

May 30, 2017

To

Bombay Stock Exchange Limited,
Dept. of Corporate Services,
Phiroze Jeejeebhoy Towers,
Dalal Street,
Mumbai – 400 001
Company No. 505075

National Stock Exchange of India Ltd,
Listing Department
Exchange Plaza, Bandra Kurla Complex,
Bandra (East), Mumbai – 400051
Scrip Code: SETCO

Dear Sir,

Sub.: Outcome of Board Meeting

We refer to our letter dated May 19, 2017, vide which it was intimated that the meeting of the Board of Directors scheduled on May 30, 2017, to consider Audited Standalone and Consolidated Annual Accounts and recommend Dividend for the financial year 2016-17.

Pursuant to Regulation 33 of the SEBI (LODR), Regulations, 2015, please take note that the Board of Directors at its meeting held today i.e. Tuesday, May 30, 2017 has, inter alia, approved:

1. Standalone & Consolidated Audited Financial Statements for the financial year ended March 31, 2017. Please find enclosed the said results along with the Auditors Report [Standalone & Consolidated], Declaration by Company for Unmodified opinion for Standalone Results, Statement on Impact of Audit Qualification for the year March 31, 2017 for Consolidated Results respectively alongwith Balance Sheet (statement of Assets & Liabilities) for the year ended March 31, 2017; and



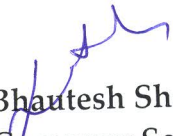


2. Recommended Dividend of Rs. 0.65/- (Sixty Five paisa only) i.e @ 32.50% per Equity Share of Rs. 2/- each for the Financial Year 2016-17, subject to approval of the shareholders at the ensuing Annual General Meeting.
3. Accepted the resignation of Mr. Pratap Ratilal Merchant, (DIN: 00022223), Independent Director of the Company from the close of business hours of 30th May 2017 due to personal reasons. The Board took note of his resignation and placed on record its appreciation for the service rendered by Mr. Pratap Ratilal Merchant.

The Board meeting commenced at 4.15 p.m. and concluded at 7:30 p.m.

Kindly acknowledge the receipt.

For **Setco Automotive Limited**


Bhautesh Shah
Company Secretary



Encl.: as above



INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF SETCO AUTOMOTIVE LIMITED

Report on the Standalone Financial Statements

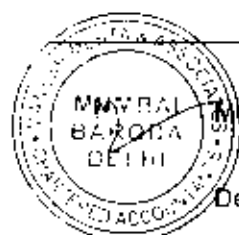
We have audited the accompanying standalone financial statements of **SETCO AUTOMOTIVE LIMITED** ("the company"), which comprise the Balance Sheet as at 31st March 2017, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 and Companies (Accounting Standards) Amendment Rules, 2016. This responsibility also includes the maintenance of adequate accounting records in accordance with the provision of the Act for safeguarding of the assets of the Company and for preventing and detecting the frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial control, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. Those Standards



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require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

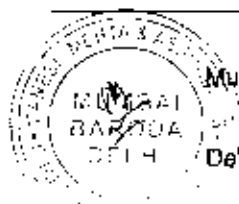
Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements, give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2017 and its profit and its cash flows for the year ended on that date.

Emphasis of Matters

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

- i) Trade payables' balances are under reconciliation process. Necessary adjustments, if any, will be accounted when the same is reconciled. In respect of Trade receivables and other debit/credit balances, balance confirmations have not been obtained and therefore, are subject to reconciliation and adjustment if any. (Refer Note No. 33 (i) of Standalone Financial Statements).
- ii) The Company has invested Rs. 21,99,43,378/- (Rs.11,55,99,533/-) in Equity & Preference shares of wholly owned ultimate foreign subsidiaries including conversion of loans/debtors of Rs. 10,43,43,845 into equity shares of GBP 1 per share at par in case of Setco Automotive (UK)Ltd and also has outstanding receivables in form of loans &



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advances and debts (net) aggregating Rs. 57,64,32,948/- (Rs.64,03,46,206/-) from them as at 31.03.2017. In Setco Automotive (UK) Ltd, the valuation of equity shares is supported by valuation report of Independent Chartered Accountant. Apart from company's direct investments into these wholly owned ultimate foreign subsidiaries referred to above, the company's ultimate wholly owned subsidiary, M/s Setco Automotive (UK) Ltd has an exclusive investment of Rs. 13,42,89,554/- into equity shares of its step down wholly owned subsidiary, M/s. Setco Automotive (N.A.) Inc. These wholly owned ultimate foreign subsidiaries incurred consolidated accumulated losses of Rs. 24,19,85,788/- as at 31.03.2017 resulting into erosion of fair portion of their consolidated net worth. The management is of the opinion that this is a temporary phase considering business plans, future projected profitable operations, asset base, the investment being strategic in nature, going concern basis and solvency of subsidiaries supported by the Parent company (i.e. Setco Automotive Ltd), no provision is required to be made for diminution in value of these investments made in, loans & advances & debts due from the said subsidiaries and they are considered good. (Refer Note No. 43 (ii) of Standalone Financial Statements).

- iii) The company has in earlier years invested Rs. 15,35,00,000/- in 30,70,000 equity shares of SE Transtadia Pvt Ltd., a sports and entertainment Infrastructure company. The said company has completed the project and has commenced commercial operations in March, 2017. The company has accumulated loss of Rs. 12,36,18,141/- as per latest audited financial statements as at 31.03.2016. In the opinion of the management, this investment is strategic in nature which has long term perspective and has comparatively long gestation period. This situation being a temporary phase and considering the future business plans, assets base and other developments, despite accumulated losses, the management firmly believes that there is no erosion in value of its investment in said related entity. (Refer Note No. 43 (iii) of Standalone Financial Statements).
- iv) The company has invested Rs. 53,15,50,000/- in 5,31,55,000 equity shares of Rs. 10/- each in its partly owned subsidiary Lava Cast Pvt Ltd. The company's first year of commercial production ended on 31st March, 2017 resulting in accumulated loss of Rs. 22,85,05,024/-. The management is of the opinion that this being a temporary phase and this financial year being the first full year of operation and considering the future business plans, assets base etc., no provision is required to be made for diminution in the value of this investment made in the said subsidiary. (Refer Note No. 43 (v) of Standalone Financial Statements).

Our opinion is not modified in respect of these matters.



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Report on other Legal and Regulatory Requirements

As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of Section 143(11) of the Act, we give in the Annexure A, a statement on the matters specified in paragraphs 3 and 4 of the said Order.

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

- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- b) In our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
- c) The Balance Sheet, the Statement of Profit and Loss and Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 and Companies (Accounting Standards) Amendment Rules, 2016.
- e) In our opinion, the matters described under the Emphasis of Matters paragraph above, prima facie, do not appear to have any adverse impact on the functioning of the Company.
- f) On the basis of written representations received from the directors as on 31 March, 2017 and taken on record by the Board of Directors, none of the director is disqualified as on 31 March, 2017, from being appointed as a director in terms of Section 164(2) of the Act.
- g) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in Annexure-B, and
- h) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us :



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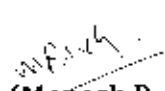


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- i. The Company has disclosed the impact of pending litigations as at 31st March, 2017 on its financial position in standalone financial statements. (Refer Note No. 32 (B) of the Standalone Financial Statements.)
- ii. The Company did not have any long-term contracts including derivative contracts as at 31st March, 2017 for which there were any material foreseeable losses;
- iii. There has been no delay in transferring the amounts, required to be transferred to the Investor Education and Protection Fund by the Company.
- iv. The Company has provided requisite disclosures in the financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8th November, 2016 to 30th December, 2016. Based on our audit procedures and relying on the management representation, we report that the disclosures are in accordance with books of account maintained by the Company and as produced to us by the Management. (Refer Note No. 46 of Standalone Financial Statements)

For Manesh Mehta & Associates
Chartered Accountants
[Firm Registration No. 115832W]

Place : Mumbai
Date : 30th May, 2017


(Manesh P. Mehta)
Partner
Membership No. 036032

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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)

- i. In respect of its fixed assets :
 - a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets on the basis of available information.
 - b) As per the information and explanations given to us, there is a phased program of physical verification of fixed assets as adopted by the Company, which in our opinion, is reasonable having regard to the size of the company and the nature of its assets. As informed to us, no material discrepancies were noticed on such verification.
 - c) The title deeds of immovable properties (except self generated immovable properties) are held in the name of the Company.
- ii. According to the information and explanations given to us, inventories (excluding stocks with third parties) were physically verified during the year by the management at reasonable intervals and no discrepancies were noticed during such verification.
- iii. According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, limited liability partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013 except loans given to its wholly owned ultimate foreign subsidiary companies.
 - a. The terms and conditions of such loans are not prima facie prejudicial to the Company's interest.
 - b. No schedule of repayment of principal or interest has been stipulated for such loans.
 - c. In view of (b) above, the question of any overdue amount does not arise.
- iv. According to the information and explanations given to us, the Company has complied with the provisions of section 185 & 186 of the Act, with respect to Loans & Investments made.



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v. According to the information and explanations given to us, the Company has not accepted any deposits under the directives issued by the Reserve Bank of India or within the meaning of section 73 to 76 or any other relevant provisions of the Companies Act, 2013 and the rules framed there under.

vi. We have been informed that company is not required to maintain cost records u/s 148(1) of the Companies Act 2013.

vii. According to the information and explanations given to us and on the basis of our examination of books of account :

a) The Company has been generally regular in depositing undisputed dues including Provident Fund, Employees' State Insurance, Income Tax, Central Sales-Tax, Service Tax, Custom Duty, Excise Duty, Value Added Tax, Cess, Professional Tax, Wealth Tax and Tax Deducted at Source with appropriate authorities though there have been few instances of delay in deposition in respect of Provident Fund, Employees' State Insurance, Income Tax, Service Tax, Tax Deduction at Source and Custom Duty. According to the information and explanations given to us, there are no undisputed items outstanding as at 31.03.2017 for more than six months from the date they became payable.

b) According to information and explanations given to us and records of the company examined by us, there were disputed dues of income tax and Value Added Tax as of 31st March, 2017 which have not been deposited except specifically stated:

Sr No.	Name of the statute	Nature of the dues	Amount (Rs.)	Period to which the amount relates (A.Y)	Forum where dispute is pending	Remark, if any
1	Income Tax Act, 1961	Penalty u/s 271(1)(c)	12,01,090/-	2004-05	CIT(A)-4, Vadodara	Refer Note no. 32(B) of
2	Income Tax Act, 1961	Income tax dues	Nil Nil Nil	2003-04 2004-05 2005-06	ITAT, D Bench Ahmedabad	Standalone Financial

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			Nil (Note:1)	2006-07		statements.
3	GVAT Act, 2003	VAT, penalty u/s 68(5) of GVAT Act, 2003	10,88,178/- (Deposited)	2016-17	Deputy Commissioner -Appeal, Vadodara	
4	Income Tax Act, 1961	Income tax dues	Nil (Note:2)	2013-14 2014-15	Commissioner of Income Tax (Appeals)- Vadodara	

Note:1- The Income Tax department has preferred appeals at ITAT, Ahmedabad for A.Y 2003-04 to 2007-08. In case of A.Y 2003-04 to 2007-08, CIT(A), Vadodara has allowed the appeals in favour of the Company. The ITAT has already passed the orders for A.Y 2002-03, 2005-06, 2006-07 and 2007-08 in favour of the Company.

Note:2- The Company has preferred an appeal at CIT(A)- Vadodara, for both the years i.e A.Y 2013-14 & 2014-15 for the disallowance of depreciation amount of Product development by the department. Since the Company pays tax under MAT i.e Section 115 JB, there is no additional demand due but the tax credit may reduce due to the demand raised by the Income Tax Department.

- viii. In our opinion and according to the information & explanations given to us, the company has not defaulted in repayment of loans from banks and financial institutions. The company has neither taken any loan from government nor issued any debentures.
- ix. In our opinion and according to the information and explanations given to us and examination of records of the company, the company has not raised any money by way initial public offer or further public offer (including debt instruments) during the year. To the best of our knowledge and belief and according to the information and explanations given to us, in our opinion the term loans raised during the year were applied for the purposes for which those were raised.
- x. To the best of our knowledge and belief and according to the information and explanations given to us, no fraud by the Company or on the Company by its officers or employees were noticed or reported during the year.
- xi. In our opinion and as per the information and explanation given to us, managerial remuneration has been paid or provided as per the provisions of section 197 read with Schedule V of the Act. In view of inadequate profits, the Chairman & Managing Director has been paid remuneration within the limits laid down under Part - II of Schedule V of the Act.

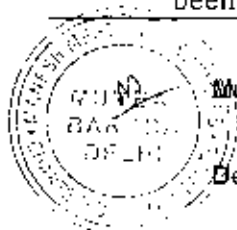
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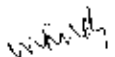
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- xii. In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, paragraph 3(xii) of the Order is not applicable.
- xiii. As per the information and explanation given to us, the transactions with the related parties are in compliance with Section 177 and 188 of the Act and the details thereof have been disclosed in the standalone financial statements as required under accounting standard (AS) 18, "Related Party Transactions" specified under section 133 of the Act, read with rule 7 of the Companies (Accounts) Rules 2014. (Refer Note No.28 of the Standalone Financial Statements).
- xiv. As per the information and explanation given to us, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review.
- xv. As per the information and explanation given to us, the Company has not entered into any non-cash transactions with directors or persons connected with him.
- xvi. The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

Place : Mumbai
Date : 30th May, 2017



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


(Manesh P. Mehta)
Partner
Membership No. 036032

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ANNEXURE B TO INDEPENDENT AUDITORS' REPORT

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

We have audited the internal financial controls over financial reporting of SETCO Automotive Limited ("the Company") as of 31st March, 2017 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

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

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an

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understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the standalone financial statements, whether due to fraud or error.

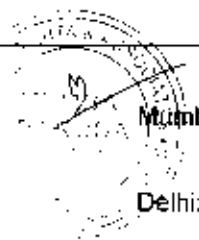
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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



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Opinion

In our opinion, the Company has, in all material respects, a reasonably adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March, 2017 based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. However, such internal financial controls over financial reporting need to be improved and strengthened.

Place : Mumbai
Date : 30th May, 2017



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

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

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INDEPENDENT AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

To,
**THE MEMBERS OF
SETCO AUTOMOTIVE LIMITED**

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of SETCO AUTOMOTIVE LIMITED ("the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries collectively referred to as "the Group"), comprising of the Consolidated Balance Sheet as at March 31, 2017, the Consolidated Statement of Profit and Loss, the Consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as "Consolidated Financial Statements").

Management's Responsibility for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with accounting principles generally accepted in India, including Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 and Companies (Accounting Standards) Amendment Rules, 2016. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were



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

Auditor's Responsibility

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

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

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

Basis for Qualified Opinion

In the absence of relevant information in the accounts of wholly owned ultimate foreign subsidiaries of the Holding company, about the stocks lying with the said subsidiaries out of inter-company transactions, the unrealized profits, if any, is unascertained and not eliminated, which was required to be eliminated as per Accounting Standard-21, "Consolidated Financial Statements" specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 and Companies (Accounting Standards) Amendment Rules, 2016. (Refer Note No. 28(ii) - "Notes forming part of Consolidated Financial Statements"). This matter was also qualified in our report on consolidated financial statements for the year ended 31st March, 2016.

Qualified Opinion

Except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph above, in our opinion and to the best of our information and according to the explanations given to us, and based on consideration of the reports of the auditors on the financial statements of the subsidiaries, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at 31st March, 2017, and its consolidated loss and its consolidated cash flows for the year ended on that date.

Emphasis of Matters

- a) Attention is invited to Note No. 12.5 - Notes forming part of Consolidated Financial Statements which refers to the fact the parent company has in earlier years invested

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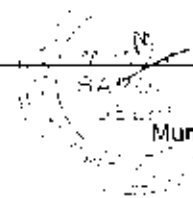


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Rs. 15,35,00,000/- in 30,70,000 equity shares of SE Transtadia Pvt Ltd., a sports and entertainment Infrastructure company. The said company has completed the project and has commenced commercial operations in March 2017. The said company has accumulated loss of Rs. 12,36,18,141/- as per latest audited financial statements as at 31.03.2016. In the opinion of the management, this investment is strategic in nature which has long term perspective and has comparatively long gestation period. This situation being a temporary phase and considering the future business plans, assets base and other developments, despite accumulated losses, the management firmly believes that there is no erosion in value of its investment in said related entity.

- b) Attention is invited to Note No. 33(i) – Notes forming part of Consolidated Financial Statements which refers to the fact that in respect of Parent Company, Trade Payables' balances are under reconciliation process. Necessary adjustments, if any, will be accounted when the same is reconciled. In respect of Trade Receivables and other debit/ credit balances, balance confirmations have not been obtained and therefore, are subject to reconciliation and adjustments, if any. In respect of Indian Subsidiary, Trade Payable, Creditors for capital expenditure and Capital advances are subject to reconciliation and/or confirmation.
- c) Attention is invited to Note No. 37 – Notes forming part of Consolidated Financial Statements which refers to the fact that disclosure in respect of Materials & Component Consumption, Inventories, Deferred Tax Assets, Deferred Tax Liabilities, Trade Receivables and change in Inventories of Finished Goods and Work in Progress are reflected, each at aggregate amounts only on the basis of information available from wholly owned ultimate foreign subsidiaries.
- d) In forming our opinion on the consolidated financial statements, we have relied upon management's presentation & classification of amounts as per requirements of Schedule III of the Act in respect of wholly owned ultimate foreign subsidiaries.

Our opinion is not qualified in respect of these matters.

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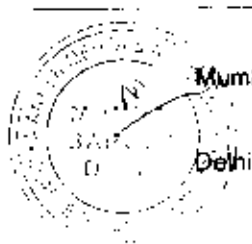
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Other Matters

- a) Financial Statements of Indian subsidiary which reflect total Assets of Rs. 20177.75 lacs as at 31st March, 2017, total revenues of Rs. 4955.67 lacs and net cash inflows amounting to Rs. 30.01 lacs for the year ended on that date, in which the share of loss (net) of the Group is Rs. 1607.91 lacs, have been audited by us.
- b) We did not audit the financial statements of wholly owned ultimate foreign subsidiaries, whose financial statements reflect total assets of Rs. 9414.33 lacs as at 31st March, 2017, total revenues of Rs. 6972.07 lacs and net cash outflows amounting to Rs. 33.30 lacs for the year ended on that date, as considered in the consolidated financial statements. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these wholly owned ultimate foreign subsidiaries, is based solely on the reports of the other auditors.

Report on Other Legal and Regulatory Requirements

1. Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, is not applicable in case of consolidated financial statements.
2. As required by Section 143(3) of the Act, we report that:
 - (a) We have sought and, except for the possible effect of the matters described in paragraph "Basis for Qualified Opinion" above, obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
 - (b) In our opinion, except for the possible effect of the matters described in paragraph "Basis for Qualified Opinion" above, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.



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- (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
- (d) In our opinion, except for the possible effect of the matters described in the "Basis for Qualified Opinion" paragraph above, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 and Companies (Accounting Standards) Amendment Rules, 2016.
- (e) The matters described in the "Basis for Qualified Opinion" and "Emphasis of matters" paragraphs above, in our opinion, prima facie, do not appear to have any adverse effect on the functioning of the Group.
- (f) On the basis of the written representations received from the directors of the Group Companies incorporated in India as on 31st March, 2017 and taken on record by the Board of Directors of the Holding Company and subsidiary company incorporated in India, none of the directors of the Group's companies incorporated in India is disqualified as on 31st March, 2017 from being appointed as a director in terms of Section 164 (2) of the Act.
- (g) The qualification relating to the maintenance of accounts and other matters connected therewith are as stated in the "Basis for Qualified Opinion" paragraph above.
- (h) With respect to the adequacy of the internal financial controls over the financial reporting of the Holding Company and its subsidiary company which is incorporated in India and the operating effectiveness of such controls, refer to our separate Report in Annexure.
- (i) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

- i. The Group has disclosed the impact of pending litigations as at 31st March, 2017 on its financial position in consolidated financial

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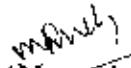
statements. (Refer Note No. 32 (B) of the Consolidated Financial Statements.)

- ii. The Group did not have any long-term contracts including derivative contracts as at 31st March, 2017 for which there were any material foreseeable losses;
- iii. There has been no delay in transferring the amounts, required to be transferred to the Investor Education and Protection Fund by the Group.
- iv. The Holding Company and subsidiary company incorporated in India has provided requisite disclosures in the consolidated financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8th November, 2016 to 30th December, 2016. Based on our audit procedures and relying on the management representation, we report that the disclosures are in accordance with books of account maintained by the Holding Company and subsidiary company incorporated in India and as produced to us by the Management. (Refer Note No. 36 of Consolidated Financial Statements)



Place : Mumbai
Date : 30th May, 2017

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


(Manesh P. Mehta)
Partner
Membership No. 036032

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ANNEXURE TO INDEPENDENT AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

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

In conjunction with our audit of the consolidated financial statements of the group as of and for the year ended 31st March 2017, 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

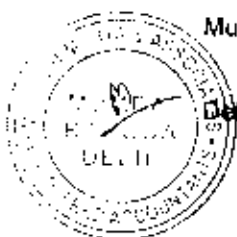
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that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively 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 financial statements, whether due to fraud or error.

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

Meaning of Internal Financial Controls Over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting,

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MANESH P. MEHTA B.Com. F.C.A.
SHRIPAL A. SHAH B.Com. F.C.A., D.I.S.A (ICA)
SURENDER BAGARIA B.Com. F.C.A.
VARSHA K. THAKKAR M.Com. A.C.A.
BANKIM B. DHOLAKIA B.Com. A.C.A.

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

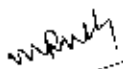
Opinion

In our opinion, the Holding Company and its subsidiary company incorporated in India, have, in all material respects, a reasonably adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March, 2017, based on the internal control over financial reporting criteria established by the Companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. However, such internal financial controls over financial reporting need to be improved and strengthened.



Place : Mumbai
Date : 30th May, 2017

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


(Manesh P. Mehta)
Partner
Membership No. 036032

Branch Offices:

Mumbai: Navrang Bldg., 3rd Floor, 330, Narsinatha Street, Masjid Bunder. Mumbai - 400009.
Tel: (022) 23464126/8767448591 Email: camaneshmehta@gmail.com

Delhi: 140, Surya Niketan, Opp: Anand Vihar Gurudwara, Vikas Marg Extn., Delhi-110092
Tel: +91 9818270137 Email: surender.bagaria@gmail.com



CERTIFIED TS 16949/ISO 14001 EMS OHSAS 18001
CIN No. : L35999GJ1982PLC005203



Dated: 30.05.2017

To

Bombay Stock Exchange Limited, Dept. of Corporate Services, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai – 400 001 Company No. 505075	National Stock Exchange of India Ltd, Listing Department Exchange Plaza, Bandra Kurla Complex, Bandra (East), Mumbai – 400051 Scrip Code: SETCO
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Dear Sir/Madam,

Sub: Declaration for Audit Report of Setco Automotive Limited (Standalone) with unmodified opinion (emphasis of matter) pursuant to circular of SEBI CIR/CFD/CMD/56/2016 dated May 27, 2016

We hereby declare that the audit report of **Setco Automotive Limited (Standalone)** for the year ended March 31, 2017 express an unmodified opinion (emphasis of matter).

Thanking you,

For Setco Automotive Limited

Harish Sheth
Chairman & Managing Director
DIN: 01434459



B L Naik
Audit Committee Chairman

For M/s Manesh Mehta & Associates
Chartered Accountants
Firm Registration No: 115832W

Vinay Shahane
Chief Financial Officer

Manesh Mehta, Partner
Membership No. 036032



Place: Mumbai

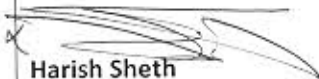
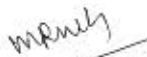
Date: 30/05/2017

Annexure I

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

Statement on Impact of Audit Qualifications for the financial year ended March 31, 2017 [Consolidated] [See Regulation 33/52 of the SEBI (LODR) (Amendment) Regulations, 2016]				
I.	Sl No.	Particulars	Audited Figures (as reported before adjusting for qualifications) (Rs. in lacs)	Adjusted Figures (as reported after adjusting for qualifications)
	1.	Turnover / Total Income	56964	N.A
	2.	Total Expenditure	59118	N.A
	3.	Net Profit / (Loss)	(784)	N.A
	4.	Earnings per share	(0.59)	N.A
	5.	Total Assets	74008	N.A
	6.	Total Liabilities	53548	N.A
	7.	Net Worth	20460	N.A
	8.	Any other financial item(s) (as felt appropriate by the management)	-	-
II.	Audit Qualification (each audit qualification separately)			
	a.	Details of Audit Qualification		
		In the absence of relevant information in the accounts of wholly owned ultimate foreign subsidiaries of the Holding company, about the stocks lying with the said subsidiaries out of inter-company transactions, the unrealized profits, if any, is unascertained and not eliminated, which was required to be eliminated as per Accounting Standard-21, "Consolidated Financial Statements" specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 and Companies (Accounting Standards) Amendment Rules, 2016. (Refer Note No. 28(ii) - "Notes forming part of Consolidated Financial Statements"). This matter was also qualified in our report on consolidated financial statements for the year ended 31st March, 2016.		
	b.	Type of Audit Qualification: Qualified Opinion / ~~Disclaimer of opinion~~ / Adverse Opinion		
	c.	Frequency of qualification: ~~Whether appeared first time/ repetitive~~ / since how long continuing - (since FY -2007-08)		



	d. For Audit Qualification(s) where the impact is quantified by the Auditor, Management's views: N.A
	e. For Audit Qualification(s) where the impact is not quantified by the Auditor: (i) Management's estimation on the impact of audit qualification: Impact cannot be estimated (ii) If Management is unable to estimate the impact, reasons for the same: In view of the accounting method followed by subsidiaries, it is very difficult / not possible to segregate the stock from different sources and work out its valuation. (iii) Auditors' Comments on (i) or (ii) above: The Company needs to take effective steps to resolve the matter.
Signatories:  Harish Sheth Chairman & Managing Director DIN: 01434459   B L Naik Audit Committee Chairman  Vinay Shahane Chief Financial Officer Place: Mumbai Date: 30.05.2017 For M/s Manesh Mehta & Associates Chartered Accountants Firm Registration No:115832W  Manesh Mehta, Partner Membership No. 036032 	

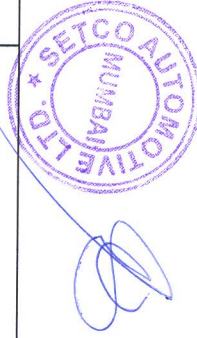


Corporate Identity Number : L35999GJ1982PLC005203

Regd. Office : Baroda - Godhra Highway, Kalol, District Panchmahal, Pin Code - 389 330, Gujarat, Tel :- 02676 - 305600, Fax :- 02676 -235524
Website: www. Setcoauto.com, Email :- investor.relations@setcoauto.com

Part I : Statement of Standalone and Consolidated Audited Financial Results for the Quarter & Year ended March 31, 2017

Sr. No.	Particulars	Standalone				Rs. in Lakhs			
		Quarter Ended		Year Ended		Year Ended		Year Ended	
		31-Mar-17 (Unaudited)	31-Dec-16 (Unaudited)	31-Mar-16 (Unaudited)	31-Mar-16 (Audited)	31-Mar-17 (Audited)	31-Mar-16 (Audited)	31-Mar-17 (Audited)	31-Mar-16 (Audited)
1	Income from Operations								
1a.	Gross Sales / Income from Operations	18,453	12,733	18,585	53,769	60,144	59,622	59,622	59,622
1b.	Less:-Excise Duty	1,022	708	1,064	3,254	3,180	3,254	3,180	3,254
	Net Sales / Income from operations [1a. + 1.b]	17,431	12,025	17,521	50,515	56,964	56,368	56,964	56,368
2	Expenses								
a.	Cost of materials consumed	9,579	6,889	9,233	28,532	28,479	30,481	28,479	30,481
b.	Purchases of stock-in-trade	-	-	-	-	-	-	-	-
c.	Changes in inventories of finished goods, work-in-progress and stock-in-trade	602	46	861	293	(84)	293	(84)	293
d.	Employee benefits expense	1,173	1,280	1,262	4,493	7,787	6,653	7,787	6,653
e.	Depreciation and amortisation expense	420	422	395	1,472	3,022	1,870	3,022	1,870
f.	Other expenses	3,565	2,223	3,091	9,862	14,697	11,526	14,697	11,526
	Total Expenses	15,339	10,860	14,842	44,652	53,901	50,824	53,901	50,824
3	Profit from operations before other income, finance costs and exceptional items (1-2)	2,092	1,165	2,679	5,863	3,063	5,544	3,063	5,544
4.	Other Income	191	222	67	1,302	83	637	83	637
5	Profit from ordinary activities before finance costs and exceptional items (3+4)	2,283	1,387	2,746	7,165	3,146	6,180	3,146	6,180
6	Finance costs	805	948	810	3,076	5,217	3,339	5,217	3,339
7	Profit from ordinary activities after finance costs but before exceptional items (5-6)	1,478	439	1,936	4,089	(2,071)	2,841	(2,071)	2,841
8	Exceptional Items - credit/(charge)	-	-	-	-	-	-	-	-
9	Profit from ordinary activities before tax (7+8)	1,478	439	1,936	4,089	(2,071)	2,841	(2,071)	2,841
10	Tax expense	336	77	403	894	(738)	698	(738)	698
11	Mat credit availed	17	46	(106)	(147)	(55)	(147)	(55)	(147)
12	Net Profit from ordinary activities After Tax [9-10-11]	1,125	316	1,639	3,342	(1,278)	2,290	(1,278)	2,290
13	Extra ordinary Items								
14	Net Profit for the period (12-13)	1,125	316	1,639	3,342	(1,278)	2,290	(1,278)	2,290
15	Minority Interests								
16	Net Profit for the period (14-15)	1,125	316	1,639	3,342	(494)	(30)	(494)	(30)
17	Paid up Equity Share Capital [Face Value Rs.2/- per equity share]	2,672	2,672	2,672	2,672	2,672	2,672	2,672	2,672
18	Reserves excluding Revaluation Reserve								
19	i. Earnings Per Share (EPS) before extra ordinary items (of Rs.2/- each) (not annualised):								
	(a) Basic - Rs.	0.84	0.24	1.23	2.50	(0.59)	1.75	(0.59)	1.75
	(b) Diluted - Rs.	0.84	0.24	1.23	2.50	(0.59)	1.75	(0.59)	1.75
	ii. Earnings Per Share (EPS) after extra ordinary items (of Rs.2/- each) (not annualised):								
	(a) Basic - Rs.	0.84	0.24	1.23	2.50	(0.59)	1.75	(0.59)	1.75
	(b) Diluted - Rs.	0.84	0.24	1.23	2.50	(0.59)	1.75	(0.59)	1.75



Standalone and Consolidated Statement of Balance Sheet (Assets and Liabilities)

Rs.in Lacs

	Particulars	Standalone		Consolidated	
		As at 31st	As at 31st	As at 31st	As at 31st
		March 2017	March 2016	March 2017	March 2016
		(Audited)	(Audited)	(Audited)	(Audited)
A	EQUITY AND LIABILITIES				
1	Shareholders' funds				
	(a) Share capital	2,672	2,672	2,672	2,672
	(b) Reserves and surplus	21,420	19,463	17,788	18,748
	Sub-total - Shareholders' funds	24,092	22,135	20,460	21,420
2	Minority Interest			817	898
3	Non-current liabilities				
	(a) Long-term borrowings	5,609	6,351	17,489	19,082
	(b) Deferred tax liabilities (net)	1,087	980	-	767
	(c) Long-term provisions	116	95	124	102
	Sub-total - Non-current liabilities	6,812	7,426	17,613	19,951
4	Current liabilities				
	(a) Short-term borrowings	17,109	14,267	20,660	17,954
	(b) Trade payables	8,300	8,666	8,620	7,857
	(c) Other current liabilities	4,083	3,651	5,581	4,227
	(d) Short-term provisions	257	1,710	258	1,711
	Sub-total - Current liabilities	29,749	28,294	35,119	31,749
	TOTAL - EQUITY AND LIABILITIES	60,653	57,855	74,009	74,018
B	ASSETS				
1	Non-current assets				
	(a) Fixed assets	16,145	15,818	34,720	35,327
	(b) Non-current investments	12,515	11,121	5,000	5,800
	(b) Deferred tax Assets (net)			514	
	(d) Long-term loans and advances	3,746	3,953	2,494	2,669
	(e) Other Non-Current Assets	-	-	180	38
	Sub-total - Non-current assets	32,406	30,892	42,908	43,834
2	Current assets				
	(a) Current investments	-	-	-	-
	(b) Inventories	8,073	7,850	13,769	14,461
	(c) Trade receivables	12,869	12,555	12,357	11,141
	(d) Cash and cash equivalents	716	122	935	475
	(e) Short-term loans and advances	6,589	6,436	4,040	4,107
	(f) Other current assets				
	Sub-total - Current assets	28,247	26,963	31,101	30,184
	TOTAL - ASSETS	60,653	57,855	74,009	74,018

Notes

- Other Expenses for the year ended March 17, includes Foreign Exchange Fluctuation Loss Rs. 406 lakhs (March 17 Qtr : Rs. 125 lakhs, Previous Year: Gain of Rs 217 lakhs, March 16 qtr : loss of Rs 137 lakhss).
- Employee Benefit expenses for the year ended 31.03.2017 Rs. 37 lakhs (March 17 Qtr: Rs. 7 lakhs, Previous Year and March 16 Qtr: Nil) being the compensation cost recognised under Employee Stock Option Scheme,2015.
- In respect of consolidated accounts, the Statutory Auditors have qualified there opinion on non elimination of unrealised profits on stocks with subsidiaries on inter company transactions, in view of its unascertainability. The subsidiaries are in process of modifyng their respective accounting system to identitfy such profit for the purpose of compliance as required by AS - 21 on 'Consolidated Financial Statements'.
- The Board of Directors have recommended a dividend of Rs.0.65 per equity share of Rs.2/- each for the year ended March 31, 2017 subject to the approval of the shareholders in the ensuing Annual General Meeting.
- The Company operates in single business segment viz. Auto Components and accordingly there are no separate reportable segments in the context of Accounting Standards - 17 "Segment Reporting".
- Figures of last quarter are the balancing figures between audited figures in respect of the full financial year and the revised and restated published previous thre quarters of the relevant financial year.
- Previous Periods' figures have been regrouped/restated wherever necessary to correspond with current year's figures.
- The above audited results have been reviewed and recommended by the Audit Committee and were approved by the Board of Directors at their meeting held on May 30, 2017

For Setco Automotive Ltd.

Harish Sheth

Chairman & Managing Director

DIN:01434459

 Place : Mumbai
Date: May 30, 2017
