

AUTOMOTIVE LTD



May 30, 2016

To
Dept. of Corporate Services,
Bombay Stock Exchange Limited,
Phiroze Jeejeebhoy Towers,
Dalal Street, Mumbai – 400 001

Company No. 505075

Dear Sir,

Sub.: Outcome of Board Meeting

We refer to our letter dated May 20, 2016, vide which it was intimated that the meeting of the Board of Directors scheduled on May 30, 2016, to consider Audited Standalone and Consolidated Annual Accounts and recommend Dividend for the financial year 2015-16.

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. Monday, May 30, 2016 has, inter alia, approved the following:

1. Standalone & Consolidated Audited Financial Statements for the financial year ended March 31, 2016. 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, 2016 for Consolidated Results respectively alongwith statement of Assets & Liabilities for the year ended March 31, 2016; and
2. Recommended Dividend at 40% i.e. Rs. 0.80/- (Eighty paisa only) per Equity Share of Rs. 2/- each for the Financial Year 2015-16, subject to approval of the shareholders at the ensuing Annual General Meeting.

M



AUTOMOTIVE LTD

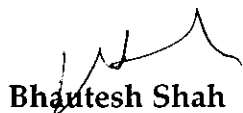
LIPETM
CLUTCH

3. The Nomination & Remuneration Committee of the Board of Directors at its meeting held on May 30, 2016, granted 6,10,000 stock options to the eligible employees of the Company at an exercise price of Rs.16/- per option under Employees Stock Option Scheme 2015. This price is at a discount of Rs.15.95/- on closing share price on the Bombay Stock Exchange on Friday May 27, 2016, i.e. the last trading day before the grant of these options.

The Board meeting commenced at 3.30 p.m. and concluded at 6:40 p.m.

Kindly acknowledge the receipt.

For Setco Automotive Limited


Bhantesh Shah
Company Secretary



Encl.: as above

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 G. VANJANI M.Com. A.C.A.
BANKIM B. DHOLAKIA B.Com. A.C.A.



611, Centre Point,
R.C.Dutt Road, Alkapuri,
Baroda - 390007
Tel: 0265-3052544
E-mail: maneshmehta84@yahoo.co.in
: shrip77@yahoo.com

INDEPENDENT AUDITORS' REPORT

TO
THE MEMBERS OF
SETCO AUTOMOTIVE LIMITED

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of **SETCO AUTOMOTIVE LIMITED** ("the company"), which comprise the Balance Sheet as at 31ST March 2016, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

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

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 require that we comply with ethical requirements and plan and perform the audit to obtain

Branch Offices:

Mumbai: Navrang Bldg., 3rd Floor, 330, Narsinatha Street, Masjid Bunder, Mumbai - 400009.

Tel: (022) 32448591 / 23464126 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



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 G. VANJANI M.Com. A.C.A.
 BANKIM B. DHOLAKIA B.Com. A.C.A.



611, Centre Point,
 R.C. Dutt Road, Alkapuri,
 Baroda - 390007
 Tel: 0265-3052544
 E-mail: maneshmehta84@yahoo.co.in
 : shrip77@yahoo.com

reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements, give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2016 and its profit and its cash flows for the year ended on that date.

Emphasis of Matters

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

- i) Trade Payables, Trade Receivables and other debit and credit balances are subject to reconciliation and / or confirmation. (Refer Note No. 33 (i) of Standalone Financial Statements).
- ii) The Company has invested Rs.11,55,99,533/- in Equity & Preference shares of wholly owned ultimate foreign subsidiaries and also has outstanding receivables in form of loans & advances and debts (net) aggregating Rs.64,03,46,206/- from them as at 31.03.2016. Apart from company's direct investments into these wholly owned ultimate foreign subsidiaries referred to above, the company's ultimate wholly owned subsidiary, M/s Setco Automotive (UK) Ltd has an exclusive investment of Rs. 6,46,05,000/- (US \$ 15,00,000/- invested in F.Y. 2006-07) into equity shares of its step down wholly owned subsidiary,

Branch Offices:

Mumbai: Navrang Bldg., 3rd Floor, 330, Narsinatha Street, Masjid Bunder, Mumbai - 400009.

Tel: (022) 32448591 / 23464126 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



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 G. VANJANI M.Com. A.C.A.
BANKIM B. DHOLAKIA B.Com. A.C.A.



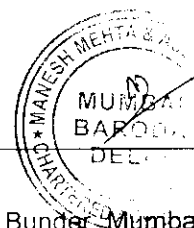
611, Centre Point,
R.C.Dutt Road, Alkapuri,
Baroda - 390007
Tel: 0265-3052544
E-mail: maneshmehta84@yahoo.co.in
: shrip77@yahoo.com

M/s. Setco Automotive (N.A.) Inc. These wholly owned ultimate foreign subsidiaries incurred consolidated accumulated losses of Rs. 12,34,12,067/- as at 31.03.2016 resulting into erosion of fair portion of their consolidated net worth. The management is of the opinion that this is a temporary phase considering various efforts being made to restructure/streamline the operations of the wholly owned ultimate foreign subsidiaries, more particularly in case of M/s. Setco Automotive (UK) Limited, which is the major contributory subsidiary for consolidated accumulated losses. These being strategic investments made with a very long term perspective and also in view of the asset base, business plans and projected profitable operations of the wholly owned ultimate foreign subsidiaries, in the opinion of the management, no provision is required to be made for diminution in value of these investments made in, loans & advances & debts due from the said subsidiaries and they are considered good. (Refer Note No. 43(ii) of Standalone Financial Statements).

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

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

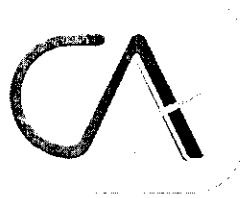
The company had treated these R & D expenditure as revenue expenditure in its declared interim financial results for three quarters (i.e. up to 31.12.15) of F.Y. 2015-16 submitted to stock exchange. Based on accounting expert's opinion referred to above, the company has restated said interim financial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

**Branch Offices:**

Mumbai: Navrang Bldg., 3rd Floor, 330, Narsinatha Street, Masjid Bunder, Mumbai - 400009.
Tel: (022) 32448591 / 23464126 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

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 G. VANJANI M.Com. A.C.A.
BANKIM B. DHOLAKIA B.Com. A.C.A.



611, Centre Point,
R.C.Dutt Road, Alkapuri,
Baroda - 390007
Tel: 0265-3052544
E-mail: maneshmehta84@yahoo.co.in
: shrip77@yahoo.com

Our opinion is not modified in respect of these matters.

Report on other Legal and Regulatory Requirements

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

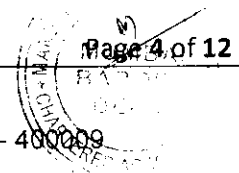
As required by section 143(3) of the Act, we report that :

- 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.
- e) In our opinion, the matters described under the Emphasis of Matters paragraph above, prima facie, do not appear to have any adverse impact on the functioning of the Company.
- f) On the basis of written representations received from the directors as on 31 March, 2016 and taken on record by the Board of Directors, none of the director is disqualified as on 31 March, 2016, from being appointed as a director in terms of Section 164(2) of the Act.
- g) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in Annexure-B, and
- h) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us :

Branch Offices:

Mumbai: Navrang Bldg., 3rd Floor, 330, Narsinatha Street, Masjid Bunder, Mumbai - 400009
Tel: (022) 32448591 / 23464126 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



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 G. VANJANI M.Com. A.C.A.
BANKIM B. DHOLAKIA B.Com. A.C.A.



611, Centre Point,
R.C.Dutt Road, Alkapuri,
Baroda - 390007
Tel: 0265-3052544
E-mail: maneshmehta84@yahoo.co.in
: shrip77@yahoo.com

- i. The Company has disclosed the impact of pending litigations as at 31st March, 2016 on its financial position in standalone financial statements. (Refer Note No. 32 (B) of the Standalone Financial Statements.)
- ii. The Company did not have any long-term contracts including derivative contracts as at 31st March, 2016 for which there were any material foreseeable losses;
- iii. There has been no delay in transferring the amounts, required to be transferred to the Investor Education and Protection Fund by the Company.

Place : Mumbai
Date : 30th May, 2016



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) 32448591 / 23464126 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

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 G. VANJANI M.Com. A.C.A.
BANKIM B. DHOLAKIA B.Com. A.C.A.



611, Centre Point,
R.C.Dutt Road, Alkapuri,
Baroda - 390007
Tel: 0265-3052544
E-mail: maneshmehta84@yahoo.co.in
: shrip77@yahoo.com

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.

Branch Offices:

Mumbai: Navrang Bldg., 3rd Floor, 330, Narsinatha Street, Masjid Bunder, Mumbai - 400009.
Tel: (022) 32448591 / 23464126 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

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 G. VANJANI M.Com. A.C.A.
 BANKIM B. DHOLAKIA B.Com. A.C.A.



611, Centre Point,
 R.C.Dutt Road, Alkapuri,
 Baroda - 390007
 Tel: 0265-3052544
 E-mail: maneshmehta84@yahoo.co.in
 : shrip77@yahoo.com

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

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

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

- a) The Company has been generally regular in depositing undisputed dues including Provident Fund, Employees' State Insurance, Income Tax, Central Sales-Tax, Service Tax, Custom Duty, Excise Duty, Value Added Tax, Cess, Professional Tax, Wealth Tax and Tax Deducted at Source with appropriate authorities though there have been few instances of delay in deposition in respect of Employees' State Insurance, Income Tax, Excise Duty, Service Tax, Tax Deduction at Source and Custom Duty. According to the information and explanations given to us, there are no undisputed items outstanding as at 31.03.2016 for more than six months from the date they became payable.
- b) According to information and explanations given to us and records of the company examined by us, there were disputed dues of income tax and Value Added Tax as of 31st March, 2016 which have not been deposited except specifically stated:

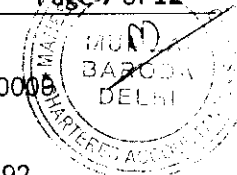
Sr No.	Name of the statute	Nature of the dues	Amount (Rs.)	Period to which the amount relates (A.Y)	Forum where dispute is pending	Remark, if any
1	Income Tax Act, 1961	Penalty u/s 271(1)(c)	12,01,090/-	2004-05	CIT(A)-4, Vadodara	Refer Note no. 32(B) of Standalone Financial statements.
2	Income Tax Act, 1961	Income tax dues	Nil*	2003-04	ITAT, D Bench Ahmedabad	
			Nil*	2004-05		
			Nil*	2005-06		
			Nil*	2006-07		

Page 7 of 12

Branch Offices:

Mumbai: Navrang Bldg., 3rd Floor, 330, Narsinatha Street, Masjid Bunder, Mumbai - 400008
 Tel: (022) 32448591 / 23464126 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





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 G. VANJANI M.Com. A.C.A.
BANKIM B. DHOLAKIA B.Com. A.C.A.

3	Income Tax Act, 1961	Income tax dues	16,520/-	2010-11	ITAT, Ahmedabad	
4	GVAT Act, 2003	VAT, penalty u/s 68(5) of GVAT Act, 2003	10,88,178/- (Deposited)	2016-17	Deputy Commissioner -Appeal, Vadodara	

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

- viii. In our opinion and according to the information & explanations given to us, the company has not defaulted in repayment of loans from banks and financial institution. The company has neither taken any loan from government nor issued any debentures.
- ix. In our opinion and according to the information and explanations given to us and examination of records of the company, the company has not raised any money by way initial public offer or further public offer (including debt instruments) during the year. To the best of our knowledge and belief and according to the information and explanations given to us, in our opinion the term loans raised during the year were applied for the purposes for which those were raised.
- x. To the best of our knowledge and belief and according to the information and explanations given to us, no fraud by the Company or on the Company by its officers or employees were noticed or reported during the year.
- xi. In our opinion and as per the information and explanation given to us, managerial remuneration has been paid or provided as per the provisions of section 197 read with Schedule V of the Act.
- xii. In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, paragraph 3(xii) of the Order is not applicable.
- xiii. As per the information and explanation given to us, the transactions with the related parties are in compliance with Section 177 and 188 of the Act and the details thereof have been disclosed in the standalone financial statements as required under accounting standard (AS) 18, "Related Party Transactions" specified under section 133 of the Act, read

Branch Offices:

Mumbai: Navrang Bldg., 3rd Floor, 330, Narsinatha Street, Masjid Bunder, Mumbai - 400009.

Tel: (022) 32448591 / 23464126 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



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 G. VANJANI M.Com. A.C.A.
BANKIM B. DHOLAKIA B.Com. A.C.A.



611, Centre Point,
R.C.Dutt Road, Alkapuri,
Baroda - 390007
Tel: 0265-3052544
E-mail: maneshmehta84@yahoo.co.in
: shrip77@yahoo.com

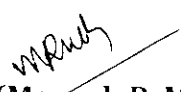
with rule 7 of the Companies (Accounts) Rules 2014. (Refer Note No.28 of the Standalone Financial Statements).

- 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, 2016

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) 32448591 / 23464126 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

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 G. VANJANI M.Com. A.C.A.
BANKIM B. DHOLAKIA B.Com. A.C.A.



611, Centre Point,
R.C.Dutt Road, Alkapuri,
Baroda - 390007
Tel: 0265-3052544
E-mail: maneshmehta84@yahoo.co.in
: shrip77@yahoo.com

ANNEXURE B TO INDEPENDENT AUDITORS' REPORT

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

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

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

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

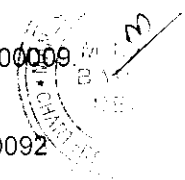
Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an

Page 10 of 12

Branch Offices:

Mumbai: Navrang Bldg., 3rd Floor, 330, Narsinatha Street, Masjid Bunder, Mumbai - 400009
Tel: (022) 32448591 / 23464126 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



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 G. VANJANI M.Com. A.C.A.
BANKIM B. DHOLAKIA B.Com. A.C.A.



611, Centre Point,
R.C.Dutt Road, Alkapuri,
Baroda - 390007
Tel: 0265-3052544
E-mail: maneshmehta84@yahoo.co.in
: shrip77@yahoo.com

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.



Branch Offices:

Mumbai: Navrang Bldg., 3rd Floor, 330, Narsinatha Street, Masjid Bunder, Mumbai - 400009.
Tel: (022) 32448591 / 23464126 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

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 G. VANJANI M.Com. A.C.A.
BANKIM B. DHOLAKIA B.Com. A.C.A.



611, Centre Point,
R.C.Dutt Road, Alkapuri,
Baroda - 390007
Tel: 0265-3052544
E-mail: maneshmehta84@yahoo.co.in
: shrip77@yahoo.com

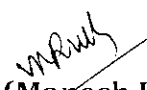
Opinion

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

Place : Mumbai
Date : 30th May, 2016



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) 32448591 / 23464126 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



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 G. VANJANI M.Com. A.C.A.
BANKIM B. DHOLAKIA B.Com. A.C.A.

611, Centre Point,
R.C.Dutt Road, Alkapuri,
Baroda - 390007
Tel: 0265-3052544
E-mail: maneshmehta84@yahoo.co.in
: shrip77@yahoo.com

INDEPENDENT AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

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

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of SETCO AUTOMOTIVE LIMITED ("the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries collectively referred to as "the Group"), comprising of the Consolidated Balance Sheet as at March 31, 2016, the Consolidated Statement of Profit and Loss, the Consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as "Consolidated Financial Statements").

Management's Responsibility for the Consolidated Financial Statements

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

Page 1 of 10

Branch Offices:

Mumbai: Navrang Bldg., 3rd Floor, 330, Narsinatha Street, Masjidi Bunder, Mumbai - 400009.
Tel: (022) 32448591 / 23464126 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





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 G. VANJANI M.Com. A.C.A.
BANKIM B. DHOLAKIA B.Com. A.C.A.

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.

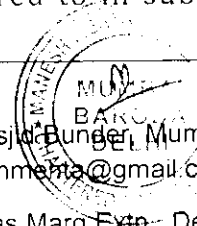
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, 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.

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

Branch Offices:

Mumbai: Navrang Bldg., 3rd Floor, 330, Narsinatha Street, Masjid Bunder, Mumbai - 400009.
Tel: (022) 32448591 / 23464126 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





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 G. VANJANI M.Com. A.C.A.
BANKIM B. DHOLAKIA B.Com. A.C.A.

the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our qualified audit opinion on the Consolidated Financial Statements.

Basis for Qualified Opinion

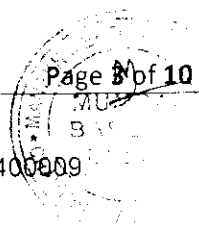
In the absence of relevant information in the accounts of wholly owned ultimate foreign subsidiaries of the Holding company, about the stocks lying with the said subsidiaries out of inter-company transactions, the unrealized profits, if any, is unascertained and not eliminated, which was required to be eliminated as per Accounting Standard-21, "Consolidated Financial Statements" specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (Refer Note No. 28(ii) - "Notes forming part of Consolidated Financial Statements"). This matter was also qualified in our report on consolidated financial statements for the year ended 31st March, 2015.

Qualified Opinion

Except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph above, In our opinion and to the best of our information and according to the explanations given to us, and based on consideration of the reports of the auditors on the financial statements of the subsidiaries, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at 31st March, 2016, and its consolidated profit and its consolidated cash flows for the year ended on that date.

Emphasis of Matters

- a) Attention is invited to Note No. 33(i) – Notes forming part of Consolidated Financial Statements which refers to the fact that in respect of Holding Company, Trade Payables, Trade Receivables and other debit and credit balances are subject to reconciliation and / or confirmation. In respect of Indian Subsidiary, Trade Payable,



Branch Offices:

Mumbai: Navrang Bldg., 3rd Floor, 330, Narsinatha Street, Masjid Bunder, Mumbai - 400009
Tel: (022) 32448591 / 23464126 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



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 G. VANJANI M.Com. A.C.A.
BANKIM B. DHOLAKIA B.Com. A.C.A.

611, Centre Point,
R.C.Dutt Road, Alkapuri,
Baroda - 390007
Tel: 0265-3052544
E-mail: maneshmehta84@yahoo.co.in
shrip77@yahoo.com

Creditors for capital expenditure and Capital advances are subject to reconciliation and/or confirmation.

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

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

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

- c) Attention is invited to Note No. 36 - Notes forming part of Consolidated Financial Statements which refers to the fact that in respect of Indian Subsidiary, Since Plant was not able to produce products in commercially feasible quality & quantity, and based on Technical Expert's Opinion and Accounting Expert's Opinion obtained by the Company in the matter, the management is of opinion that the Company is under trial run as at 31.03.2016. Accordingly, Costs associated with Trial Production (Net of Realization of

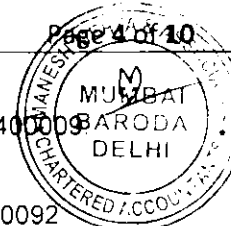
Branch Offices:

Mumbai: Navrang Bldg., 3rd Floor, 330, Narsinatha Street, Masjid Bunder, Mumbai - 400009

Tel: (022) 32448591 / 23464126 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





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 G. VANJANI M.Com. A.C.A.
BANKIM B. DHOLAKIA B.Com. A.C.A.

Revenue from Trial Production) are treated as "Pre-Operative Expenses" to be apportioned to Fixed Assets in accordance with applicable Accounting Standards and that capitalization of assets will be carried out when the assets are completely ready for their intended use.

- d) Attention is invited to Note No. 39 – Notes forming part of Consolidated Financial Statements which refers to the fact that disclosure in respect of Materials & Component Consumption, Inventories, Deferred Tax Liabilities, Trade Receivables and change in Inventories of Finished Goods and Work in Progress are reflected, each at aggregate amounts only on the basis of information available from wholly owned ultimate foreign subsidiaries.
- e) In forming our opinion on the consolidated financial statements, we have relied upon management's presentation & classification of amounts as per requirements of Schedule III of the Act in respect of wholly owned ultimate foreign subsidiaries.

Our opinion is not qualified in respect of these matters.

Other Matters

- a) Financial Statements of Indian subsidiary which reflect total Assets of Rs. 19502.27 lacs as at 31st March, 2016, total revenues of Rs. 35.27 lacs and net cash outflows amounting to Rs. 163.28 lacs for the year ended on that date, in which the share of loss (net) of the Group is Rs.92.64 lacs, have been audited by us.
- b) We did not audit the financial statements of wholly owned ultimate foreign subsidiaries, whose financial statements reflect total assets of Rs. 10605.51 lacs as at 31st March, 2016, total revenues of Rs. 7379.02 lacs and net cash outflows amounting to Rs. 5.46 lacs for the year ended on that date, as considered in the consolidated financial statements. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these wholly owned ultimate foreign subsidiaries, is based solely on the reports of the other auditors.

Branch Offices:

Mumbai: Navrang Bldg., 3rd Floor, 330, Narsinatha Street, Masjid Bunder, Mumbai - 400009.
Tel: (022) 32448591 / 23464126 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



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 G. VANJANI M.Com. A.C.A.
BANKIM B. DHOLAKIA B.Com. A.C.A.

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.
 - (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
 - (d) In our opinion, except for the possible effect of the matters described in the "Basis for Qualified Opinion" paragraph above, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - (e) The matters described in the "Basis for Qualified Opinion" and "Emphasis of matters" paragraphs above, in our opinion, prima facie, do not appear to have any adverse effect on the functioning of the Group.
 - (f) On the basis of the written representations received from the directors of the Group Companies incorporated in India as on 31st March, 2016 and taken on record by the Board of Directors of the Holding Company and subsidiary company incorporated in India, none of the directors of the Group's companies



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 G. VANJANI M.Com. A.C.A.
BANKIM B. DHOLAKIA B.Com. A.C.A.

incorporated in India is disqualified as on 31st March, 2016 from being appointed as a director in terms of Section 164 (2) of the Act.

(g) The qualification relating to the maintenance of accounts and other matters connected therewith are as stated in the "Basis for Qualified Opinion" paragraph above.

(h) With respect to the adequacy of the internal financial controls over the financial reporting of the Holding Company and its subsidiary company which is incorporated in India and the operating effectiveness of such controls, refer to our separate Report in Annexure.

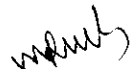
(i) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

- i. The Group has disclosed the impact of pending litigations as at 31st March, 2016 on its financial position in consolidated financial 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, 2016 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.

Place : Mumbai
Date : 30th May, 2016



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) 32448591 / 23464126 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



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 G. VANJANI M.Com. A.C.A.
BANKIM B. DHOLAKIA B.Com. A.C.A.

ANNEXURE TO INDEPENDENT AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

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

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

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

Our responsibility is to express an opinion on the Companies' internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the ICAI and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require

Page 8 of 10

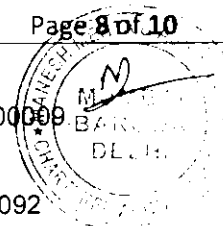
Branch Offices:

Mumbai: Navrang Bldg., 3rd Floor, 330, Narsinatha Street, Masjid Bunder, Mumbai - 400009

Tel: (022) 32448591 / 23464126 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





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 G. VANJANI M.Com. A.C.A.
BANKIM B. DHOLAKIA B.Com. A.C.A.

that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

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

Meaning of Internal Financial Controls Over Financial Reporting

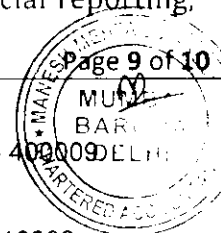
A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Branch Offices:

Mumbai: Navrang Bldg., 3rd Floor, 330, Narsinatha Street, Masjid Bunder, Mumbai - 400009
Tel: (022) 32448591 / 23464126 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





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 G. VANJANI 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, 2016, based on the internal control over financial reporting criteria established by the Companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. However, such internal financial controls over financial reporting need to be improved and strengthened.



Place : Mumbai

Date : 30th May, 2016

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) 32448591 / 23464126 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

AUTOMOTIVE LTD

LIPE™
CLUTCH

Dated: 30.05.2016

Bombay Stock Exchange Limited
14th floor, P J Towers
Dalal Street,
Mumbai- 400001

BSE Code: 505075

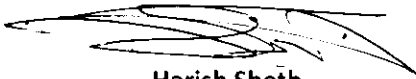
Dear Sir/Madam,

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

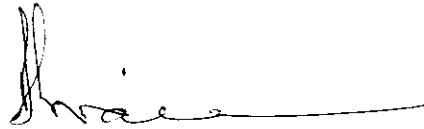
We hereby declare that the audit report of **Setco Automotive Limited (Standalone)** for the year ended March 31, 2016 express an unmodified opinion (emphasis of matter).

Thanking you,

For Setco Automotive Limited



Harish Sheth
Chairman & Managing Director
DIN: 01434459

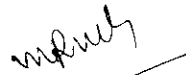


B L Naik
Audit Committee Chairman

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: 30/05/2016

AUTOMOTIVE LTD



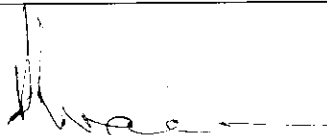
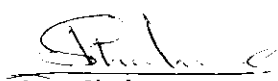
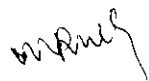
Annexure I

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

Statement on Impact of Audit Qualifications for the financial year ended March 31, 2016 [Consolidated] [See Regulation 33/52 of the SEBI (LODR) (Amendment) Regulations, 2016]				
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	56368	N.A
	2.	Total Expenditure	54163	N.A
	3.	Net Profit / (Loss)	2320	N.A
	4.	Earnings per share	1.74	N.A
	5.	Total Assets	74017	N.A
	6.	Total Liabilities	52598	N.A
	7.	Net Worth	21419	N.A
	8.	Any other financial item(s) (as felt 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 (Refer Note No. 28(ii) - "Notes forming part of Consolidated Financial Statements"). This matter was also qualified in our report on consolidated financial statements for the year ended 31st March, 2015.			
	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)			

AUTOMOTIVE LTD



	<p>d. For Audit Qualification(s) where the impact is quantified by the Auditor, Management's views: N.A</p>
	<p>e. For Audit Qualification(s) where the impact is not quantified by the Auditor:</p> <p>(i) Management's estimation on the impact of audit qualification: Impact cannot be estimated</p> <p>(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.</p> <p>(iii) Auditors' Comments on (i) or (ii) above: The Company needs to take effective steps to resolve the matter.</p>
	<p>Signatories:</p> <div style="display: flex; justify-content: space-between;"><div style="width: 45%;"><p>Harish Sheth Chairman & Managing Director DIN: 01434459</p></div><div style="width: 45%;"><p>B L Naik Audit Committee Chairman</p></div></div> <div style="display: flex; justify-content: space-between; margin-top: 20px;"><div style="width: 45%;"><p>Vinay Shahane Chief Financial Officer</p></div><div style="width: 45%;"><p>For M/s Manesh Mehta & Associates Chartered Accountants Firm Registration No:115832W</p><p>Manesh Mehta, Partner Membership No. 036032</p></div></div> <p>Place: Mumbai Date: 30.05.2016</p>



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 :- contact@setcoauto.com

Part I : Statement of Standalone and Consolidated Audited Financial Results for the Quarter & Year ended March 31, 2016

₹. in Lacs

Sr. No.	Particulars	Standalone			Standalone		Consolidated	
		Quarter Ended			Year Ended		Year Ended	
		31-Mar-16	31-Dec-15	31-Mar-15	31-Mar-16	31-Mar-15	31-Mar-16	31-Mar-15
		(Unaudited)	(Unaudited)	(Unaudited)	(Audited)	(Audited)	(Audited)	(Audited)
1	Income from Operations							
1a.	Net Sales / Income from Operations (net of excise duty)	17,521	11,597	13,022	50,515	45,813	56,368	52,423
1b.	Other Operating Income	-	-	-	-	-	-	-
	Total Income from operations [1a. + 1.b]	17,521	11,597	13,022	50,515	45,813	56,368	52,423
2	Expenses							
a.	Cost of materials consumed	9,233	6,498	6,986	28,532	27,414	30,481	29,529
b.	Purchases of stock-in-trade	-	-	-	-	-	-	-
c.	Changes in inventories of finished goods, work-in-progress and stock-in-trade	861	150	934	293	(260)	293	(260)
d.	Employee benefits expense	1,262	1,104	1,121	4,493	3,974	6,653	5,991
e.	Depreciation and amortisation expense	395	377	345	1,472	1,324	1,870	1,590
f.	Other expenses	3,091	1,950	2,719	9,862	9,103	11,526	10,777
	Total Expenses	14,842	10,079	12,105	44,652	41,555	50,824	47,627
3	Profit from operations before other income, finance costs and exceptional items (1-2)	2,679	1,518	917	5,863	4,258	5,544	4,796
4	Other Income	67	205	59	1,302	907	637	444
5	Profit from ordinary activities before finance costs and exceptional items (3+4)	2,746	1,723	976	7,165	5,165	6,180	5,240
6	Finance costs	810	797	592	3,076	2,343	3,339	2,632
7	Profit from ordinary activities after finance costs but before exceptional items (5-6)	1,936	926	384	4,089	2,822	2,841	2,608
8	Exceptional Items - credit/(charge)	-	-	-	-	-	-	-
9	Profit from ordinary activities before tax (7+8)	1,936	926	384	4,089	2,822	2,841	2,608
10	Tax expense	403	241	97	894	582	698	658
11	Mat credit availed	(106)	35	(10)	(147)	(111)	(147)	(111)
12	Net Profit from ordinary activities After Tax [9-10-11]	1,639	651	297	3,342	2,351	2,290	2,061
13	Extra ordinary Items							
14	Net Profit for the period (12-13)	1,639	651	297	3,342	2,351	2,290	2,061
15	Minority Interests	-	-	-	-	-	(30)	(6)
16	Net Profit for the period (14-15)	1,639	651	297	3,342	2,351	2,320	2,067
17	Paid up Equity Share Capital (Face Value ₹. 10/- per equity share)	2,672	2,672	2,672	2,672	2,672	2,672	2,672
18	Reserves excluding Revaluation Reserve	-	-	-	16,657	14,574	15,815	14,594
19	i. Earnings Per Share (EPS) before extra ordinary items (of ₹. 10/- each) (not annualised):							
	(a) Basic - ₹.	1.23	0.49	0.22	2.50	1.76	1.75	1.56
	(b) Diluted - ₹.	1.23	0.49	0.22	2.50	1.76	1.75	1.56
	ii. Earnings Per Share (EPS) after extra ordinary items (of ₹. 10/- each) (not annualised):							
	(a) Basic - ₹.	1.23	0.49	0.22	2.50	1.76	1.75	1.56
	(b) Diluted - ₹.	1.23	0.49	0.22	2.50	1.76	1.75	1.56

Standalone and Consolidated Statement of Assets and Liabilities

₹. in Lacs

	Particulars	Standalone		Consolidated	
		As at 31st March 2016	As at 31st March 2015	As at 31st March 2016	As at 31st March 2015
		(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	19,463	17,407	18,748	17,559
	Sub-total - Shareholders' funds	22,135	20,079	21,420	20,231
2	Minority Interest			898	928
3	Non-current liabilities				
	(a) Long-term borrowings	6,351	7,924	19,082	15,219
	(b) Deferred tax liabilities (net)	980	897	767	895
	(c) Long-term provisions	95	109	102	109
	Sub-total - Non-current liabilities	7,426	8,930	19,951	16,223
4	Current liabilities				
	(a) Short-term borrowings	14,267	12,077	17,954	15,278
	(b) Trade payables	8,666	4,335	7,857	4,131
	(c) Other current liabilities	3,651	2,035	4,227	2,439
	(d) Short-term provisions	1,710	594	1,711	596
	Sub-total - Current liabilities	28,294	19,041	31,749	22,444
	TOTAL - EQUITY AND LIABILITIES	57,855	48,050	74,018	59,826
B	ASSETS				
1	Non-current assets				
	(a) Fixed assets	15,818	14,365	35,327	26,719
	(b) Non-current investments	11,121	8,197	5,800	4,520
	(c) Long-term loans and advances	3,953	4,404	2,669	3,603
	(d) Other Non-Current Assets	-	-	38	123
	Sub-total - Non-current assets	30,892	26,966	43,834	34,965
2	Current assets				
	(a) Current investments	-	-	-	-
	(b) Inventories	7,850	7,275	14,461	13,113
	(c) Trade receivables	12,555	8,791	11,141	7,802
	(d) Cash and cash equivalents	122	610	475	1,070
	(e) Short-term loans and advances	6,436	4,408	4,107	2,876
	(f) Other current assets	-	-	-	-
	Sub-total - Current assets	26,963	21,084	30,184	24,861
	TOTAL - ASSETS	57,855	48,050	74,018	59,826

Notes

- In respect of consolidated accounts, the Statutory Auditors have qualified their 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 modifying their respective accounting system to identify such profit for the purpose of compliance as required by AS - 21 on 'Consolidated Financial Statements'.
- Pursuant to the approval of members in the Annual General Meeting held on 28th September, 2015, the equity shares of face value of Rs.10/- each have been subdivided into equity shares of face value of Rs. 2/- each with effect from 17th December, 2015. As a result, the number of equity shares has increased from 2,67,19,335 to 13,35,96,675 shares. The earning per share for all the periods presented has been restated accordingly.
- The Board of Directors have recommended a dividend of ₹. 0.80 per equity share of ₹. 2/- each for the year ended March 31, 2016 subject to the approval of the shareholders in the ensuing Annual General Meeting.
- The Nomination and Remuneration committee of the Board of Directors of the Company at its meeting held on 30th May 2016 granted 6,10,000 stock options to the eligible employees of the Company at an exercise price of Rs. 16/- per option under the Employees Stock Option Scheme 2015. This price is at a discount of Rs. 15.95/- on closing share price on the Bombay Stock Exchange (BSE) on Friday, 27th May, 2016 the last trading day before the grant of these options.
- 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 three 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, 2016

For Setco Automotive Ltd.



 Harish Sheth
Chairman & Managing Director

 Place : Mumbai
Date: May 30, 2016