

Date: June 6, 2019

To,
Mr. Yogesh Deshmukh
Manager - Listing Compliance
National Stock Exchange of India Ltd.
Exchange Plaza, Plot No. C/1, G Block,
Bandra-Kurla Complex, Bandra (E)
Mumbai - 400 051

**SUB: CLARIFICATION SOUGHT ON FINANCIAL RESULT AS PER
REGULATION 33 OF THE SEBI (LISTING OBLIGATIONS AND DISCLOSURE
REQUIREMENTS) REGULATIONS, 2015.**

REF: LETTER NO. NSE/LIST/FR/14447 DATED JUNE 4, 2019

Dear Sir / Madam,

We are in receipt of above referred letter regarding clarification sought on Financial Result as per Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. In this connection, we have to state as under:

We would like to inform you that we have submitted the Consolidated Audited Report along with Annual Financial Results submitted on May 30, 2019 and the same is part of submission from page no 10 to 13. We enclose herewith the Consolidated Audited Report for your reference and records.

Kindly take note of the same and acknowledge the receipt.

Yours Faithfully,

FOR SETCO AUTOMOTIVE LIMITED



Vinay Shahane
Vice President - Finance

Encl: A/A



INDEPENDENT AUDITOR'S REPORT

To

Board of Directors of

SETCO AUTOMOTIVE LIMITED

We have audited the quarterly financial results of M/s. SETCO AUTOMOTIVE LIMITED for the quarter ended 31st March 2019 and the year to date results for the year ended 31st March 2019, attached herewith, being submitted by the company pursuant to the requirement of Regulation 33 of the SEBI (LODR) Regulations, 2015. These consolidated quarterly financial results as well as the consolidated year to date financial results have been prepared from consolidated interim financial statements, which are the responsibility of the company's management. Our responsibility is to express an opinion on these financial results based on our audit of such consolidated interim financial statements, which have been prepared in accordance with recognition and measurement principles laid down in Ind AS 34- "Interim Financial Reporting" prescribed, under Section 133 of Companies Act, 2013 read with relevant rules issued thereunder and other accounting principles generally accepted in India.

We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial results are free of material misstatement(s). An audit includes examining, on a test basis evidence supporting the amounts disclosed as financial results. An audit also includes assessing the accounting principles used and significant estimates made by management. We believe that our audit provides a reasonable basis for our opinion.

We did not audit the financial statements of 5 subsidiaries included in the consolidated quarterly financial results and consolidated year to date results, whose consolidated interim financial statements reflect total assets of Rs 36219.44 Lakhs as at 31st March, 2019 as well as the total revenue of Rs. 19182.53 Lakhs as at 31st March 2019. These interim financial statements and other financial information have been audited by other auditors whose reports have been furnished to us, and our opinion on the quarterly financial results and the year to date results, to the extent they have been derived from such interim financial statements is based solely on the report of such auditors.



V. PAREKH & ASSOCIATES

CHARTERED ACCOUNTANTS

37, HAMAM STREET, 2nd FLOOR, FORT, MUMBAI - 400 091 ☎ : 2265 92 64 • 2265 35 55 • 2266 62 19 FAX : 2265 43 70 E-Mail : mail@vparekh.com

Attention is invited to *Note No. 32(ii) - 'Notes forming part of Consolidated Ind AS Financial Statements'* which states that "In the absence of relevant information in the accounts of wholly owned ultimate foreign subsidiaries of the Holding company, about the stocks lying with the said subsidiaries out of inter-company transactions, the unrealized profits, if any, is unascertained and not eliminated, which was required to be eliminated as per Indian Accounting Standard (Ind AS)-110 "Consolidated Financial Statements" prescribed under section 133 of the Act, read with the relevant rules issued thereunder."

Subject to the above paragraphs, in our opinion and to the best of our information and according to the explanations given to us these consolidated quarterly financial results as well as the consolidated year to date results:

- (i) Include annual financial result of the following entities:
 - 1. WEW Holdings Limited, Mauritius
 - 2. Setco Automotive (U.K.) Ltd., UK
 - 3. Setco Automotive N.A. Inc., (USA)
 - 4. Setco MEA DMCC, UAE.
 - 5. Lava Cast Private Ltd., India
- (ii) have been presented in accordance with requirements of Regulation 33 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with SEBI circular No. CIR/CFD/FAC/62/2016 dated 5th July 2016 and
- (iii) Give a true and fair view of the consolidated net loss & other financial information for the quarter and year ended 31.03.2019.

We draw attention to:

- a) Trade payables' balances are under reconciliation process. Necessary adjustments, if any, will be accounted when the same is reconciled. In respect of trade receivables and other debit/credit balances for which balance confirmation have been received, are under reconciliation process and necessary adjustment, if any will be accounted when the same is reconciled. While others are subject to reconciliation and adjustments, if any. (Refer Note No. 36 of Consolidated Ind AS Financial Statements).



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- b) The Parent Company has in earlier years invested Rs. 1,535.00 lakhs in 30,70,000 equity shares of SE Transstadia Private Limited, a sports and entertainment infrastructure company. The said company has completed the project and has commenced commercial operations in March, 2017. The company has accumulated loss of Rs. 11,130.18 lakhs (Rs. 1,768.86 lakhs) as per latest audited financial statements as at 31.03.2018. In the opinion of the parent company 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 Group management firmly believes that there is no erosion in value of its investment in said related entity. The carrying value of Holding Company's investment in equity shares of said related entity is also supported by valuation report obtained from independent valuer. (Refer Notes No. 3 of Consolidated Ind AS Financial Statements)
- c) In F.Y. 2017-18 the Holding Company has recognised Rs. 398 Lacs 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. The Holding Company believed, the issuance of notification for Goods & Service Tax (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 Holding Company has filed writ petition claiming refund of said amount & has continued to show this as asset recoverable in accounts. (Refer Notes No. 11 of Consolidated Ind AS Financial Statements)
- d) 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. 39 of Consolidated Ind AS Financial Statements)



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- e) 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.



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

Rasesh V. Parekh

(Rasesh V. Parekh)

Partner

Membership No. 038615

Place : Mumbai

Date : 30th May, 2019