.91
Financial Guarantees	-	-	766.84
Finance lease obligation	-	-	3.91
As at 31st March 2019			
Financial Guarantees-Deemed Investment	-	-	1,069.62
Other Financial Assets	-	-	55.30
Financial Guarantees	-	-	825.33
Finance lease obligation	-	-	3.91
Measured at fair value through other comprehensive income (FVOCI)			
As at 31st March 2020			
Investment in Equity Instruments of Related Entity	-	-	1,381.50
As at 31st March 2019			
Investment in Equity Instruments of Related Entity	-	-	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.

50. 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.
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.

51. 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 31st March, 2020	As at 31st March, 2019
Total Debt (Rs. In Lakhs)	28,101.66	22,699.38
Total Equity (Rs. in Lakhs)	20,445.20	23,553.18
Debt-Equity Ratio	**1.37**	**0.96**

52. In view of the lockdown across the country due to the COVID-19, the Company temporarily suspended the operations in all the units in compliance with the lockdown instructions as issued by the Central and State governments. COVID-19 has impacted the normal business by way of interruption in business operations, supply chain disruption, unavailability of personnel, closure/lockdown of production facilities etc. during the lockdown period. However, production and sales/supply of goods have commenced during the month of May 2020.

The Company has performed a detailed assessments of its liquidity position and the recoverability of its assets comprising property, plant and equipment, inventories, receivables and other current assets as at the balance sheet date and on the basis of evaluation, has concluded that no material adjustments are required in the financial statements. However, the impact assessment of COVID-19 is a continuing process, given the uncertainties associated with its nature and duration. The company will continue to monitor any material changes to future economic benefits and the consequent impact on business, if any.

53. Figures in brackets represent previous year's figures.

54. Previous year's figures have been regrouped/ reclassified wherever necessary to confirm 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 : 12th September, 2020

For and on behalf of the Board

Harish Sheth
Chairman & Managing Director

Udit Sheth
Vice Chairman

Urja Shah
Executive Director

Arun Arora
Independent Director

Ashok Jha
Independent Director

Suhasini Sathe
Independent Director

Vinay Shahane
Vice President - Finance

Chandra Kant Sharma
Company Secretary

Place: Mumbai
Date : 12th September, 2020

INDEPENDENT AUDITORS' REPORT

TO

THE MEMBERS OF SETCO AUTOMOTIVE LIMITED

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

QUALIFIED OPINION

We have audited the accompanying consolidated financial statements of Setco Automotive Limited (hereinafter referred to as the 'Holding Company") and its subsidiaries (Holding Company and its subsidiaries together referred to as "the Group"), which comprise the consolidated Balance Sheet as at March 31, 2020, and the consolidated statement of Profit and Loss (including other comprehensive income), the consolidated Statement of Changes in Equity and the consolidated Cash Flows Statement for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies (hereinafter referred to as "the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us, *except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report*, 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, 2020, its consolidated loss, the consolidated total comprehensive income, its consolidated cash flows and consolidated changes in equity for the year ended on that date.

BASIS FOR QUALIFIED OPINION

a. The Setco MEA, DMCC, foreign subsidiary has prepared its financial statement on a going concern basis. However, the foreign subsidiary has eroded it entire net-worth due to accumulated losses. As reported by their auditors, the continuance of this foreign subsidiary business as a going concern is dependent upon the foreign subsidiary's ability to carry on business and generate the profit and the continuous support from the shareholders.

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Code of Ethics issued by ICAI, and we have fulfilled our other ethical responsibilities in accordance with the provisions of the Companies Act, 2013. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

EMPHASIS OF MATTER

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

a) The group management's assessment of the impact of COVID -19 pandemic on its liquidity position and the recoverability of its assets comprising property, plant and equipment, inventories, receivables and other current assets as at the balance sheet date and on the basis of evaluation, has concluded that no material adjustments are required in the financial statements. (Refer Note No. 46 of Consolidated Ind AS Financial Statements)

b) Trade receivables, Trade Payables and other debit/credit balances are subject to reconciliation and confirmation. (Refer Note No. 39 of Consolidated Ind AS Financial Statements)

c) The Holding Company has made investment of Rs. 3885 Lakhs in 9% cumulative compulsorily redeemable preference shares of Setco Engineering Private Limited, a Company in which Holding Company's directors have interest. SEPL, being an investment company, derives its major income from Setco Automotive Limited in form of dividend and sales commission. SEPL has incurred loss in current year and hence, the Holding Company has made impairment provision for loss of dividend. In FY 2020-21, the Holding Company has further invested Rs. 708 Lakhs in preference share application money on the same terms. (Refer Notes No. 31(a) of Consolidated Ind AS Financial Statements).

d) The Holding Company has invested Rs. 1,535.00 lakhs in 30,70,000 equity shares of SE Transstadia Private Limited, a company in which directors have interest. The investee Company has eroded entire net worth due to losses. Due to non-payment of interest and instalments, Investee Company's accounts with bank have become NPA in December, 2018. The investee company has submitted restructuring proposal to bank on 17.06.2020 and the same is under consideration. Based on the future projected profitable operations and report of Independent valuer as per DCF Method, the Holding Company has provided impairment on this investment. (Refer Notes No. 31 (b) of Consolidated Ind AS Financial Statements).

e) Amount receivable of Rs. 426 Lakhs towards sharing of common expenses from SE Transstadia Pvt Ltd (SETPL), a company in which Holding Company's directors are interested. Considering current financial position of SETPL, the said amount has remained outstanding. The Holding company has made ECL provision of 10% of the outstanding amount. As per legal expert's opinion obtained by the company, the provisions of section 185 of the Companies Act 2013 are not applicable, the Holding company, shall out of abundant caution, will seek approval of shareholders in the ensuing annual general meeting. (Refer Notes No. 31 (c) of Consolidated Ind AS Financial Statements)

f) The Indian's subsidiary, Lava Cast Private Limited, has eroded substantial net worth due to losses. Their Bank has classified subsidiary 's account as NPA as on 29.12.2019 and issued SARFAESI Notice to the Indian subsidiary and to the guarantor (i.e. Holding Company). The Indian subsidiary has submitted restructuring proposal, which is still under consideration. Meanwhile, the bank has withheld the recovery proceedings against the subsidiary and guarantor as conveyed through letter dated 18.02.2020 and accordingly, the group has classified its term loan liability into current and non-current liability. (Refer Note No. 14 of Consolidated Ind AS Financial Statements)

g) In earlier year, the Holding Company has recognized Rs. 398 Lakhs as income being reimbursement of Central Goods & Service Tax (CGST)/Integrated Goods & Service Tax (IGST) share of State for the Uttarakhand unit pending notification of incentives by the State Government. In absence of any notification in the said matter, the Holding Company has filed writ petition in court of Law. Pending any further progress in this matter, the Holding Company has provided for impairment. (Refer Notes No. 31(e)of Consolidated Ind AS Financial Statements)

h) 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. (Refer Notes No. 43 of Consolidated Ind AS Financial Statements)

i) 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 modified in respect of these matters.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

1. **Physical verification of Stock as on the Balance Sheet date:**	
Key Audit Matters	**How the matter was addressed in the audit**
Due to Covid-19 outbreak and related lock-down restrictions, physical verification of stock was carried out subsequent to year end on different dates and performed roll-back procedures from date of count to the reporting date to arrive at the physical stock as on reporting date. Considering the above, we have adopted alternate audit procedures. Due to significance and size of inventory and audit procedure performed, Inventory's existence considered as a key audit matter.	1. Evaluating and reviewing effectiveness of control over Inventory's physical verification. 2. Reviewing the physical verification working papers. 3. Test check the reconciliation of differences, if any, between management physical count and inventory records including accounting of such variance basis management approval. 4. Testing of the inventory provisions made by the Company and understanding management assumptions. 5. Obtaining Internal Auditor's physical inventory valuation certificate. Refer to note no 7 of the accompanying consolidated Ind AS financial statement

2. Product Development:

Key Audit Matters	How the matter was addressed in the audit
Intangible Assets: Product development The Company conducts significant level of development activities and has to apply judgements in identifying product development expenses meeting the criteria for capitalization under the requirements of Ind AS. Expenditure Identifiable and reliably measurable, incurred on product development yielding future economic benefits is capitalized as Product Development Expenses. We identified the capitalization of Product development costs as a key audit matter due to significant management judgements about the future performance and viability of the products.	1. Testing management's controls over capitalization of Product development costs. 2. Evaluating the nature of development expenses incurred that are capitalized into product development expense; 3. Assessing the reasonableness of the capitalization based on success of the product, 4. Verifying amortization of capitalization after commercial production commences as per consistent policy of Company to amortise over 10 years. 5. Obtaining fair valuation of product development capitalised from independent valuer. 6. Checking reasonableness of disclosure relating to research and development in financial statements. Refer to note no. 2 (ii) of the accompanying consolidated Ind AS financial statement.

OTHER MATTERS:

1. Attention is also invited to Note No. 44 of Consolidated Ind AS financial statements, 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 Holding company management's above assertion on restatement/recompilation of audited figures of wholly owned ultimate foreign subsidiaries to meet Ind AS requirements.

2. 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 Holding company's management to meet Ind As requirements as well as of Indian subsidiary, whose Ind AS financial statements reflect total assets of Rs. 33,764.48 lakhs as at 31st March, 2020, total revenues of Rs. 12,880.50 lakhs and net cash inflows amounting to Rs. 358.00 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 Holding company's restatement/re-compilation of audited figures of wholly owned foreign subsidiaries to meet Ind AS requirements.

3. Auditor of Lava Cast Pvt Ltd, Indian Subsidiary Company, has reported that the subsidiary has eroded substantial net worth due to loss that raised significant doubts on the subsidiary's ability to continue as going concern. By tapping an export business as well domestic external customers and support from Holding company, the subsidiary's management is reasonably confident of recovering accumulated losses and report better operating performance and will remains operational in coming years.

4. Auditor of Setco Automotive (UK) Limited, Foreign Subsidiary, has reported that the subsidiary has incurred significant loss during the year and eroded substantial net worth as at 31.03.2020. The financial statements have been prepared on -going concern basis due to the foreign subsidiary having secured on going Holding company funding sufficient to enable the company to trade for foreseeable future.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements / financial information certified by the Management.

RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The Holding Company's Board of Directors is responsible for the preparation and presentation of these consolidated financial statements in term of the requirements of the Companies Act, 2013 that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act. The Holding Company's Board of Directors is 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; 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 accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

In preparing the consolidated financial statements, the Holding Company's Board of Directors is responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Holding Company's Board of Directors is responsible for overseeing the financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are the independent auditors. For the other entities included in the consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion

We communicate with those charged with governance of the Holding Company, which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

As required by Section 143(3) of the Act, we report, to the extent applicable, 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 of the aforesaid consolidated financial statements.

(b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.

(c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including other comprehensive income), the consolidated Statement of change 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 financial statements.

(d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act.

(e) On the basis of the written representations received from the directors of the Group Companies incorporated in India as on 31st March, 2020 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, 2020 from being appointed as a director in terms of Section 164 (2) of the Act.

(f) With respect to the adequacy of internal financial controls over financial reporting of the Group and the operating effectiveness of such controls, refer to our separate report in Annexure.

(g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended, in our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act except excess remuneration of Rs. 228.00 lakhs were paid to two directors. Out of which Rs. 210.00 Lakhs due from Chairman & Managing Director has since been recovered.

(h) 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 consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group. (Refer Note No. 38 B to the consolidated Ind AS financial statements).

ii. The Group did not have any material foreseeable losses on long-term contracts including derivative contracts.

iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company and its subsidiary companies incorporated in India.

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

(Rasesh V. Parekh)
Partner
Membership No. 038615
UDIN: 20038615AAAAKN8219

Place : Mumbai
Date : 12th September, 2020

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 2020, we have audited the internal financial controls over financial reporting of SETCO Automotive Limited (hereinafter referred to as "the Holding Company") and its subsidiary company which is incorporated in India, as of that date (collectively referred as "Companies").

MANAGEMENT'S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS

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

AUDITOR'S RESPONSIBILITY

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

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's 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, 2020, 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 further improved and strengthened. The Group need to strengthen its internal control over inventory, fixed assets and receiving external balance confirmation on periodic basis.

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

(Rasesh V. Parekh)
Partner
Membership No. 038615
UDIN: 20038615AAAAKN8219

Place : Mumbai
Date : 12th September, 2020

Consolidated Balance Sheet as at 31st March, 2020

(Rs. In Lakhs)

	Particulars	Note No.	As at 31st March, 2020	As at 31st March, 2019
	ASSETS :			
1.	**Non-current assets**			
	a. Property, plant and equipment	2	24,637.92	26,242.60
	b. Capital work-in-progress	2	845.96	221.01
	c. Right of use of assets	2	1,494.74	1,644.70
	c. Intangible assets	2	3,965.25	3,792.03
	d. Intangible Assets Under Development	2	1,316.17	1,365.57
	e. Financial assets			
	(i) Investments	3	5,121.70	1,535.00
	(ii) Loans Receivables		-	-
	(iii) Other financial assets	4	242.42	226.60
	f. Deferred tax assets (net)	5	3,847.42	3,249.17
	g. Other non-current assets	6	375.74	97.45
	Total non-current assets		**41,847.32**	**38,374.13**
2.	**Current assets**			
	a. Inventories	7	18,042.75	18,577.53
	b. Financial assets			
	(i) Trade Receivables	8	4,720.62	10,817.14
	(ii) Cash and cash equivalents	9	1,106.57	1,129.92
	(iii) Bank balances other than (ii) above	10	99.73	106.03
	(iv) Loans Receivables		-	-
	(v) Other financial assets		-	-
	c. Other current assets	11	2,429.81	2,554.27
	Total current assets		**26,399.48**	**33,184.90**
	Total assets		**68,246.80**	**71,559.03**
	EQUITY AND LIABILITIES :			
	EQUITY			
	Equity share capital	12	2,675.35	2,673.55
	Other equity	13	7,827.19	14,416.68
	Total Equity		**10,502.54**	**17,090.22**
	LIABILITIES			
1.	**Non-current liabilities**			
	a. Financial liabilities			
	(i) Borrowings	14	12,980.74	8,897.68
	(ii) Lease liability		882.37	982.76
	(iii) Other financial liabilities	15	88.38	86.25
	b. Provisions	16	326.24	203.46
	d. Other non-current liabilities	17	12.60	13.86
	Total non-current liabilities		**14,290.33**	**10,184.01**
2.	**Current liabilities**			
	a. Financial liabilities			
	(i) Borrowings	18	20,963.75	22,427.70
	(ii) Lease liability		271.42	247.33
	(iii) Trade payables			
	(a) Dues of micro, small and medium enterprises	19	1,099.20	955.44
	(b) Dues of creditors other than micro, small and medium enterprises		11,029.87	9,765.31
	(iv) Other financial liabilities	20	7,042.91	5,367.25
	b. Other current liabilities	21	2,248.41	4,605.04
	c. Provisions	22	444.91	376.71
	d. Current tax liabilities (net)	23	353.45	540.02
	Total current liabilities		**43,453.93**	**44,284.80**
	Total liabilities		**57,744.26**	**54,468.81**
	Total equity and liabilities		**68,246.80**	**71,559.03**

Notes including Significant Accounting Policies are an integral part of the Consolidated Financial Statements : 1 To 49

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 : 12th September, 2020

For and on behalf of the Board

Harish Sheth
Chairman & Managing Director

Udit Sheth
Vice Chairman

Urja Shah
Executive Director

Arun Arora
Independent Director

Ashok Jha
Independent Director

Suhasini Sathe
Independent Director

Vinay Shahane
Vice President - Finance

Chandra Kant Sharma
Company Secretary

Place: Mumbai
Date : 12th September, 2020

SETCO AUTOMOTIVE LTD

Consolidated Statement of Profit and Loss for the year ended on 31st March, 2020

(Rs. In Lakhs)

	Particulars	Note No.	Year ended 31st March 2020	Year ended 31st March 2019
	INCOME :			
I.	Revenue from operations	24	47,031.55	68,043.99
II.	Other income	25	469.43	582.02
III.	**Total Revenue (I + II)**		**47,500.98**	**68,626.01**
IV.	**EXPENSES :**			
	Cost of materials consumed	26	23,200.48	34,645.67
	Changes in inventories of finished goods and work-in-progress	27	(659.84)	(1,745.65)
	Employee benefit expenses	28	8,137.85	9,083.37
	Finance costs	29	5,696.63	5,258.89
	Depreciation and amortization expenses	2	3,233.82	3,351.72
	Other expenses	30	12,752.25	16,355.30
	Total expenses (IV)		**52,361.20**	**66,949.30**
V.	**Profit/(loss) before exceptional items and tax (III - IV)**		**(4,860.22)**	**1,676.71**
VI.	Exceptional items	31	545.21	-
VII.	**Profit/(loss) before tax (V - VI)**		**(5,405.43)**	**1,676.71**
VIII.	**Tax expense/(credit)**			
	- Current tax		-	1,063.45
	- Deferred tax		(594.75)	905.22
	MAT credit entitlement			
	- Previous years		(20.71)	(775.78)
	- Current year		165.57	544.28
	Tax adjustment for earlier years		-	(5.97)
			(449.89)	**1,731.20**
IX.	**Profit/(loss) for the year from continuing operations (VII - VIII)**		**(4,955.54)**	**(54.49)**
X.	**Other comprehensive income/(loss)**			
	A. (i) Items that will not be reclassified to profit or loss			
	(a) Remeasurement of gain /(loss) on defined benefit plans		(52.60)	(35.55)
	(b) Gain / (loss) on FVTOCI Equity securities	31(b)	(153.50)	-
	(ii) Income tax relating to items that will not be reclassified to Profit or Loss		69.04	10.53
	B. (i) Items that will be reclassified to profit or loss			
	(a)Exchange differences in translating the financial statements of foreign operations		(149.51)	-
	(ii) Income tax relating to items that will be reclassified to profit or loss		-	-
			(286.57)	**(25.02)**
XI.	**Total comprehensive income for the year (IX + X)**		**(5,242.11)**	**(79.51)**
	Profit for the year attributable to			
	Owners of the company		(4,456.78)	312.51
	Non-controlling Interest		(498.76)	(367.00)
	Other Comprehensive Income for the year attributable to			
	Owners of the company		(285.50)	(24.38)
	Non-controlling Interest		(1.07)	(0.64)
	Total Comprehensive Income for the year attributable to			
	Owners of the company		**(4,742.28)**	**288.13**
	Non-controlling Interest		**(499.83)**	**(367.64)**
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		(3.33)	0.23
	- Diluted (In Rs.per share) to the extent of profit attributable to owners		(3.33)	0.23

Notes including Significant Accounting Policies are an integral part of the Consolidated Financial Statements : 1 To 49

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 : 12th September, 2020

For and on behalf of the Board

Harish Sheth
Chairman & Managing Director

Udit Sheth
Vice Chairman

Urja Shah
Executive Director

Arun Arora
Independent Director

Ashok Jha
Independent Director

Suhasini Sathe
Independent Director

Vinay Shahane
Vice President - Finance

Chandra Kant Sharma
Company Secretary

Place: Mumbai
Date : 12th September, 2020

Consolidated Cash Flow Statement for the year ended on 31st March, 2020

(Rs in lakhs)

	Particulars	Year ended 31st March 2020	Year ended 31st March 2019
A.	**CASH FLOW FROM OPERATING ACTIVITIES**		
	Net Profit before tax	**(5,405)**	**1,677**
	Adjustment for :		
	Depreciation and amortisation expense	3,234	3,352
	(Profit)/loss on sale of property, plant and equipment	0	(8)
	Unrealized exchange loss/(gain)	25	383
	Impairment loss/(reversal) in the value of Investments	145	-
	Impairment loss allowance on advances/receivables	156	-
	Loss on cancellation of Lease	244	-
	Interest expense	5,203	4,645
	Other Financial charges	494	614
	Interest income	(128)	(234)
	Rent Income	(33)	(33)
	Corporate tax / Deferred Tax	595	(1,963)
	MAT credit entitlement	(145)	232
	Employee stock options cost	(18)	(10)
	Employee Benefits Designated Through Other Comprehensive Income	(53)	(25)
	Government Grants - Cash Subsidy amortization	(1)	(1)
	Operating profit / (loss) before changes in working capital	**4,314**	**8,627**
	Trade receivables	5,905	(794)
	Inventories	535	(336)
	Other Financial Assets	(16)	(190)
	Other Current / Non-Current Assets	(530)	1,770
	Trade payables	1,362	17
	Provisions	4	310
	Other Current / Non-Current Liabilities	(2,358)	958
	Other Financial Liabilities	100	527
	Change in current assets/liabilities	**5,002**	**2,262**
	Net cash flow generated from operating activities before tax	**9,316**	**10,889**
	Direct taxes (tax deducted at source)	(84)	(27)
	Net cash flow from operating activities	**9,232**	**10,863**
B.	**CASH FLOW FROM INVESTING ACTIVITIES**		
	Purchase of property, plant and equipment	(1,766)	(2,067)
	Sale of property, plant and equipment	4	13
	Purchase of Intangible asset	(124)	(841)
	Rent Income	33	33
	Interest income	128	234
	Government Grants - Cash Subsidy amortization	1	1
	Investment in Preference Shares	(3,885)	-
	Net cash used in investing activities	**(5,610)**	**(2,626)**

C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from cash credit	(486)	3,415
Proceeds from term loans	9,236	496
Proceeds from lease	175	1,441
Repayment of short term loans	(978)	(500)
Repayment of term loans	(3,575)	(5,543)
Repayment of lease	(251)	(187)
Unclaimed Dividend	6	(14)
Proceeds from shares issued including premium	29	26
Dividend and dividend distribution tax	(1,613)	(1,289)
Interest expense	(5,203)	(4,645)
Other Financial charges	(494)	(614)
Net cash used in financing activities	**(3,153)**	**(7,414)**
D. Net effect of exchange gain/(loss) on cash and cash equivalents	**(492)**	**(162)**
Net Increase in Cash and Cash Equivalents (A + B + C + D)	**(23)**	**660**
Opening Cash and Cash Equivalents	**1,130**	**470**
Closing Cash and Cash Equivalents	**1,107**	**1,130**

Note:

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 Consolidated Financial Statements : 1 To 49

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 : 12th September, 2020

For and on behalf of the Board

Harish Sheth
Chairman & Managing Director

Udit Sheth
Vice Chairman

Urja Shah
Executive Director

Arun Arora
Independent Director

Ashok Jha
Independent Director

Suhasini Sathe
Independent Director

Vinay Shahane
Vice President - Finance

Chandra Kant Sharma
Company Secretary

Place: Mumbai
Date : 12th September, 2020

Consolidated Statement of Changes in Equity for the year ended on 31st March, 2020

A. Equity share capital

Particulars	(Rs. In Lakhs)
Particulars	**2,671.93**
Balance at the beginning of April 1, 2018	**1.61**
Changes in Equity Share Capital during the year	**2,673.55**
Balance as at 31st March, 2019	**1.80**
Changes in Equity Share Capital during the period	**2,675.35**

B. Other Equity

Rs. in Lakhs

Particulars		Reserves and Surplus							
	Capital Reserve	General Reserve	Security Premium	Retained Earnings	Share option out-standing	Currency Translation reserve	Total	Non-Con-trolling Interest	Owners' Equity
Balance as at 1st April, 2018	**0.21**	**1,954.73**	**188.20**	**13,234.53**	**53.17**	**-172.83**	**15,258.01**	**848.02**	**16,106.03**
Ind AS Adjustment	-	-		-717.82		-	-717.82	-	-717.82
Share Premium on Shares issued for ESOP	-	-	24.14			-	24.14	-	24.14
Employee Stock Option granted during the year	-	-	-		-10.31	-	-10.31	-	(10.31)
Currency Translation Reserve for the year	-	-	-		-	335.23	335.23	-	335.23
Dividend (including tax on dividend) declared during the year	-	-	-	-1,289.24	-	-	-1,289.24	-	(1,289.24)
Profit for the year	-	-	-	312.51	-	-	312.51	(318.85)	(6.34)
Other Comprehensive Income (net of tax)	-	-	-	(24.38)	-		-24.38	(0.64)	(25.02)
Total comprehensive income for the year ended 31 March 2019				**288.13**			**288.13**		**288.13**
Balance as at 31st March, 2019	**0.21**	**1,954.73**	**212.34**	**11,515.61**	**42.86**	**162.40**	**13,888.15**	**528.53**	**14,416.68**
Ind AS Adjustment	-	-		388.52		-	388.52	-	388.52
Share Premium on Shares issued for ESOP	-	-	26.96			-	26.96	-	26.96
Unrealised Profit Margin on Stock	-	-		-132.66		-	-132.66	-	-132.66
Employee Stock Option granted during the year	-	-	-		-17.56	-	-17.56	-	-17.56
Dividend (including tax on dividend) declared during the year	-	-	-	-1,612.63	-	-	-1,612.63	-	-1,612.63
Profit for the year	-	-	-	(4,456.78)	-	-	-4,456.78	(498.76)	-4,955.54
Other Comprehensive Income (net of tax)	-	-	-	(135.99)	-	(149.51)	(285.50)	(1.07)	(286.57)
Total comprehensive income for the year ended 31 March 2020				**(4,592.77)**			**(4,592.77)**		**(4,592.77)**
Balance as at 31st March, 2020	**0.21**	**1,954.73**	**239.30**	**5,566.07**	**25.30**	**12.89**	**7,798.50**	**28.70**	**7,827.20**

Notes including Significant Accounting Policies are an integral part of the Consolidated Financial Statements : 1 To 49

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

(Rasesh V. Parekh)
Partner
Membership No. 038615

Place: Mumbai
Date : 12th September, 2020

For and on behalf of the Board

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Independent Director

Vinay Shahane
Vice President - Finance

Chandra Kant Sharma
Company Secretary

Place: Mumbai
Date : 12th September, 2020

Notes Forming Part of the Consolidated Financial Statements for the year ended on 31st March, 2020

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 group engaged in manufacturing and trading of clutches and other automotive component. 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 consolidated Financial Statement has been approved by the board of directos in their meeting held on September 12, 2020. 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.

New and amended standard adopted by the Parent Company and its Indian Subsidiary Company. The Group has applied the following standards and amendments for the first time for its annual reporting period commencing April 1, 2019:

- Ind AS 116, Leases*
- Long-term interests in Associates and Joint-ventures - Ind AS 28, Investments in associates and Joint-Ventures *
- Prepayment Features with Negative Compensation - Amendments to Ind AS 109, Financial Instruments*
- Uncertainty over Income Tax Treatments – Appendix C to Ind AS 12, Income Taxes*
- Plan Amendment, Curtailment or Settlement – Amendments to Ind AS 19, Employee Benefits*
- Amendment to Ind AS 103, Business Combinations*
- Ind AS 111, Joint Arrangements*
- Ind AS 23, Borrowing Costs*
- Uncertainty over Income Tax Treatments – Appendix C to Ind AS 12, Income Taxes*
- Amendment to Ind AS 12, Income Taxes*
- Plan Amendment, Curtailment or Settlement – Amendments to Ind AS 19, Employee Benefits*

*There has been no impact on adoption of these amendments on the consolidated financial statements.”

Estimates and assumptions used in the preparation of the financial statements and disclosures are based upon group 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 Group’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 Group 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

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”. Intergroup transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset.

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 recognised in other comprehensive income and 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 PROPERTY, PLANT AND EQUIPMENT (PPE):

i. The Group has initially recognised property, plant & Equipment at Cost. The cost of Property, Plant & Equipment includes directly attributable expenses incurred for the purpose of acquiring / constructing these assets, net of GST credit if any, on qualifying assets. The Group has chosen Cost Model for Property, Plant & Equipment accounting. 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.

ii. 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 Group'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 Group.

iii. 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.

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

Asset Classification	**Useful Life**
Buildings	3-40 Years
Plant & Machinery	1-15 Years
Furniture & Fixtures	1-10 Years
Equipments	2-5 Years
Electric Fittings	10 Years
Vehicle	4-8 Years
Pollution Equipments	2-8 Years
Computers	1-3 Years

The useful lives of these assets are periodically reviewed.

v. 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 statement of profit or loss.

1.5 INTANGIBLE ASSETS

i. Intangible Assets are stated at their cost of acquisition, net of GST credit if any, less accumulated amortization and impairment loss, if any. Expenditure, identifiable and reliably measurable, incurred on product development yielding future economic benefits is capitalized as Intangible Asset as per Ind AS-38 ""Intangible Assets"". The expenses incurred on product till such time its production commences are shown under the head "Assets Under Development" in the Property Plant and Equipment.

ii. Amortization
Intangible Assets are amortized as follows:

a) Product development: Product Development expenses incurred on the new product developed and whose commercial production started during the year are treated as Intangible Assets & are amortised over a period of **Five to ten years** after commencement of commercial production of relevant product.

b) Computer Software (including License Fees) is amortized over a period of 3 years.

1.6 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 in other cases it is capitalised

1.7 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, 2020, goodwill is not considered to be impaired.

1.8 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.

1.9 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.

1.10 INVENTORIES

Inventories are valued at lower of weighted average Cost (exclusive of Taxes & GST credits 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 REVENUE RECOGNITION

(1) Sale of Goods

Revenue is recognised upon transfer of control of promised products or services to customers in an amount that reflects the consideration which the Group expects to receive in exchange for those products or services. Revenue is measured based on the transaction price, which is the consideration, and it is adjusted for volume discounts, cash discounts, price concessions and incentives, if any, as specified in the contract with the customer. Revenue excludes taxes collected from customers. Contracts are subject to modification to account for changes in contract specification and requirements. The Group reviews modification to contract in conjunction with the original contract, on the basis of which the transaction price could be allocated to a new performance obligation, or transaction price of an existing obligation could undergo a change. In the event transaction price is revised for existing obligation, a cumulative adjustment is accounted for. Contract costs are expensed of as and when incurred.

For each contract with customer, the group applies the below five steps process before revenue can be recognised:

- Identify contracts with the customers,
- Identify separate performance obligation,
- Determine the transaction price of the contract,
- Allocate the transaction price to each of the separate performance obligations, and
- Recognise the revenue as each performance obligation is satisfied.

(2) Other Operating Revenue:

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

(3) Rendering of Services :

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

1.12 LEASES

The Parent Company and its Indian Subsidiary Company has adopted Ind AS 116 "Leases" using the modified retrospective approach with effect from 1st April 2019. Accordingly, the information presented for previous year ended 31st March 2019, is not restated and reported as per Ind AS 17. The Group has accounted Lease transactions on the same lines of that of the Parent Company.

The Group evaluates if an arrangement qualifies to be a lease as per the requirements of Ind AS 116 and this may require significant judgment. The Group also uses significant judgement in assessing the lease term (including anticipated renewals) and the applicable discount rate.

The discount rate is generally based on the interest rate specific to the lease being evaluated or if that cannot be easily determined the incremental borrowing rate for similar term is used.

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred, less any lease incentives received.

The right-of-use assets are subsequently depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the lease terms indicates transfer of ownership of the underlying asset to the lessee at the end of the lease term or the exercise price of purchase option reflects that the lessee will exercise a purchase option, the lessee shall depreciate the right-of-use asset from the commencement date to the end of the useful life of the underlying asset.

In addition, the right-of-use asset is reduced by impairment losses, if any. The lease liability is initially measured at amortised cost at the present value of the future lease payments. When a lease liability is remeasured, the corresponding adjustment of the lease liability is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

On Derecognition of the finance lease agreement, the difference between the carrying amount of the financial liability derecognised and the carrying amount of ROU is recognised in profit or loss account

1.13 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.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

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.

1.14 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, 2020, goodwill is not considered to be impaired.

1.15 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.

1.16 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.

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

I. 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.

II. Investment in Preferential instruments of Related Entity:

At initial recognition, the group measures its investments in preference shares at fair value and on re-measurement it is carried out at amortised cost. Gains or losses arising on re-measurement are recognized in P & L.

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 applies expected credit loss (ECL) model for measurement and recognition of impairment loss for financial assets.

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 Group 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 Group 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.

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 Group in accordance with the contract and the cash flows that the Group 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. Expected Credit Losses/ impairment loss allowance (or reversal) recognized during the period is recognized as income/ expense 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.

FINANCIAL LIABILITIES AND EQUITY INSTRUMENTS

CLASSIFICATION AS DEBT OR EQUITY

Equity instruments issued by the Group are classified as equity in accordance with the substance of the contractual arrangements and the definitions of 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 though 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 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.

1.17 SEGMENT REPORTING

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

1.18 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 Group are segregated based on the available information.

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. Interim dividends, if any are recorded as a liability on the date of declaration by the board of directors.

1.20 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.

1.21 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, Pension Scheme Fund (UK) 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 Parent 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 Parent 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 Group 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.

RETIREMENT PLANS ADOPTED BY SETCO AUTOMOTIVE (NA), INC (SUBSIDIARY)

On January 1, 2007 the Group's foreign subsidiary adopted identical safe-harbor 401K plans for union and non-union employees. All employees employed on January 1, 2007 are immediately eligible to participate. Employees hired after that date will be eligible the first day of the month following one year of employment if they worked at least 1,000 hours during that year. Employees are 100% vested in all accounts. Deferrals are permitted up to the maximum amount allowed by the Internal Revenue Code and Roth deferrals are also permitted. The plans permit hardship distributions under certain circumstances and in-service distributions are permitted from fully vested accounts once the participant reaches. The plans allow for a discretionary employer match contribution. There were no employer match contributions made to the plans for the years ended March 31, 2020 and 2019.

1.22 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".

1.23 GOVERNMENT GRANTS

Government grants (including export incentives) are recognised only when there is reasonable assurance that the Group 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 Group recognises as expenses the related costs for which the grants are intended to compensate

1.24 EXCEPTIONAL ITEMS

When an item of income or expense within Statement of profit and loss from ordinary activity is of such size, nature or incidence that its disclosure is relevant to explain more meaningfully the performance of the Group for the year, the nature and amount of such items is disclosed as exceptional items.

1.25 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.

1.26 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 group 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 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.

1.27 RECENT ACCOUNTING PRONOUNCEMENTS:

Ministry of Corporate Affairs (MCA) notifies new standard or amendments to the existing standards. There is no such notification which would have been applicable from April 1, 2020."

Notes Forming Part of the Consolidated Financial Statements for the year ended on 31st March, 2020

Note - 2

Property, Plant and Equipment **(Rs. in lakhs)**

SR. NO.	PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
		Cost as on 01.04.2019	Additions for the year	Adjustment for the year	Cost as on 31.03.2020	Up to 01.04.2019	Additions for the year	Adjustment for the year	Up to 31.03.2020	As on 31.03.2020	As on 31.03.2019
A	**Property, Plant & Equipment**										
01	Free Hold Land	4,211.15	-	20.02	4,231.17	-	-	-	-	4,231.17	4,211.15
	Previous year	*4,209.03*	-	*2.12*	*4,211.15*	-	-	-	-	4,211.15	4,209.03
02	Buildings	7,962.23	-	91.06	8,053.30	912.71	320.49	36.40	1,269.60	6,783.70	7,049.52
	Previous year	*7,869.51*	*76.21*	*16.52*	*7,962.23*	*585.16*	*319.62*	*7.93*	*912.71*	7,049.52	7,284.34
03	Plant & Machinery	17,946.23	787.63	68.04	18,801.90	5,352.01	1,839.15	112.82	7,303.98	11,497.92	12,594.22
	Previous year	*17,541.97*	*380.59*	*23.67*	*17,946.23*	*3,484.03*	*1,850.69*	*17.29*	*5,352.01*	12,594.22	14,057.93
04	Furniture & Fixtures	281.76	39.20	(1.91)	319.06	76.03	34.90	(0.81)	110.11	208.94	205.74
	Previous year	*216.23*	*65.91*	*-0.38*	*281.76*	*47.60*	*28.66*	*-0.23*	*76.03*	205.74	168.63
05	Office Equipments	129.99	6.46	4.16	140.61	95.60	14.29	4.15	114.04	26.57	34.39
	Previous year	*121.50*	*10.13*	*-1.64*	*129.99*	*63.02*	*33.81*	*-1.23*	*95.60*	34.39	58.48
06	Pollution Equipments	240.92	1.79	-	242.71	45.66	16.29	-	61.95	180.76	195.26
	Previous year	*226.68*	*14.24*	-	*240.92*	*29.93*	*15.73*	-	*45.66*	195.26	196.75
07	Computers	492.15	59.27	21.75	573.17	422.32	38.14	21.32	481.78	91.39	69.83
	Previous year	*435.90*	*54.51*	*1.73*	*492.15*	*301.35*	*119.27*	*1.69*	*422.32*	69.83	134.54
08	Electric Fittings	2,244.58	4.30	(0.27)	2,248.61	683.11	233.70	(0.08)	916.73	1,331.88	1,561.47
	Previous year	*2,189.50*	*55.08*	-	*2,244.58*	*451.24*	*231.87*	-	*683.11*	1,561.47	1,738.26
09	Vehicles	447.90	30.72	9.23	487.85	126.91	72.14	3.21	202.26	285.59	320.99
	Previous year	*418.44*	*47.36*	*-17.89*	*447.90*	*86.96*	*53.81*	*-13.86*	*126.91*	320.99	331.48
	Sub Total (Property, Plant & Equipment)	**33,956.91**	**929.37**	**212.08**	**35,098.36**	**7,714.34**	**2,569.10**	**177.00**	**10,460.45**	**24,637.92**	**26,242.60**
	Previous year	***33,228.75***	***704.03***	***24.14***	***33,956.91***	***5,049.30***	***2,653.46***	***11.58***	***7,714.34***	**26,242.60**	**28,179.44**
B	**Right of Use of Assets**										
01	Land	360.89	-	-	*360.89*	11.70	3.90	-	*15.60*	*345.29*	*349.19*
	Previous year	*360.89*	-	-	*360.89*	*7.80*	*3.90*	-	*11.70*	349.19	353.09
02	Plant & Machinery	1,317.46	1,322.20	(1,487.45)	*1,152.21*	45.60	120.24	(161.51)	*4.33*	*1,147.88*	*1,271.86*
	Previous year	*45.06*	*1,272.40*	-	*1,317.46*	*0.39*	*45.21*	-	*45.60*	1,271.86	44.67
03	Office Equipments	2.71	1.58	(2.71)	*1.58*	0.41	0.53	(0.93)	*0.01*	*1.57*	*2.30*
	Previous year	-	*2.71*	-	*2.71*	-	*0.41*	-	*0.41*	2.30	-
04	Factory Equipment	22.25	4.68	(26.93)	-	0.90	1.61	(2.51)	-	-	*21.35*
	Previous year	-	*22.25*	-	*22.25*	-	*0.90*	-	*0.90*	21.35	-
	Sub Total (Right of Use of Assets)	**1,703.31**	**1,328.46**	**(1,517.09)**	**1,514.68**	**58.61**	**126.28**	**(164.95)**	**19.94**	**1,494.74**	**1,644.70**
	Previous year	*405.95*	*1,297.36*	-	*1,703.31*	*8.19*	*50.42*	-	*58.61*	1,644.70	397.76

Notes Forming Part of the Consolidated Financial Statements for the year ended on 31st March, 2020

Note - 2

Property, Plant and Equipment (Rs. in lakhs)

C	**Intangible Assets**										
01	Goodwill	873.36	-	83.82	957.17	-	-	-	-	957.17	873.36
	Previous year	*825.67*	-	*47.68*	*873.36*	-	-	-	-	873.36	825.67
02	Product Development	3,288.78	622.76	-	3,911.54	858.61	433.14	-	1,291.75	2,619.79	2,430.17
	Previous year	*2,421.97*	*866.81*	-	*3,288.78*	*486.43*	*372.18*	-	*858.61*	2,430.17	1,935.54
03	Technical Know how	916.44	-	29.85	946.29	490.27	60.88	29.85	581.01	365.29	426.17
	Previous year	*940.15*	-	*-23.71*	*916.44*	*336.00*	*178.15*	*-23.87*	*490.27*	426.17	604.15
04	Computer Software	609.63	5.20	134.99	749.82	547.28	44.42	135.11	726.81	23.01	62.35
	Previous year	*501.78*	*31.05*	*76.80*	*609.63*	*392.04*	*97.52*	*57.72*	*547.28*	62.35	109.74
	Sub Total (Intangible Assets)	**5,688.20**	**627.96**	**248.66**	**6,564.83**	**1,896.16**	**538.44**	**164.96**	**2,599.57**	**3,965.25**	**3,792.03**
	Previous year	*4,689.57*	*897.86*	*100.78*	*5,688.20*	*1,214.47*	*647.85*	*33.85*	*1,896.16*	3,792.03	3,475.10
D	**Intangible Asset Under Development (Product Development)**	1,365.57	573.36	(622.76)	1,316.17	-	-	-	-	1,316.17	1,365.57
	Previous year	*1,489.57*	*742.80*	*-866.81*	*1,365.57*	-	-	-	-	1,365.57	1,489.57
E	**Capital Work in Progress :**	-	-						-		
	Capital Work in Progress	221.01	845.96	(221.01)	845.96	-	-	-	-	845.96	221.01
	Previous year	*11.14*	*221.27*	*-11.40*	*221.01*	-	-	-	-	221.01	11.14
	Grand Total (A + B + C + D + E)	**42,935.01**	**4,305.11**	**(1,900.11)**	**45,340.01**	**9,669.12**	**3,233.82**	**177.02**	**13,079.95**	**32,260.04**	**33,265.91**
	Previous year	***39,824.98***	***3,863.32***	***-753.30***	***42,935.01***	***6,271.96***	***3,351.72***	***45.43***	***9,669.12***	***33,265.91***	***33,553.02***

Note :

(i) Adjustment for the year include net impact of foreign exchange fluctuation of Rs.491.98 lakhs (Previous Year Rs. 161.97 lakhs)

(ii) Additions in gross block include Interest on borrowing of Rs. 81.81 lakhs (Previus Year Rs. Nil)) in accordance with Ind AS - 23 “Borrowing Costs”.

(iii) In respect of partent company, Expenditure, identifiable and reliably measureable, incurred on Product Development yielding future economic benefits is capitalized as internally generated intangible asset and it is kept under asset under development (Product Development) till the start of Commercial Production of respective products. The carrying value is supported by valuation report of independent valuer.

(iv) 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.

SETCO™ AUTOMOTIVE LTD

Notes Forming Part of the Consolidated Financial Statements for the year ended on 31st March, 2020

3. Non-current investment (Rs. In Lakhs)

Particulars	Refer Note No.	As at 31st March, 2020	As at 31st March, 2019
i) Investment in other related entities (At Fair Value Through Other Comprehensive Income) :			
30,70,000 (30,70,000) Equity Share @ Rs. 50/- each fully paid up of SE Transstadia Private Limited	31(b)	1,535.00	1,535.00
Less : Impairment in Value of Investments		(153.50)	-
Sub total (i)		**1,381.50**	**1,535.00**
ii) Investment in other related entities (At Amortised Cost) :			
3,88,50,000 (Nil) 9% Non Convertible Cumulative Compulsorily Redeemable Preference Share of Rs. 10/- each fully paid of Setco Engineering Private Limited	31(a)	3,885.00	-
Less : Impairment in Value of Investments		(144.80)	-
Sub total (ii)		**3,740.20**	**-**
iii) Non trade investment (unquoted) (at deemed cost) :			
10 (10) equity shares of Rs. 25/- each of Kalol Urban Co.op.Bank Limited Rs. 250/- (Rs.250/-)		-	-
Sub total (iii)		**-**	**-**
Total (non-current investments)		**5,121.70**	**1,535.00**

a) As per legal expert's opinion obtained by the parent company about its investments/ loans in and guarantees given for subsidiaries and related entities, it has complied with provisions of Section 186 of the Companies Act , 2013.

4. Other financial assets (Rs. In Lakhs)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Considered Good, Unsecured		
Fixed deposit account (on margin account) (at amortised cost)	21.56	18.78
Other deposits	220.86	207.82
Total	**242.42**	**226.60**

5. Deferred tax assets (net) (Rs. In Lakhs)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Deferred tax liabilities:		
Timing Differences related to Property, Plant & Equipment and Intangible Assets	5,443.92	(2,282.40)
Deferred tax assets :		
Timing differences related to Expenses	2,573.51	292.66
Timing differences related to unabsorbed depreciation	-	1,656.40
Timing differences related to unabsorbed business losses	-	1,202.27
Deferred Tax Asset (Liability)	1,612.03	868.93
MAT credit entitlement	2,235.39	2,380.24
Net Deferred Tax Assets	**3,847.42**	**3,249.17**
Total provision made in Statement of Profit and Loss	**(594.75)**	**905.22**

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

Particulars	As at 31st March, 2020	As at 31st March, 2019
Unsecured, considered good		
Other deposits	4.90	-
Capital advances	370.84	97.45
Total	**375.74**	**97.45**

7. Inventories (Rs. In Lakhs)

Particulars		As at 31st March, 2020	As at 31st March, 2019
Raw materials [Including Goods in transit Rs. 108.99 lakhs (Rs. 114.21 lakhs)]		7,999.68	9,211.28
Work-in-progress		4,165.33	3,587.20
Finished goods [Including Sales in transit Rs. 502.08 lakhs (Rs. 644.93 lakhs)]	35	4,658.23	4,501.75
Stores and Packing Materials		1,215.87	1,272.90
Scrap		3.64	4.39
Total		**18,042.75**	**18,577.53**

- Company has estimated unrealized profit in inventory lying with subsidiary companies out of inter-company transactions & eliminated it prospectively on consolidation for March 2020 Quarter/Year ended results. The net effect of it is, retained earnings decreased by 133.00 lakhs and deferred tax asset increased by Rs. 71.00 lakhs as at March 31, 2020. In absence of such details in past, corresponding figures of previous year are not comparable.

8. Trade receivables (Unsecured) (Rs. In Lakhs)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Considered good	4,720.62	10,817.14
Considered doubtful	87.18	138.23
Less : Allowance for Credit Loss	87.18	138.23
	-	-
Total	**4,720.62**	**10,817.14**

Movement in Allowance for Credit Loss is as follows : (Rs. In Lakhs)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Opening	138.24	136.54
Add : Additions	164.99	94.06
Less: Utilisations / Reversals	216.05	92.36
Closing	**87.18**	**138.24**

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

Particulars	As at 31st March, 2020	As at 31st March, 2019
Cash balance	36.15	56.94
Bank balances	732.82	440.28
Fixed deposit account (lien-marked on margin account)	337.60	206.21
Cheques on hand	-	426.49
Total	**1,106.57**	**1,129.92**

10. Bank Balances Other Than Cash and Cash Equivalents Above (Rs. In Lakhs)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Other bank balance		
Unclaimed dividends	99.73	106.03
Total	**99.73**	**106.03**

11. Other current assets (Rs. In Lakhs)

Particulars		As at 31st March, 2020	As at 31st March, 2019
Advances to related parties			
i) Unsecured, Considered doubtful			
SE Transstadia Private Limited		426.49	-
Less : Impairment Loss Allowance	31(c)	42.65	-
Sub total		383.84	
Pre-payments			
Prepaid expenses		393.52	392.04
Capital advances		288.12	557.82
Advances to suppliers		773.99	648.17
Less : Impairment Loss Allowance	31(d)	72.50	-
Sub total		1,383.13	1,598.03
Balance with Statutory / Government Authorities			
Balance with Income Tax		143.03	118.03
Statutory dues receivable - Income Tax		102.50	43.33
GST/VAT refund receivables		441.66	787.05
Less : Impairment Loss Allowance	31(e)	40.78	-
Sub total		646.41	948.41
Other Loans And Advances			
Other advances		16.43	7.85
Total		**2,429.81**	**2,554.29**

12. Equity (Rs. In Lakhs)

	Particulars	As at 31st March, 2020	As at 31st March, 2019
(i)	**Authorised capital**		
	25,00,00,000 (25,00,00,000) Equity Shares of Rs. 2/- each	5,000.00	5,000.00
	Total	**5,000.00**	**5,000.00**
	Issued, subscribed and fully paid up share capital		
	13,37,67,275 (13,36,77,275) Equity Shares of Rs. 2 each	2,675.35	2,673.55
	Total	**2,675.35**	**2,673.55**

a) Pursuant to the approval of members in the Annual General Meeting held on 28th September, 2015 the equity shares of face value of Rs. 10/- each have been subdivided into equity shares of face value of Rs. 2/- each with effect from 17th December, 2015. As a result, the number of equity shares has increased from 2,67,19,335 to 13,35,96,675 shares. Accordingly the number of shares has been adjusted for all the periods presented.

b) The company has only one class of equity shares having a par value of Rs. 2 per share. Each shareholder of equity share is entitled to one vote per share.

c) 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 31-03-2020 Number	As on 31-03-2020 (Rs. In Lakhs)	As on 31-03-2019 Number	As on 31-03-2019 (Rs. In Lakhs)
Equity shares				
As at the beginning of the year	13,36,77,275	2,673.55	13,35,96,675	2,671.93
Add : Shares issued on exercise of employee stock options	90,000	1.80	80,600	1.61
	13,37,67,275	**2,675.35**	**13,36,77,275**	**2,673.55**
Less : Changes, if any during the year	-	-	-	-
Outstanding at the end of the year	**13,37,67,275**	**2,675.35**	**13,36,77,275**	**2,673.55**

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

Name of Shareholders	As on 31-03-2020 Number	As on 31-03-2020 % Holding	As on 31-03-2019 Number	As on 31-03-2019 % Holding
Equity shares of Rs. 2/- each fully paid				
Setco Engineering Private Limited	64,063,845	47.89	64,063,845	47.92

13. Other Equity

(Rs. In Lakhs)

	Particulars	As at 31st March, 2020	As at 31st March, 2019
(i)	**Capital Reserve (Opening & Closing Balance)**		
	On forfeiture of Shares	0.21	0.21
	Total	**0.21**	**0.21**
(ii)	**Securities Premium**		
	As per Last Balance Sheet	212.34	188.20
	Add : Received during the year on exercise of employee stock options	26.96	24.14
	Total	**239.30**	**212.34**
(iii)	**Employee Stock Options outstanding**		
	As per Last Balance Sheet	42.86	53.17
	Add : Amounts recorded on grants/modifications/cancellations during the year	-17.56	-10.31
	Total	**25.30**	**42.86**
(iv)	**General Reserve**		
	As per Last Balance Sheet	1,954.73	1,954.73
	Total	**1,954.73**	**1,954.73**
(v)	**Retained Earnings**		
	As per Last Balance Sheet	11,515.61	13,234.53
	Less : Ind AS Adjustment	388.52	-717.82
	Less : Unrealised Profit Margin on Stock	-132.66	-
	Add : Profit for the year	-4,592.77	288.13
	Less : Dividend	-1,337.67	-1,069.42
	Less : Dividend Distribution Tax	-274.96	-219.82
	Total	**5,566.07**	**11,515.61**
(vi)	**Currency Translation reserve**		
	As per Last Balance Sheet	162.40	-172.83
	Add : Currency Translation Reserve for the year	-149.51	335.23
	Total	**12.89**	**162.40**
(vii)	**Non-Controlling Interest**	28.70	528.53
	Total	**28.70**	**528.53**
	Total (i to vii)	**7,827.19**	**14,416.68**

14. Borrowings (At amortized cost) (Rs. In Lakhs)

Particulars		As at 31st March, 2020	As at 31st March, 2019
Term loans			
From banks			
Secured		5,961.46	8,467.21
Unsecured		-	430.46
From others			
Secured		4,977.61	-
Unsecured		2,000.00	-
	Total (A)	**12,939.07**	**8,897.68**
Other loans			
From banks			
Secured		19.56	-
From others			
Secured		22.11	-
	Total (B)	**41.67**	**-**
Lease liability			
From others			
Secured		882.37	982.76
	Total (C)	**882.37**	**982.76**
	Total (A+B+C)	**13,863.11**	**9,880.44**
The above amount includes			
Secured borrowings		**11,863.11**	**9,449.97**
Unsecured borrowings		**2,000.00**	**430.46**

- Refer Note no. 20 for Current maturities of long term borrowing.

- Indian rupee term loan obtained by parent company from BOB Bank is repayable in 16 quarterly instalments each of Rs. 141.00 Lakhs to be repaid by December, 2021. 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 Vice Chairman of the parent company.

- In previous year, Indian subsidiary company Lava Cast Private Limited (LCPL), had obtained Plant & Machinery and Equipment of Rs. 1,441.00 lakhs under finance lease arrangement with Tata Capital Financial Services Ltd. (Lessor). The Lease was secured by Plant & Machinery as well as corporate guarantee of parent company i.e. Setco Automotive Limited. During the year, the LCPL has transferred all rights, interests, obligations and benefits i.e. right of use of assets under the Lease Deed to the parent company at Rs. 1,153.79 lakhs, by entering into a Novation Agreement with the Lessor and the company.
  The parent company pays lease rental monthly for 5 years with residual acquisition value of 1% of lease value. The Lease is secured by relevant Plant & Machinery. The maturity profile of finance lease obligations is as follows:

Particulars	As at 31st March, 2020		As at 31st March, 2019	
	MLP	PV of MLP	MLP	PV of MLP
Payable within 1 years	316.95	285.79	303.01	287.70
Payable within between 1 to 5 years	836.84	686.52	906.13	1,071.07
Total Minimum Lease payment	**1,153.79**	**972.31**	**1,209.14**	**1,358.77**

- Indian rupee corporate term loan obtained by parent company of Rs. 4,500.00 lakhs from Tata Motors Finance Solutions Limited is repayable in 72 EMI each of Rs. 87.44 lakhs to be repaid by May, 2025. The loan is secured by first pari passu charge on company's present & future fixed assets (excluding cars/vehicles) along with Bank of Baroda and personal guarantee of Chairman and Managing Director and Mr. Udit Sheth, Non Executive Vice Chairman of the Company.

- Indian rupee corporate term loan obtained by parent company of Rs. 1,000 lakhs from Tata Motors Finance Solutions Limited is repayable in 72 EMI each of Rs. 19.43 lakhs to be repaid by October, 2025. The loan is secured by first pari passu charge on company's present & future fixed assets (excluding cars/vehicles) along with Bank of Baroda and personal guarantee of Chairman and Managing Director and Mr. Udit Sheth, Non Executive Vice Chairman of the Company.

- Indian rupee term loan obtained by parent company of Rs. 708 lakhs from Tata Motors Finance Solutions Limited is repayable as below :

Capex Term Loan	Amount	Nos	EMI	Repaid By
CAPEX - I	Rs. 504.00 lakhs	72 EMI	Rs. 11.53 lakhs	October, 2025
CAPEX - II	Rs. 126.00 lakhs	72 EMI	Rs. 2.78 lakhs	December, 2025
CAPEX - III	Rs. 28.00 lakhs	72 EMI	Rs. 0.62 lakh	January, 2026
CAPEX - IV	Rs. 50.00 lakhs	72 EMI	Rs. 1.12 lakhs	February, 2026

- The above loans are secured by first pari passu charge on company's present & future fixed assets (excluding cars/vehicles) and personal guarantee of Chairman and Managing Director and Mr. Udit Sheth, Non Executive Vice Chairman of the Company.

- Indian rupee vehicle loan taken by parent company 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 vehicle loan taken by parent company from Toyota Financials Services India Pvt. Ltd. is repayable in 60 EMI each of Rs. 0.57 lakhs to be repaid by February, 2025. 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 Vice Chairman of the parent company. The loan is repayable in 4 EMI each of Rs. 500 Lakhs to be repaid by April, 2020

- Indian rupee unsecured loan is from Tata Motors Finance Solutions Limited taken by parent 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 72 EMI each of $ 424.09 to be repaid by February, 2024. 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 72 EMI each of $ 436.31 to be repaid by February, 2024. The loan is secured by first pari passu charge on vehicle of the subsidiary company.

- US $ Equipment term loan obtained by wholly owned ultimate foreign subsidiary company, Setco Automotive (N.A.) INC. from Leaf Financing is to be repaid in 60 EMI each of $861.08 to be repaid by August, 2023. The loan is secured by first pari passu charge on HVAC (Equipment) of the subsidiary company.

- US $ vehicle term loan obtained by wholly owned ultimate foreign subsidiary company, Setco Automotive (N.A.) INC. from BMW Finance is to be repaid in 72 EMI each of $489.65 to be repaid by March, 2025. The loan is secured by first pari passu charge on vehicle of the subsidiary company.

- Indian rupee term loan (TL-1) of Rs. 11,005.00 lakhs 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. 459.00 lakhs, to be repaid by July , 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. 1,921.00 lakhs 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. 80.00 lakhs, to be repaid by July, 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.

- Due to tough economic scenario for Medium & Heavy Commercial Vehicles, Indian subsidiary company, Lava Cast Private Limited has submitted Debt Restructuring Proposal to Bank of Baroda on December 24, 2019. Due to default in payment of principal and interest on Term Loan and Cash Credit, LCPL's account with Bank of Baroda was classified as NPA on 29.12.2019. Subsequently, the bank issued SARFAESI notices to the parent company as a guarantor and to LCPL for recovery of total outstanding dues of Rs. 11,648.00 lakhs. The bank vide its letter dated February 18,2020 has informed the company that it doesn't intend to proceed with the recovery action against the parent company as well as Indian subsidiary as the restructuring proposal is under its consideration and has deferred the proceeding though reserved all rights of recovery under SARFAESI Act and accordingly, the Indian subsidairy has classified its term loan liability into current & non-current liability. Based on interaction with bank, Indian subsdiary has submitted revised restructuring proposal in March 2020 which is under consideration.

- As per RBI Notification having reference RBI/2019-20/186:DOR.No.BP.BC.47/ 21.04.048 / 2019- 20 dated March 27, 2020, the parent company has availed the benefit of moratorium on payment of unpaid installment of Rs. 141.00 lakhs and Interest of Rs. 154.64 lakhs for the month of March 2020. The parent company has further availed the benefit of unpaid installments of Rs. 865.68 lakhs and interest of Rs. 1,242.53 lakhs upto the month of August, 2020.

15. Other financial liabilities

(Rs. In Lakhs)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Deposits	85.03	83.03
Finance lease obligation	3.35	3.22
Total	**88.38**	**86.25**

Particulars	As at 31st March, 2020		As at 31st March, 2019	
	MLP	PV of MLP	MLP	PV of MLP
Payable within 1 years	0.82	0.56	0.41	0.69
Payable within between 1 to 5 years	2.05	1.03	2.05	1.13
Payable after 5 years	29.68	2.32	30.09	2.09
Total Minimum Lease payment	**32.54**	**3.91**	**32.54**	**3.91**

16. Provisions

(Rs. In Lakhs)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Provision for employee benefits		
Provision for gratuity	179.70	68.39
Provision for compensated absences	146.54	135.07
Total	**326.24**	**203.46**

17. Other non - current liabilities

(Rs. In Lakhs)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Government Grants - Cash Subsidy	12.60	13.86
Total	**12.60**	**13.86**

18. Borrowings (At amortized cost)

(Rs. In Lakhs)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Loans repayable on demand from banks		
Secured	20,941.69	21,427.66
Unsecured	-	0.04
Total (A)	**20,941.69**	**21,427.70**
From other parties		
Unsecured	22.07	1,000.00
Total (B)	**22.07**	**1,000.00**

Lease liability			
From others			
Secured		271.42	247.33
	Total (C)	**271.42**	**247.33**
	Total (A+B+C)	**21,235.17**	**22,675.03**

- Indian rupee cash credit facility 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 $ cash credit facility 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 cash credit facility 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. Cash Credit facility is further secured by corporate guarantee of Setco Automotive Limited, parent company.

19. Trade payable **(Rs. In Lakhs)**

Particulars	**As at 31st March, 2020**	**As at 31st March, 2019**
Dues of Micro, small and medium enterprises	1,099.20	955.44
Dues other than of Micro, small and medium enterprises	11,029.87	9,765.31
Total	**12,129.07**	**10,720.75**

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 :

Particulars	**As at 31st March, 2020**	**As at 31st March, 2019**
Principal amount remaining unpaid to any supplier at the end of each accounting year	1,099.20	955.44
Interest accrued & remaining unpaid	6.71	3.83

20. Other financial liabilities **(Rs. In Lakhs)**

Particulars		**As at 31st March, 2020**	**As at 31st March, 2019**
Current maturities of long term loans	13	6,556.74	5,089.57
Interest accrued and but not due on borrowings		165.61	54.68
Unpaid/unclaimed dividend	20(a)	99.73	106.03
Creditors for Capital Expenditure		212.75	67.45
Financial Lease obligations		0.56	0.69
Other Payable		7.52	48.83
Total		**7,042.91**	**5,367.25**

(a) 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.

21. Other current liabilities (Rs. In Lakhs)

Particulars		As at 31st March, 2020	As at 31st March, 2019
Payable towards statutory liabilities		1,388.47	3,687.98
Government Grants - Cash Subsidy		1.26	1.26
Final Dividend Payable	21(a)	166.91	-
Corporate Tax on Dividend Payable		274.96	-
Payable to employees		144.16	578.02
Other Payables		272.66	337.78
Total		**2,248.41**	**4,605.04**

(a) During the year, the company declared dividend but did not transfer part of dividend payable to promoters to Dividend Bank account. Company provided interest @ 12% p.a as per Section 124 of the Companies Act, 2013.

22. Provisions (Rs. In Lakhs)

Particulars		As at 31st March, 2020	As at 31st March, 2019
Provision for gratuity		62.21	53.82
Provision for compensated absences		79.11	75.40
Provision For warranty	22(a)	295.69	247.49
Other Provision		7.90	-
Total		**444.91**	**376.71**

(a) 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.

23. Current tax liabilities (net) (Rs. In Lakhs)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Provision for taxation (net of advance tax paid) (A.Y. 2019-20)	528.45	540.02
Advance tax paid (A.Y. 2020-21)	(175.00)	-
Total	**353.45**	**540.02**

24. Revenue from operations (Rs. In Lakhs)

Particulars	Year ended 31st March 2020	Year ended 31st March 2019
Sales of products	47,031.55	68,043.99
Total	**47,031.55**	**68,043.99**

25. Other income (Rs. In Lakhs)

Particulars	Year ended 31st March 2020	Year ended 31st March 2019
Investment Income		
Interest Income	127.65	234.29
Other non-operating income		
Rent	32.52	32.52
Profit on sale of property, plant and equipment (net)	-	7.98
Exchange gain (net)	273.88	178.50
Government Grants - Duty drawback	29.03	72.93
Others	6.35	55.80
Total	**469.43**	**582.02**

26. Cost of material consumed (Rs. In Lakhs)

Particulars	Year ended 31st March 2020	Year ended 31st March 2019
Opening stock	9,211.28	8,181.67
Add : Purchases (net)	22,659.65	36,474.28
Less : Closing Stock	7,999.68	9,211.28
Less : Sales of manufacturing scrap	670.76	798.99
Total	**23,200.48**	**34,645.67**

27. Changes in inventories of finished goods and work in progress (Rs. In Lakhs)

Particulars	Year ended 31st March 2020	Year ended 31st March 2019
(Increase) /decrease in inventories	(659.84)	(1,745.65)
Total	**(659.84)**	**(1,745.65)**

28. Employee benefit expenses (Rs. In Lakhs)

Particulars	Year ended 31st March 2020	Year ended 31st March 2019
Salaries, wages and bonus	7,356.45	8,341.42
Contribution to employees welfare funds	557.18	483.65
Staff welfare expenses	224.22	258.29
Total	**8,137.85**	**9,083.37**

29. Finance cost (Rs. In Lakhs)

Particulars	Year ended 31st March 2020	Year ended 31st March 2019
Interest expense	5,202.67	4,644.59
Other financial charges	485.66	614.30
Finance expenses	8.30	-
Total	**5,696.63**	**5,258.89**

30. Other expenses (Rs. In Lakhs)

Particulars	Year ended 31st March 2020	Year ended 31st March 2019
Stores and Tools Consumed	1,513.08	2,151.97
Carriage Inward	675.61	1,060.75
Power and fuel	2,156.98	2,876.19
Job work charge	874.20	1,685.06
Factory expenses	272.20	312.66
Repairs and maintenance to machineries	158.61	186.22
Repairs to building	67.50	88.69
Computer expenses	393.67	289.12
Printing and stationary	53.93	65.05
Rent, rates and taxes	289.55	169.13
Insurance	428.58	404.04
Travelling & conveyance expenses	570.69	652.34
Legal and professional charges	836.97	952.30
Communication expenses	64.35	72.48
Books, subscription and membership	17.69	-
General expenses	250.47	281.36
Marketing and sales promotion	524.82	604.43
Discount, commission and other expenses on sales	1,953.09	2,072.14

Bad Debts written off	216.05	92.36
Allowance for Doubtful Debts	(51.37)	1.70
Packing and forwarding expenses	1,222.55	1,946.36
Advertisement expenses	9.43	8.24
Directors' sitting fees	22.66	33.15
Corporate social responsibility expenses	84.00	120.66
Donation	27.54	34.73
Commission to non executive directors	-	57.18
Motor car running expenses	22.41	26.89
Office expenses	37.23	40.76
Auditors remuneration	59.50	66.80
Loss on sale of property ,plant & equipment (net)	0.26	-
Sundry balance written off	-	2.54
Total	**12,752.25**	**16,355.30**

31. Exceptional Items **(Rs. In Lakhs)**

Particulars	**Year ended 31st March 2020**	**Year ended 31st March 2019**
Provision for diminution in investment	144.80	-
Provision for advance	155.92	-
Loss on Cancellation of Lease	244.49	-
Total	**545.21**	**-**

(a) During the year, the parent company has invested in preference share of Setco Engineering Pvt. Ltd (SEPL), a Company in which directors have interest. As this investment is compulsorily redeemable on its maturity, the parent company has treated it as investment in debt instruments and valued at amortised basis. SEPL being a Investment company, its major income source is mainly from the parent company i.e. Setco Automotive Limited in form of Dividend and Commission. Since, during the year, SEPL has incurred loss, the parent company has provided impairment on investment to the extent of dividend receivable on it. The parent company has further invested Rs. 708.00 lakh in Preference Shares of SEPL in F.Y 2020-21.

(b) Rs.1,535.00 lakhs (Rs. 1,535.00 lakhs) invested by parent company 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. The said company has completed the project and has commenced commercial operations in March 2017. The company has accumulated loss of Rs. 20,299.32 lakhs (Rs. 11,180.08 lakhs) as per latest audited Financial Statements as at 31.03.2019 and has eroded entire networth due to loses. Due to non payment of interest and instalments, company's accounts with bank have became NPA in December, 2018. The company has submitted restructuring proposal to bank on 17.06.2020 and the same is under consideration. The said company is confident of profitable operations post restructuring by banks as proposed and based on report of independent valuer as per DCF method, impairment has been provided.

(c) This represents amount receivable towards sharing of common expenses from SE Transstadia Pvt. Ltd., (SETPL) a company in which directors have interest. Considering current financial position of SETPL, ECL provision of 10% is made on this amount. Further, the parent company shall seek approval of shareholders to comply with Section 185 of Companies Act, 2013.

(d) The parent company has given capital advance for purchase of machinery to the supplier. The parent company charged and recovered 10.96% p.a interest upto last year. Due to COVID-19, the supplier is unable to serve interest to the parent company and hence impairment is provided for loss of interest on this advance.

(e) In FY 2017-18, the parent company had recognised Rs. 398.00 lakhs as income being refund of IGST/CGST share of State for the Uttarakhand unit pending notification of incentives by the State Government. The parent company believed, the issuance of notification for GST benefits by the State Government was certain based on the notification already issued by the Central Government. In absence of any notification in the said matter till date and based on legal opinion, the parent company has filed writ petition claiming refund of said amount & has continued to show this as asset recoverable in accounts. In absence of any tangible progress in the matter, the parent company has provided impairment @10% of the amount receivable from Government.

32. MAT CREDIT

Appellate tax proceedings relating to earlier years granted a substantial relief to the parent company resulting in credit of MAT of Rs. 752.76 lakhs in previous year. The relief granted has stabilised the treatment of certain development expense as revenue expenses in tax assessments, though the same were treated as Capital Expense in the books of account. In view of the above, the parent company has recognised this MAT credit and its consequent impact on deferred tax asset/deferred tax liability, as applicable. During the year, the parent company has adjusted/(recognised) MAT Credit of Rs. 165.57 lakhs for current financial year (Previous year Rs. 544.28 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/(reversed) Net MAT credit of Rs. 20.71 lakhs (Rs. 23.01 lakhs) in respect of previous periods.

33. Earning per share

Particulars	2019-2020	2018-2019
Profit available to Equity Shareholders after tax (Rs. In Lakhs)	-4,456.78	312.51
Weighted average number of equity shares of Rs. 2/- each		
Basic - No. of Shares	133,767,275	133,677,275
Diluted - No. of Shares	133,918,975	133,743,474
Earnings per share in Rs. :		
Basic in Rs.	(3.33)	0.23
Diluted in Rs.	(3.33)	0.23

34. SALES-IN-TRANSIT

i. Effective from 1st April, 2018, the parent company has adopted IND AS - 115 “Revenue from Contracts with Customers” using the modified retrospective approach and cumulative effect due to application of IND AS - 115 has been adjusted to the previous year opening balance of retained earnings resulting in reduction of Rs. 723.00 lakhs. It has also resulted in the revenue and profit before tax for the previous year being higher by Rs. 2693.00 lakhs and Rs. 723.00 lakhs respectively and hence the same are not comparable to the current year. The Products dispatched from the factory, which remained in transit in respect of which the control have not been transferred amounts to Rs. 572.94 lakhs (Rs. 752.33 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. 502.08 lakhs (Rs. 644.93 lakhs) is shown under the head “Finished Goods” in Note 7 under the head “Inventories”.

ii. In the absence of information in the previous year 2018-19, 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, was unascertained and not eliminated.

35. 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	**Key Managerial Personnel ***	
	Shri Harish Sheth	Chairman and Managing Director
	Shri Shvetal Vakil	Executive Director
	Smt. Urja Shah	Executive Director
	Shri Jitender Gujaral	Chief Executive Officer
	Shri Vinay Shahane	Chief Financial Officer
	Shri Chandra Kant Sharma (w.e.f. 6th May, 2019)	Company Secretary

2	Setco Engineering Private Limited	Enterprises over which key managerial personnel are able to exercise significant influence
3	Western Engineering Works (Partnership)	
4	SE Transstadia Private Limited	
5	White River Entertainment Pvt. Ltd.	
6	Transstadia Technologies Private Limited	
7	Transstadia Play sport Private Limited	
8	Transstadia Sport Sciences Private Limited	
9	Transstadia Capital Private Limited	
10	Transstadia Boxing India Private Limited	
11	Transstadia Holdings Private Limited	
12	Setco Holdings Private Limited	
13	Transstadia hospitality Private Limited	
14	Urdit Exports (Proprietory concern)	
15	Pahadi Goodness Private Limited	
16	Pahadi Local Capital Private Limited	
17	Transstadia Education and Research Foundation	
18	Hrehan Venture Advisors Pvt. Ltd.	
19	Wingspun Funds Advisors LLP	
20	Setco Foundation (Trust)	
21	Lingotes Especiales	Strategic Investor having significant influence / Technical Collabaroter
22	Shri Harshal Shah	Relatives of Key Managerial Personnel
23	Shri Udit Sheth (designated as Executive Vice Chairman w.e.f 1st May, 2020)	

* 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	2019-2020	2018-2019
A)	**Transactions with enterprises over which key managerial personnel are able to exercise significant influence :**		
	Investment		
	- Setco Engineering Private Limited	3,885.00	-
	Expenditure including capital items (Net)/ Recovery		
	- SE Transstadia Private Limited	-	110.65
	- Transstadia Technologies Private Limited	88.71	163.33
	- Lingotes Especiales	-	8.35
	Amount received against Trade Advance given		
	- Transstadia Technologies Private Limited	-	39.35
	Marketing Expenses		
	- SE Transstadia Private Limited	6.56	54.85
	- Pahadi Goodness Pvt. Ltd.	-	6.53
	Marketing commission paid		
	- Setco Engineering Private Limited	834.09	1,196.79
	Purchase (gross)		
	- Pahadi Goodness Pvt. Ltd.	1.52	-
	Dividend paid		
	- Transstadia Capital Private Limited	16.50	16.50
	- Setco Engineering Private Limited	623.64	468.91
	CSR Activity		
	- Setco Foundation	**84.00**	**117.78**

Outstanding at year end :		
Investment		
SE Transstadia Private Limited	1,535.00	1,535.00
Setco Engineering Private Limited	3,885.00	-
Amount receivable		
- SE Transstadia Private Limited	426.49	-
Amount payable		
- Setco Engineering Private Limited	152.88	144.45
- SE Transstadia Private Limited	2.76	0.23
- Transstadia Technologies Private Limited	5.57	24.67
- Pahadi Goodness Pvt. Ltd.	1.11	1.41
- Western Engineering Works	22.79	24.72
B) Transactions with key managerial personnel and their relatives :		
Managerial remuneration (directors)		
(Including provident fund and excluding commission to non-executive directors)		
- Shri Harish Sheth*	159.60	413.85
- Shri Shvetal Vakil	131.52	154.83
- Smt. Urja Shah	66.48	46.32
Dividend paid		
- Shri Harish Sheth	29.59	57.78
- Shri Udit Sheth	27.63	31.74
- Smt. Urja Shah	42.85	0.01
- Smt. Sneha Sheth	34.03	8.26
- Shri Shvetal Vakil	3.16	2.20
- Shri Vinay Shahane	0.34	0.20
- Shri Jitender Gujaral	0.20	0.06
Remuneration of other Key Managerial Personnel	**202.84**	**183.18**
Outstanding at year end :		
Amount receivable		
- Shri Harish Sheth (Excess remuneration since recovered)	210.00	-
- Shri Shvetal Vakil (Excess remuneration to be recovered)	18.00	-
Amount payable		
- Shri Harish Sheth	-	145.05
- Shri Shvetal Vakil	-	18.75
- Wingspun Funds Advisors LLP	5.40	5.40

* In pursuance of special resolutions passed by the members and in view of inadequacy of profits in F.Y. 2019-20, the Chairman & Managing Director has been paid remuneration of Rs. 120 Lakhs per annum, within the limits laid down under Part-II of Schedule V of the Companies Act, 2013.

36. 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) (Wholly owned subsidiary of Setco Automotive Ltd. India)	32.19% by Setco Automotive Ltd. 67.81% by WEW Holding Ltd.	April to March
ii	Setco Automotive (N.A.) Inc. – U.S.A. (SANAI) (Wholly owned Subsidiary of Setco Automotive (UK) Ltd.)	100%	April to March
iii	WEW Holding Limited Mauritius - (WEW) (Wholly owned subsidiary of Setco Automotive Ltd. India)	100%	April to March
iv	Setco MEA DMCC (Wholly owned subsidiary of Setco Automotive Ltd. India)	100%	April to March
v	Lava Cast Private Limited - (India) * (Partly owned subsidiary of Setco Automotive Ltd. India)	87.82%	April to March

* The company has further subscribed equity share capital during the year of Rs.500.00 lakhs during the current financial year in view of this investment parent company's holding in Lava Cast Private limited has been increased from 87.24 % to 87.82 %.

37. Additional Information, as required under Schedule III to the Companies Act, 2013

Sr. No.	Name of the Entity	Share of net assets		Share of profit or loss	
		As at 31st March, 2020		Year ended 31st March 2020	
		As % of consolidated net assets	Rs. in lakhs	As % of consolidated profit or loss	Rs. in lakhs
I	**Parent**				
	Setco Automotive Limited	143.02%	15,020.64	5.69%	-282.15
II	**Subsidiaries**				
	a. Indian				
	Lava Cast Private Limited	6.71%	704.26	79.90%	(3,959.59)
	Less : Non-controlling interest	-0.93%	97.68	-10.06%	(498.76)
		5.78%	606.58	69.84%	(3,460.83)
	b. Foreign				
	1. Setco Automotive (UK) Limited	-42.60%	-4,473.63	18.70%	(926.47)
	2. Setco Automotive (NA) Inc.	-4.15%	-435.56	2.91%	(144.40)
	3. WEW Holdings Limited	-0.09%	-9.62	-0.28%	13.63
	4. SETCO MEA DMCC	-1.96%	-205.88	3.13%	(155.30)
	Total	**100.00%**	**10,502.54**	**100.00%**	**(4,955.54)**

Sr. No.	Name of the Entity	Share of other comprehensive income		Share of total comprehensive income	
		Year ended 31st March 2020		Year ended 31st March 2020	
		As % of consolidated other comprehensive income	Rs. in lakhs	As % of consolidated total comprehensive income	Rs. in lakhs
I	**Parent**				
	Setco Automotive Limited	94.52%	-128.53	10.71%	-561.27
II	**Subsidiaries**				
	a. Indian				
	Lava Cast Private Limited	6.27%	(8.53)	75.70%	(3,968.12)
	Less : Non-controlling interest	-0.79%	(1.07)	-9.53%	(499.83)
		5.48%	(7.46)	66.16%	(3,468.29)
	b. Foreign				
	1. Setco Automotive (UK) Limited	-	-	17.67%	(926.47)
	2. Setco Automotive (NA) Inc.	-	-	2.75%	(144.40)
	3. WEW Holdings Limited	-	-	-0.26%	13.63
	4. SETCO MEA DMCC	-	-	2.96%	(155.30)
	Total	**100.79%**	**(135.99)**	**100.00%**	**(5,242.11)**

38. CONTINGENT LIABILITIES & COMMITMENTS

A. Contingent liabilities :

i) Guarantees given by the bank on behalf of Parent Company, Setco Automotive Limited Rs.5.42 lakhs (Rs. 50.39 lakhs).

ii) Guarantee given for maximum £ Nil (£ 0.80 million) to Bibby Financial Services, U.K. for wholly owned ultimate foreign subsidiary's credit facilities Rs. Nil (Rs. 723.44 lakhs). The carrying amounts of related financial guarantee contracts recognised in books of account are Rs. Nil as at 31.03.2020 (Rs. 0.36 lakhs).

iii) Guarantee given for maximum $ 3.00 million ($ 3.20 million) to Bank of Baroda, New York, USA for wholly owned ultimate foreign subsidiary's credit facilities Rs. 2,278.80 lakhs (Rs. 2,220.48 lakhs). The carrying amounts of related financial guarantee contracts recognised in books of account are Rs. 22.54 lakhs (Rs. 20.06 lakhs) as at 31.03.2020 .

iv) 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 are Rs. 744.30 lakhs (Rs. 820.22 lakhs) as at 31.03.2020.

v) Guarantee given by bank on behalf of Indian subsidiary, Lava Cast Pvt Ltd Rs. 735.57 lakhs (Rs. 718.26 lakhs).

B. NOTE ON PENDING LITIGATION : (In respect of parent company, Setco Automotive Limited)

i) The Pollution control department had filed a civil /criminal case against the company and all the Directors in 1993. The civil matter was disposed in favour of the company.

In criminal matter against the company and the directors, Hon. High Court had quashed the case against all the nominee directors. The case will now proceed against the company and the managing director in local court.

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

iii) 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 ITAT- Ahmedabad against such order. The company is confident of receiving adjudication in its favour.

iv) The company has preferred an appeal against an order issued by CIT(A) rejecting product development expenditure as revenue expense amounting to Rs. 347.32 lakhs and Rs. 372.39 lakhs for A.Y 2013-14 and A.Y 2014-15 respectively with ITAT. There is ITAT judgement in the same matter in company's own case for earlier years.

v) The company has received intimation u/s 143(1) of Income Tax Act,1961 from CPC, Bengaluru for A.Y. 2015-16 wherein demand of Rs. 2.00 lakhs have 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 has filed 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.

vi) The company has received demand notice u/s 156 of Income Tax Act,1961 from TPO for A.Y. 2016-17 wherein demand of Rs. 0.73 lakhs has been raised on account of notional guarantee fees u/s 92CA(3). The company believes this is a mistake apparent from records and has filed rectification petition u/s 154 of Income Tax Act, 1961 and also filed application for stay of demand. The company is confident that the demand would be dropped in due course of time.

vii) The company has preferred an appeal against an order issued by AO rejecting product development expenditure as revenue expense amounting to Rs. 475.47 lakhs for A.Y 2016-17 with CIT(A). There is ITAT judgement in the same matter in company's own case for earlier years.

viii) The company has received intimation u/s 143(1) of Income Tax Act,1961 from CPC, Bengaluru for A.Y. 2017-18 wherein demand of Rs. 6.07 lakhs has been raised on account of disallowance of Employee Benefit expenses u/s 36 & 43B. The company believes this is a mistake apparent from records and has filed 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.

C. Commitments : (In respect of parent company and Indian subsidiary company)

i) Estimated amount of contracts remaining to be executed on capital account and not provided for Rs. 672.47 lakhs (Rs. 911.28 lakhs).

39. 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, for which balance confirmations have been received, are under reconciliation process and necessary adjustments, if any, will be accounted when the same is reconciled. While others are subject to reconciliation and adjustment if any. Trade Payables, Creditors for Capital Expenditure and Capital Advances in respect of Indian Subsidiary Company Lava Cast Pvt. Ltd. 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.

40. EMPLOYEE STOCK OPTION PLAN (ESOP) 2015- Share based payment. (In relation to parent company)

a. 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.

b. 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.

c. 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.

d. Pursuant to the above mentioned scheme, the parent Company has, during the year, granted 1,51,700 (Previous year 2,84,800) options vesting over a period of three years commencing from the date of grant.

e. The following are the number of options outstanding during the year:

Stock options	As at 31st March, 2020	As at 31st March, 2019
At the beginning of the year	284,800	435,000
Exercised	90,000	80,600
Cancelled	43,100	69,600
At the end of the year	151,700	284,800

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

g. The parent company follows the fair value method of accounting for the options.

(Rs. in Lakhs)

Balance sheet presentation	As at 31st March, 2020	As at 31st March, 2019
Total stock options cost	42.86	44.44
Less: Deferred employee compensation	17.56	1.58
Stock options outstanding	25.30	42.86

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 :

- 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. 16.00 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
30/05/2019	1.5

Expected volatility of the options

The shares of the company are listed and hence the closing prices from 1st April, 2014 to 19th May, 2017 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	1.70%
30/05/2016	0.80	2.60%
25/05/2015	0.30	0.60%
11/11/2014	0.30	0.70%
30/05/2014	0.53	2.50%
29/05/2013	0.53	2.50%
06/07/2012	0.80	1.80%
		1.78%

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, we have used the same for our 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 year, mortality rates are not considered in the valuation.

Valuation results

The fair value of the 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

The total cost of the options granted, if all the outstanding shares are vested and exercised is Rs. 25.30 lakhs.

41. 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 31st March, 2020	As at 31st March, 2019
A. Financial assets		
I. Measured at amortised cost		
Trade Receivables	4,720.62	10,817.14
Cash and Cash Equivalents	337.60	206.21
Other Financial Assets	213.51	171.30
Investment in Preference Shares of Related Entity	3,740.20	-
II. Measured at fair value through profit and loss (FVTPL)		
Other Financial Assets	28.91	55.30
III. Measured at fair value through other comprehensive income (FVOCI)		
Investment in Equity Instruments of Related Entity	1,381.50	1,535.00
	10,422.34	**12,784.96**
A. Financial liabilities		
I. Measured at amortised cost		
Borrowings	19,537.48	13,987.25
Lease Liability	1,153.79	1,230.09
Unclaimed Dividend	99.73	106.03
Trade Payables	12,129.07	10,720.75
II. Measured at fair value through profit and loss (FVTPL)		
Finance lease obligation	3.91	3.91
	32,923.99	**26,048.03**

(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 2020			
Other Financial Assets	-	-	28.91
Finance lease obligation	-	-	3.91
As at 31st March 2019			
Other Financial Assets	-	-	55.30
Finance lease obligation	-	-	3.91

Particulars	Level 1	Level 2	Level 3
Measured at fair value through other comprehensive income (FVOCI)			
As at 31st March 2020			
Investment in Equity Instruments of Related Entity	-	-	1,381.50
	-	**-**	**1,381.50**
As at 31st March 2019			
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.

42. Research & Development

The Parent Company, Setco Automotive Limited has a set up 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. Till previous financial year, such expenses were capitalized as Intangible Asset and was included under the head "Intangible Asser under Development in Note no.2 - "Property, Plant & Equipment" and the same shall be amortised as per amortization policy consistently followed by the company. From current financial year, the company has treated R & D expenditure as Revenue expenditure. 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 2019-2020 are as under : **(Rs. In Lakhs)**

Particulars	Approved (DSIR) R&D Expenditure	Other R & D Expenditure	Total
Capital Expenditure	11.00	-	11.00
Revenue Expenditure	148.70	92.14	240.84
Total R&D Expenditure incurred in 2019-2020	**159.70**	**92.14**	**251.84**
Total R&D Expenditure incurred in 2018-2019	**157.87**	**89.24**	**247.11**

43. 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.

44. 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.

45. In Financial Year 2017-18, Setco Automotive UK Ltd had revalued its investment in Setco Automotive (NA) Inc. from Rs. 1,483.11 lakhs to Rs. 2,665.50 lakhs and in Financial Year 2018-19 it has revalued Land and Building from Rs. 813.35 lakhs to Rs. 1,078.63 lakhs. Upon consolidation, these inter company balances have been eliminated and consequent effect on Retained Earnings have been derecognised.

46. In view of the lockdown across the world due to the COVID-19, the Company temporarily suspended the operations in all the units in compliance with the lockdown instructions as issued by the Central and State governments. COVID-19 has impacted the normal business by way of interruption in business operations, supply chain disruption, unavailability of personnel, closure/lockdown of production facilities etc. during the lockdown period.

The Company has performed a detailed assessments of its liquidity position and the recoverability of its assets comprising property, plant and equipment, inventories, receivables and other current assets as at the balance sheet date and on the basis of evaluation, has concluded that no material adjustments are required in the financial statements. However, the impact assessment of COVID-19 is a continuing process, given the uncertainties associated with its nature and duration. The company will continue to monitor any material changes to future economic benefits and the consequent impact on business, if any.

47. Other Notes specific to parent company have been mentioned in the Notes of Parent company' Standalone Financial Statement.

48. Figures in brackets represent previous year's figures.

49. Previous year's figures have been regrouped/ reclassified wherever necessary to confirm 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 : 12th September, 2020

For and on behalf of the Board

Harish Sheth
Chairman & Managing Director

Udit Sheth
Vice Chairman

Urja Shah
Executive Director

Arun Arora
Independent Director

Ashok Jha
Independent Director

Suhasini Sathe
Independent Director

Vinay Shahane
Vice President - Finance

Chandra Kant Sharma
Company Secretary

Place: Mumbai
Date : 12th September, 2020

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 ✓]	:	
9.	9-Digit Code Number of the Bank & Branch appearing on the MICR Cheque issued by the Bank	:	
10.	11-Digit IFSC Code (Optional)	:	

Savings	Current	Cash Credit

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).


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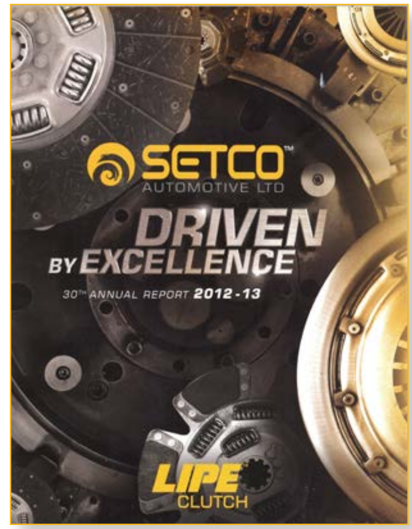
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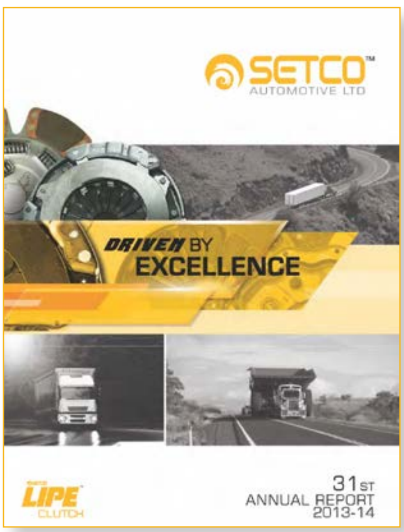
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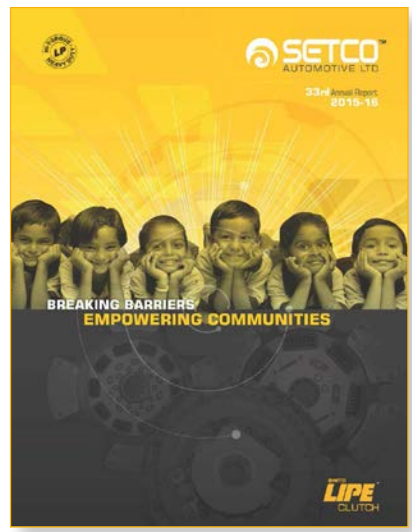
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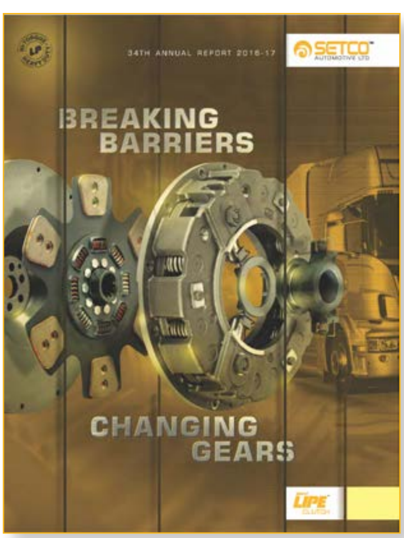
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