SETCO™ AUTOMOTIVE LTD
LIPE CLUTCH

December 7, 2021

To,

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

Dear Sir,

Sub: Annual Report of the Company for F.Y. 2020-21

Pursuant to Regulation 34 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed herewith the 38th Annual Report of the Company for the financial year 2020-21.

The 38th Annual Report of the Company for the financial year 2020-21 is also being made available on the website of the Company.

This is for your information and record.

Thanking you,

Yours faithfully,
For Setco Automotive Limited

Hiren Vala
Company Secretary

SETCO™ AUTOMOTIVE LTD

Efficient Engineering

SINCE 1982

38th ANNUAL REPORT | 2020-21

EFFICIENT ENGINEERING

DRIVEN BY
INNOVATION DESIGN TECHNOLOGY

FORWARD-LOOKING STATEMENT

The report contains forward-looking statements that involve risks and uncertainties. When used in this discussion, the words like ‘plans’, ‘expects’, ‘anticipates’, ‘believes’, ‘intends’, ‘estimates’, or other similar expressions as they relate to the company or its business are intended to identify such forward-looking statements, which are based on certain assumptions and expectations of future events. The company’s actual results, performance or achievements could differ materially from those expressed or implied in such forward-looking statements.

CORPORATE

STATUTORY

CORPORATE INFORMATION

BOARD OF DIRECTORS:

Mr. Harish Sheth	Chairman & Managing Director
Mr. Udit Sheth	Vice Chairman
Mrs. Urja Shah	Executive Director
Dr. Arun Arora	Independent Director
Mr. Ashok Jha	Independent Director
Ms. Suhasini Sathe	Independent Director

KEY MANAGERIAL PERSONNEL:

Mr. Jatinder Bir Singh Gujral	Chief Executive Officer
Mr. Vinay Shahane (Ceased w.e.f. 23rd November, 2020)	Vice President - Finance & CFO
Mr. Rovinder Kumar Singla (Appointed w.e.f. 2nd August, 2021)	Chief Financial Officer
Mr. Chandra Kant Sharma (Resigned w.e.f. 29th December, 2020)	Company Secretary
Mr. Hiren Vala (Appointed w.e.f. 1st January, 2021)	Company Secretary

AUDIT COMMITTEE:

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

NOMINATION & REMUNERATION COMMITTEE:

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

STAKEHOLDERS GRIEVANCES & RELATIONSHIP COMMITTEE:

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

CORPORATE SOCIAL RESPONSIBILITY (CSR) COMMITTEE

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

BANKERS / FINANCIAL INSTITUTIONS:

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

SOLICITORS:

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

STATUTORY AUDITORS:

V. Parekh & Associates
Chartered Accounts,
Mumbai, Maharashtra - India

SECRETARIAL AUDITORS:

P. P. Shah & Co.
Practicing Company Secretary,
Mumbai, Maharashtra - India

REGISTRAR & SHARE TRANSFER AGENTS

Link Intime India Private Limited
C-101, 247 Park, L. B. S. Marg, Vikhroli (West),
Mumbai – 400 083, Maharashtra, India.

COMPANY COMMUNICATION:

Registered Office:
Vadodara – Godhra Highway,
Kalol, Dist. Panchmahal – 389 330,
Gujarat – India.

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

SUBSIDIARIES & MANUFACTURING INFORMATION:

Setco Automotive Limited

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

Lava Cast Private Limited

Alindra (Village) Vadodara – Godhra Highway,
Kalol (Panchmahals) – 389 330, Gujarat, India

Setco Auto Systems Private Limited

Vadodara - Godhra Highway, Kalol,
Dist. Panchmahal - 389 330, Gujarat - India.

Setco Automotive (UK) Limited

York Avenue, Haslingden, Lancashire,
United Kingdom BB4 4HU.

Setco Automotive (NA) Inc.

565 Hwy, 77, Paris, Tennessee 38242

Setco MEA DMCC

Unit No. 3558, DMCC Business Centre, Level No. 1,
Jewellery & Gemplex 3, United Arab Emirates

OUR BRANDS:

Corporate Brand

CSR Brand

Product Brands

FIVE MANUFACTURING UNITS ACROSS FOUR COUNTRIES

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

PRODUCTS:

Clutch Products & Systems
Hydraulics (pressure converters)

OTHER INFORMATION:

a. Corporate Identification Number (CIN): L35999GJ1982PLC005203

b. Listing Information:
   Listed with: BSE Limited (BSE) & National Stock Exchange of India Limited (NSE)
   BSE Scrip Code: 505075
   NSE Scrip Symbol: SETCO

c. Website: www.setcoauto.com

d. 38th Annual General Meeting information:
   Date: December 29, 2021
   Day: Wednesday
   Time: 02.30 PM
   Place: The Company is conducting meeting through VC / OAVM pursuant to the MCA Circular dated January 13, 2021 and as such there is no requirement to have a venue for the AGM.
   For details please refer to the Notice of this AGM.

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

CUSTOMERS

TATA

ASHOK LEYLAND

VE COMMERCIAL VEHICLES

BHARATBENZ

SONALIKA INTERNATIONAL

Mahindra Trucks and Buses

PREET

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

Vision. To be a market-leading brand in our chosen sphere of work with quality products and services, cost-effective manufacturing, state-of-the-art technology and environment-friendly practices, creating value for our stakeholders.

Mission. To be the preferred clutch of choice in 1 out of 3 commercial vehicles and 1 out of 5 farm tractors globally.

Values. Excellence I Integrity I Team Spirit I Customer Focus I Environmental Consciousness I Safety & Hygiene

> **"We were one of the first in MHCV space to receive BS VI approval and started supplies last year and successfully developed a full range of next-gen clutches for farm equipment tractors.**

KEYMILESTONES

1982

INCORPORATION

1999 - 2000

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

2005 - 2006

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

2009 - 2011

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

2013 - 2014

LAUNCH OF CLUTCHES
TO CATER
AFTERMARKET SEGMENT

2014 - 2015

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

2016 - 2017

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

2017 - 2018

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

2018 - 2019

BS-VI APPROVALS
FROM ALL OEM PARTNERS
ON TARGET

2019 - 2020

FORAY INTO
FARM TRACTOR SEGMENT
AND BS VI CLUTCHES

BOARD OF DIRECTORS

Harish Sheth

Chairman & Managing Director

Mr. Harish Sheth is the founder of Setco Automotive Limited. A core visionary of the Company, Mr. Harish Sheth has been instrumental in transforming the Company from a single product/single location to a multiple product/multi-location Company, catering towards a remarkable presence for the Company in the international market as well. Mr. Harish Sheth has a Bachelor's degree in Mechanical Engineering from the University of Michigan, Ann Arbor and an MBA (Finance) from the Columbia University, New York.

Udit Sheth

Vice Chairman

Mr. Udit Sheth started his career at Setco in 2002. A strategist by temperament, he has been responsible for Strategy and Business Development for Group Information Technology and the Joint Ventures of the Company. A key member within the M&A team, he has contributed to the Company's U.K. and USA acquisitions. Mr. Udit Sheth has a Bachelor's Degree in Science with a specialization in Finance & MIS from Purdue University and has completed an Executive Education program from MIT, Cambridge-Boston, USA.

Urja Shah

Executive Director

Mrs. Urja Shah has completed Bachelors in Environmental Science and Masters in Environmental Policy from Duke University, USA. She also has a Certificate in International Development Studies from Duke University.She has pursued certificate courses in Financial Accounting and Marketing from Boston University, USA. Mrs. Urja Shah has been playing a very significant role in the Company's activities related to Corporate Social Responsibility.

Arun Arora

Independent Director

Dr. Arun Arora is the Executive Chairman and Co-Founder of Edvance Pre-schools, an organization engaged in international quality early childhood learning and childcare.

Arun was President and Executive Director of Times of India Group, CEO of The Times of India and The Economic Times, Founder CEO of Sony Entertainment Television and Times Music, Founder Vice-Chairman of Radio Mirchi, Founder Director of TGBCL (Times Now, ET Now, Zoom), and WWM Ltd (Femina, Filmfare and other magazines) and Chairman of United News of India.

Arun is a Chemical Engineer from DCET, Chandigarh, Hon. Fellow of Indian Institute of Chemical Engineers, and a Harvard alumnus. He was born on August 8,1945, retired from Bennett Coleman after over 30 years of service and is currently on the Board of two of their companies namely World Wide Media Pvt. Ltd. and Times Guarantee Ltd.

Ashok Kumar Jha

Independent Director

Mr. Ashok Kumar Jha has retired as the Finance Secretary, Ministry of Finance, Government of India. He has also served extensively in the Ministry of Economic Affairs. Post retirement, he joined the industry as President of Hyundai Motors. Mr. Ashok Kumar Jha is a graduate from St. Stephen's College in Economics and holds a Masters Degree from the Delhi School of Economics. He also holds a Masters Degree in Development Economics from the Australian National University, Canberra.

Suhasini Sathe

Independent Director

Ms. Suhasini Sathe is an entrepreneurial person by nature and holds the expertise to see the 'bigger picture'. She has more than 30 years hands-on experience gained from the manufacturing industry with specific skills in product, performance & marketing management, and business growth & development. She utilizes skills from an extensive background within general management, sales and marketing / business development and innovation management. She is also the co-founder and presently the managing director of the Sathe Group of Companies. Ms. Suhasini Sathe holds a Bachelors of Engineering (Mechanical) from V.J.T.I., Mumbai University and is proficient in the use of CAD-CAM software. Her interests include travelling and, knows German & Spanish languages.

LARGEST BS VI MHCV CLUTCH RANGE

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

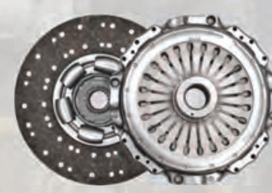
362mm Single
Diaphragm Spring

15"/380mm Single Push
Coil Spring

*395mm Single Push
Diaphragm Spring*

*400mm Twin
Diaphragm Spring*

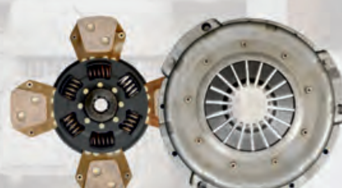
*430mm Single
Diaphragm Spring*



WIDE RANGE OF FARM TRACTOR CLUTCHES

280 Dia
Single Diaphragm Clutch

280 Dia Clutch
Set Ceramic Single



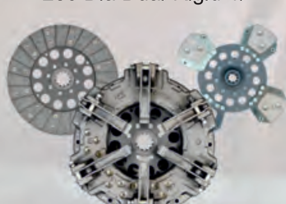
280 Dia Clutch Set Double 4P

280 Dia Clutch Set Dual 4P

280 Dia Clutch Set Dual 5P

280 Dia Clutch Set Dual 7P

280 Dia Dual-Rigid 4P



310 Dia Clutch Set Organic Single

310mm Dia Double Clutch with 6P

SETCO AUTOMOTIVE LTD

NEW RANGE FOR NORTH AMERICA MARKET

ANGULAR SPRING DESIGN CLUTCHES

15.5"/395mm Angular Spring
Twin Clutch

Off - Highway, Construction
Hydraulics (Pressure Converters}

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

LCV CLUTCH RANGE

170mm Single
Diaphragm Spring

12"/310mm Single
Diaphragm Spring

13"/330mm Single
Direct Pressure Coil Spring

330 Dia Single Coil Clutch

170mm Single
Diaphragm Spring

"Start with the end in mind" — Stephen R. Covey, thorough

The year 2020-21, started with a lockdown and undoubtedly this was the most severe test ever faced by all of us including the Corporates, Civil Society and the Government.

At that critical juncture, as important as observing health and safety measures is to remain psychologically strong, guard against cynical despair and stay united in our shared sense of purpose. As they say, the darkest hour is before dawn, and we are already beginning to glimpse early signs that give rise to cautious optimism. The declining trend in cases across the states as well as the prospects of the biggest vaccine rollout in India across the globe should help us look forward to happier times

India's Gross Domestic Product (GDP) growth for the Financial year 2020-21 contracted 7.3% as compared to growth of 4% in 2019-20 and has been a difficult year for all as the global economic sentiment was weak and the demand in India had shrunk – while the country has been gunning towards a US $5 trillion economy target, there is a resetting of the way we conduct our business. This also affected working of Setco Automotive Ltd.

The introduction of the BS-VI norms resulted in increased prices and also a sharp inventory reduction that impacted the total sales of new vehicles and therefore the clutches. MHCV Industry sales dropped by ~30% in FY21 bringing down Industry volumes to a decade low.

Due to severely hit by Covid and slowdown during FY2020-21, your company had been facing cashflows pressure on account of cash losses and debts repayment, which had a negative impact on the supply chain as well. Though the Aftermarket demand for both the OES and IAM were there, your company has been facing top-line challenges on account of in ability to ramp-up production, due to liquidity pressures. Your company has resulted in a top-line de-growth of almost ~25% Y-o-Y (in which the CV production was down by almost ~30%). The MHCV sales drop was due to overcapacity and the GST implementation as well as the vehicle load adjustment and BS-VI implementation.

Despite facing liquidity issues, we have been able to control our production costs as well as our fixed overheads which has been brought down by 23.5% over FY19 numbers, that will lead to a significant contribution going forward and will have a positive impact in the future also as business start growing further.

While we were in the midst of facing so many challenges, we are happy and proud to announce of our successful foray in the farm tractor market. We have achieved a breakthrough into the OEM market for farm tractors. This would not only lead to diversification of our capacities while de-risking from the MHCV Sector's OE cyclical consumption but also foray into a new sector that is fast becoming the farm equipment factory of the world.

Lava Cast, too, post debt restructuring is poised to change gears towards more capacity utilization as well as better micro performance indicators as it has shown good direction in curtailing manufacturing hurdles for quality and productivity. Although some long due maintenance activities need to be completed and is on track to finish within the time bound manner.

You would be further happy to know that the fund-raising activity and financial restructuring on which we have been working during the whole of FY2020-21 has been finally completed. As part of the transaction, your Company has transferred its clutch manufacturing business to its subsidiary company, Setco Auto Systems Pvt Ltd (SASPL). Schemes of the India Resurgence Fund managed by India Resurgence Asset Management Business Private Limited **("IndiaRF")** have invested in your company and SASPL, an aggregate amount of Rs. 615 Crores through a senior debt facility and for a 35% equity and equity link instruments in SASPL. The proceeds of the investment have been utilized towards refinancing existing debt, growth capital and also to fund its working capital needs to support business growth amid an anticipated recovery in the commercial vehicle market, meet demand in the replacement market. The capital infusion will be critical to meet the strong order book going forward and to support Lava Cast for its maintenance activities.

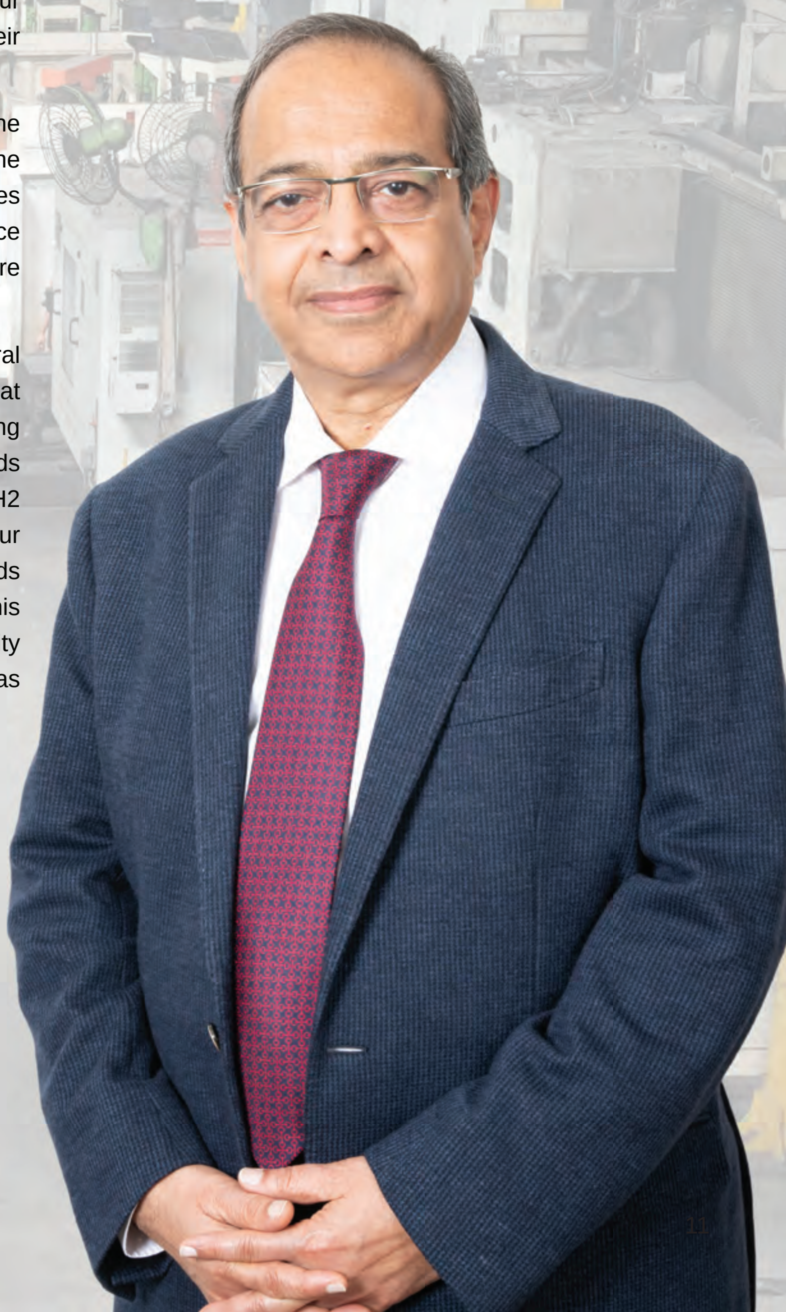
At the heart of our journey are our customers and we have been ensuring that in these tough and uncertain times, we are able to cater to their demands timely while also balancing our supply chain. We are strengthening our customer connect every day with new products and better services. Our board has been very supportive with our actions and decisions that reflect on the rigour that our leadership team works with and we are grateful for their efforts.

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

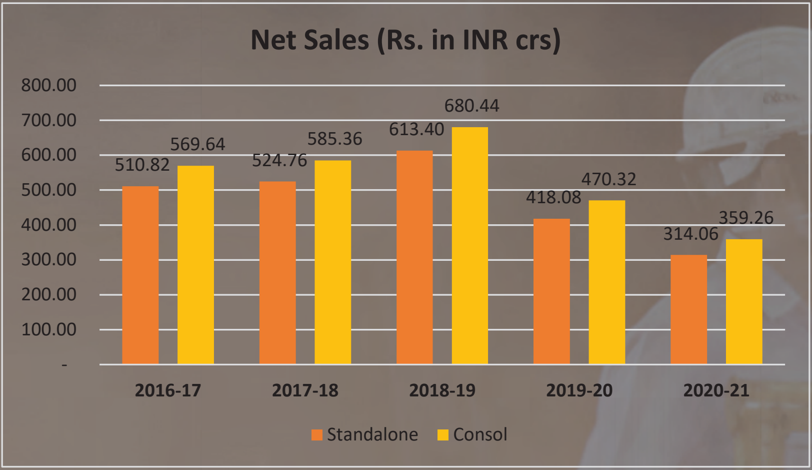
Your Company has its challenges; however, at our central core it is the continued success of all our stake-holders that we always continue to work with towards having a strong future which is growth-oriented with a tight control towards costs. We are hopeful that post the fund infusion the H2 of 2021-22 will look much better and we will drive our business with excellence and mindfulness. In the words of ***Stephen R. Covey***, **"*Start with the end in mind*" –** this adage stands tall in this time of the pandemic, the liquidity crisis; as your company management, we will not sit still as we are working together towards a stronger future.

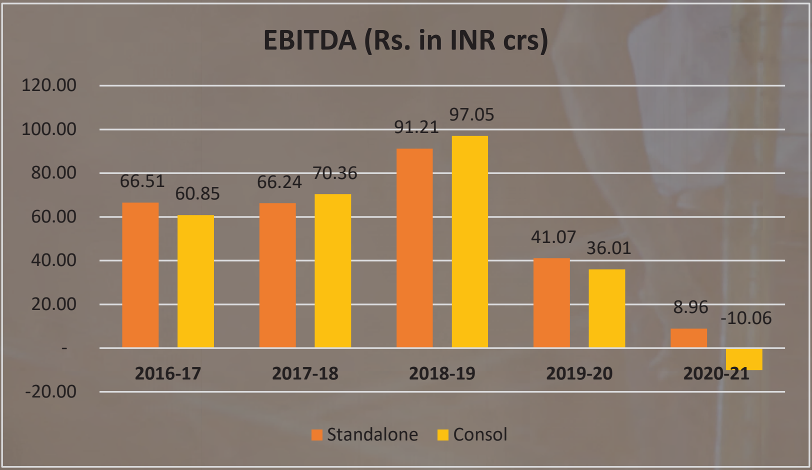
Yours Sincerely,

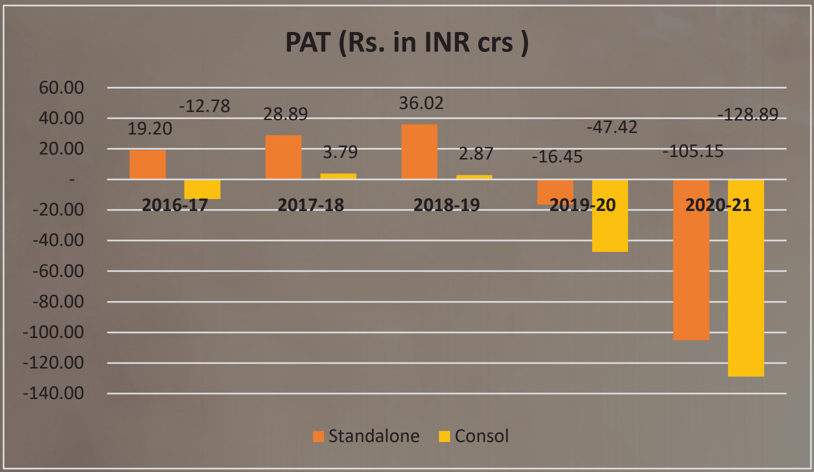
Harish Sheth
Chairman & Managing Director

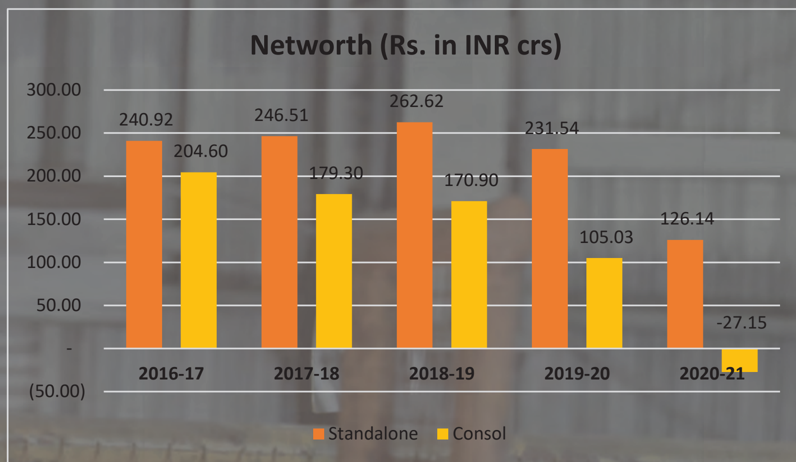


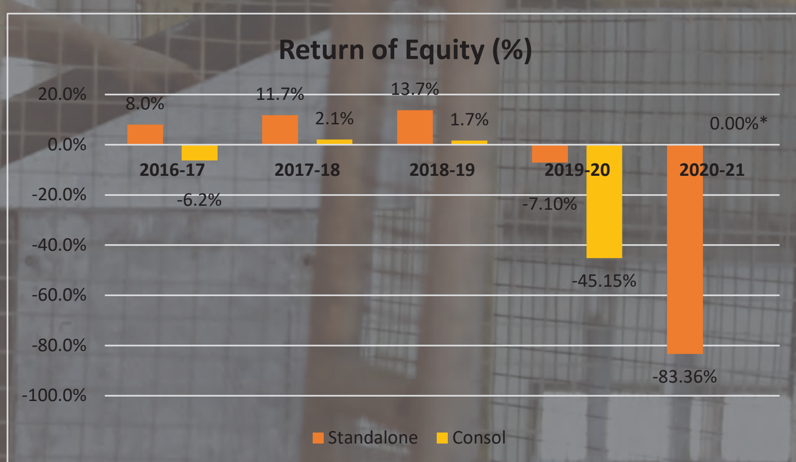
FINANCIAL SNAPSHOT



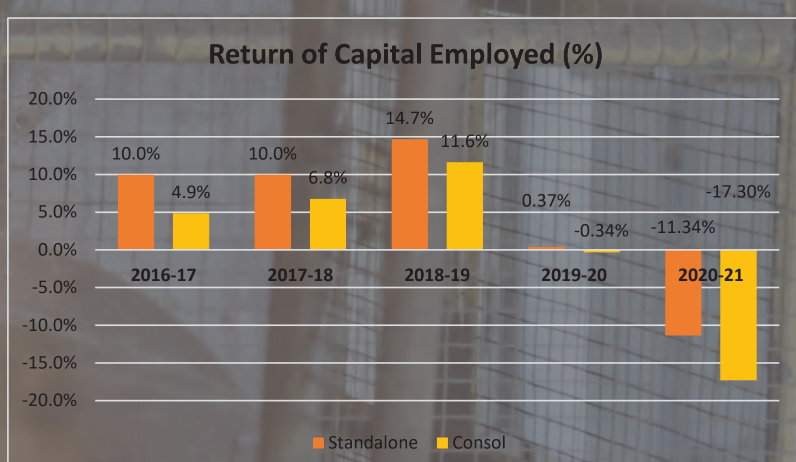








*** Negative Networth as on FY21.**

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SETCO AUTOMOTIVE LTD

ANNUAL CSR REPORT 2020-2021

SETCO™ FOUNDATION

MILESTONE JOURNEY

MILESTONES

Setco Foundation has been continuously working with dedication and perseverance to drive a meaningful change in the lives of people, particularly in the rural communities of Kalol, Panchmahal district of Gujarat, India. The hallmark of a strong community is resilience in times of natural disaster or war, marginalized and at-risk populations are the worst affected. Malnutrition rates and poor health outcomes can double or triple when the supply chain is disrupted, access to public care resources is stopped, and livelihoods are disrupted. Violence and domestic abuse rise. Yet our communities experienced a minimal increase in malnutrition and the other non-Covid negative health outcomes. The work done over the past decade allowed a buffer and communities remained strong. This is the source of hope and pride for us.

As an organization working directly towards the betterment and improvement of society, the pandemic hit us hard in terms of access, reach and provide to the community. Setco Foundation faced problems of reaching the most needed beneficiaries – Mothers, children, and adolescents. Within the chaos, we made strategies to reach our beneficiaries with the help of local officials like the Police, the Health Department, and ICDS. We received support from our Anganwadi workers, ASHA workers, Nurses, and our field staff. We also focused on our awareness generation and advocacy programmes with our target communities and local government bodies, primarily through phone calls, video calls, and messages, in keeping with the social distancing protocols. Despite the challenges and obstacles, we were able to reach within the community, we worked round the clock to provide facilities and adapt to the new normal.

KHUSHI program that focuses on the eradication of malnutrition amongst children, mothers, and adolescent girls in partnership with ICDS, Anganwadi took a fresh approach to reach our beneficiaries and cover the gap created because of the pandemic. The Community Health Workers (CHW) made regular phone calls to mothers and counselled them on the care to be taken for themselves and their children, they coordinated and facilitated help with doctors for deliveries and used video calls as a medium to spread awareness on safety against covid, nutrition for mother and child, and referring to hospitals in case of any risk with the mother. Among the 3 to 6 years children, the teachers conducted activities through video calls with the parents and children using material

available at home. The children with special needs at the Pahel Center were provided counselling and therapy through regular phone calls and video calls by the CDAs (Child Development Aid).

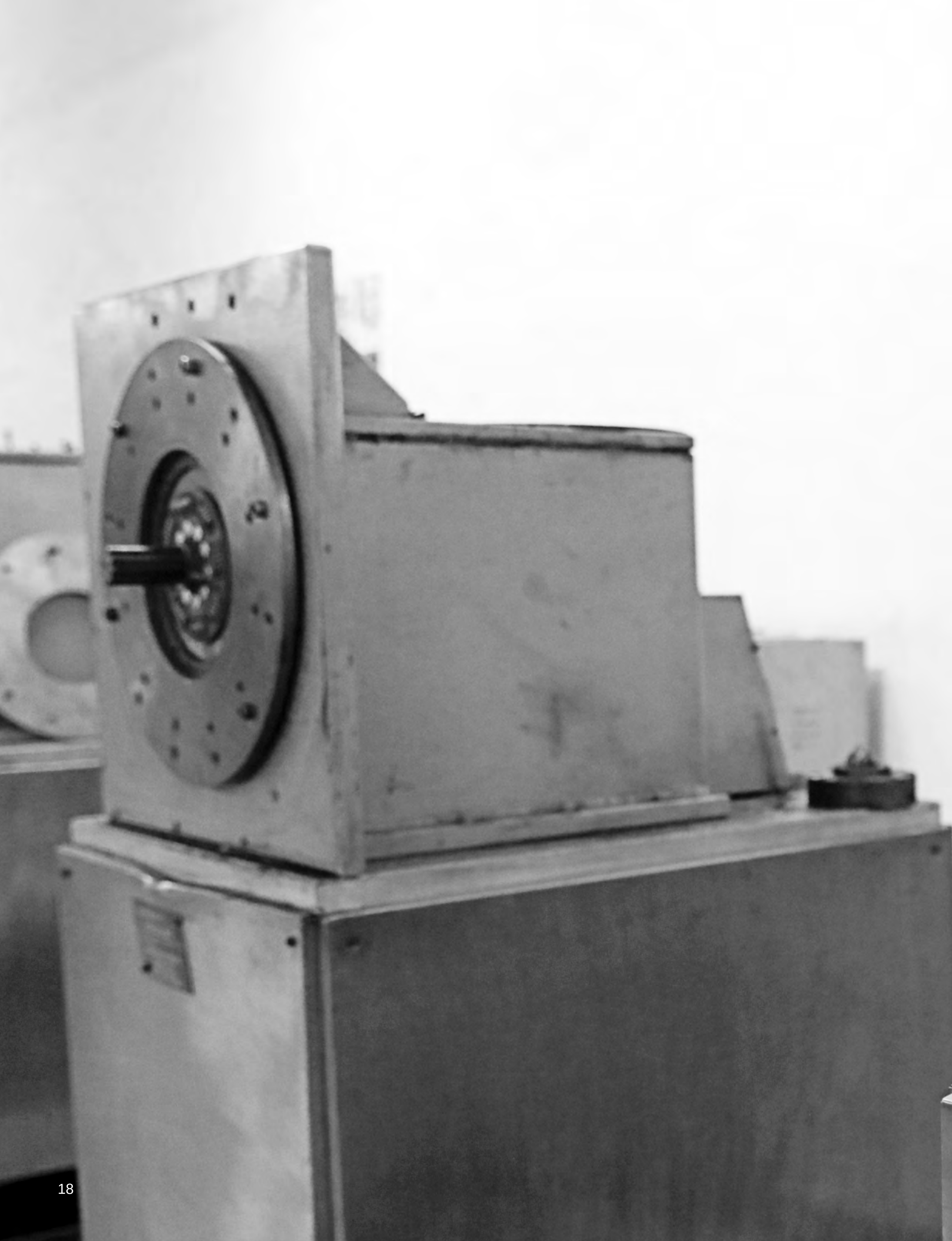
'SAHAAS' program focuses on promoting sustainable livelihood and micro-enterprise opportunities amongst women in the community. Facing a surge in demand for face masks amid the outbreak of COVID-19, women self-help groups (SHGs) in Kalol block have supplied over 8,000 masks to a local company and for the community members. Also, they have made PPE kits for the community health workers. We also facilitated the distribution of food packets to the underprivileged rural population that was supported by Hero Moto Corp.

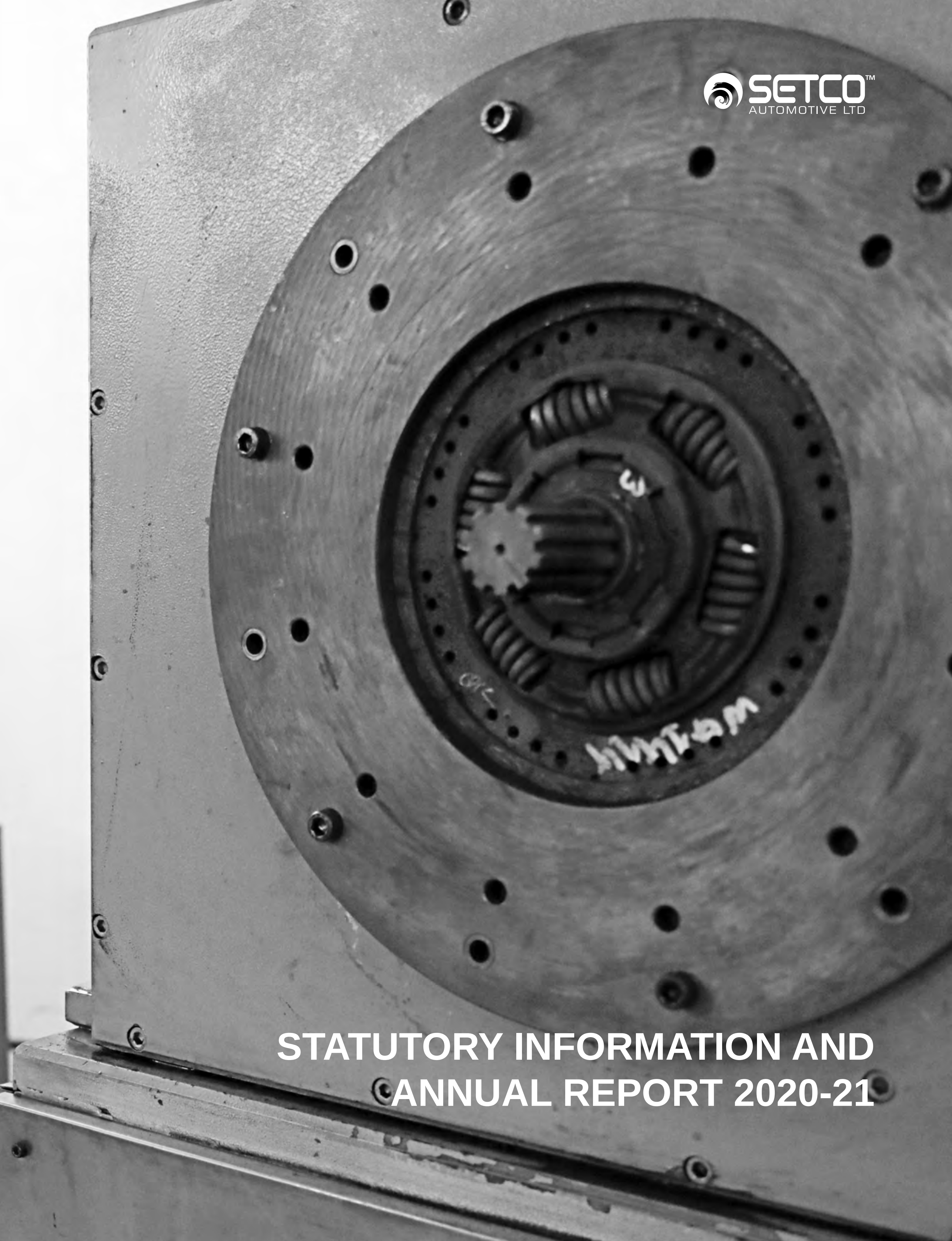
IMPACT

- In 2020-21, 99.4% Institutional Deliveries have been recorded in the villages of Kalol, Panchmahal District.
- In 2020 -21, 92% of births are recorded as Healthy Birth Weight Babies and have a weight of 2.5 kgs and higher at birth
- In 2020-21, malnutrition reduced from 17% to 13.4% in 0-3 years of children
- In 2020-21, malnutrition reduced from 10% to 8.3% in 3-6 years of children
- Despite the pandemic, 3731 Sessions & 206 Home visits conducted through the PAHEL Centre achieving the 100% target of 96 enrolled children
- More than 80 percent of the regularly attending 5-year olds have scored 70 percent and above showing their development and readiness for school enrolment.
- In 2020 -21, 474 beneficiaries have been benefitted through Helpdesk in availing the government schemes.
- In 2020-21, 58.71 Lacs cumulative linkage amount for sustainability among 75 SHGs
- Setco Foundation has engaged 157 women in livelihood initiatives and encouraged self-employment
- ₹ 2.60 lacs income has been generated various livelihood activities
- In 2020 -21, 1896 women engaged in livelihood programs (direct and indirect)

ACHIEVEMENTS

- Setco Foundation has been awarded the prestigious Guide Star India Advanced Level- Gold certification and has joined India's largest pool of credible NGOs after undergoing a rigorous due diligence process
- Launching of AVNI application for digitization and Data Management (MIS)
- Use of digital platforms to cover the gap created due to Covid – 19.
- Setco Foundation facilitated the preparation of 8000 masks by SHG women which generated income and supported their households.
- 1800 Namkeen packets were made by our SHG women from Shree Ganesh Mahila Mandal for the Dussehra celebration and distributed amongst the employees of Setco Automotive Ltd.





SETCO™
AUTOMOTIVE LTD

STATUTORY INFORMATION AND ANNUAL REPORT 2020-21

MANAGEMENT DISCUSSION & ANALYSIS

Economic Outlook

India's economy saw major setback during 2020-21, as an aftermath of spread of Covid Pandemic. It was very difficult time for the economy in general, and more particularly with respect to the automotive sector, which has suffered significant adverse impact as being one of the sectors which has been directly hit by the Covid 19 pandemic. This coupled with reduced investment in infra-structure created demand weakness in the economy. During lockdown phase and piecemeal withdrawal of lockdown in stages by various states, freight movement and passenger travelling almost stopped. In addition to the ongoing pressures on the automotive sector due to effects of the pandemic, some of the policy decisions of the government taken in FY 20 , such as implementation of the BS VI norms, allowing additional excel load etc. have also continued its adverse impact on financial strain on the companies operating in such sector. These factors have had a depressive effect on the total sales of new vehicles and a corresponding adverse impact on the demand for clutches. All this together had a major impact in 2020-21.

Globally, businesses were struggling to sail through external and sectorial disruptions that have shaken them up and with resilience, they are responding to the challenges by preparing for uncertainties in the months ahead to recover, as new variant of Covid has created a fear of further loss of business.

In FY2020-21, all OEMs continued to witness a sharp drop in sales particularly due to COVID-19 & related lockdown. Still, the economy is aiming to move towards a more stable regime, with a programme of reforms aimed at consolidating public accounts, proposed spending on Infrastructure and rural segment promoting investment and industrial development and improving the business climate.

The outlook for current fiscal is however positive.

Automobile Industry

Demand for passenger vehicles and commercial vehicles particularly MHCV declined sharply in 2020-21 due to Covid pandemic led to frequent plant shutdown and to cut production in the first half. Second half witnessed spread of second wave of Covid which had added fire to the fuel. Standstill of freight movement, growing unemployment coupled with economy slow down, stoppage of passenger travels and tendency among people to postpone vehicle buying decisions has reduced the demand. Further a wide range of issues burdened on the automotive industry – from industry-specific challenges to policy resets and macro-economic changes – pressuring the auto sector sales to a large extent. The global pandemic caused by the novel coronavirus came at the time when both the Indian economy and the automotive industry were hoping for recovery. It witnessed an overall revenue impact and even after the lockdown was lifted, demand for commercial vehicles took a backseat. This coupled with the transition to BS VI norms made sailing through a chore to endure.

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

It was also feared that with existing banking sector weakness, there was a risk of a self-sustaining negative loop in which adverse real economic developments and bank weakness reinforce each other and banks also remained away from funding for additional fleets by the operators. Reserve Bank of India, as a relief measures allowed extended time for repayment of interest and instalments by 1 quarter Kamath Committee appointed by Reserve Bank of India to study impact of Covid on various segment of industry has considered Auto manufacturing unis including auto components manufacturers as "industry under stress". Accordingly RBI covered the units under this segment for additional funding under Emergency credit line guarantee scheme where in funding was guaranteed by GOI.

The year 2020-21 has been a decisive and game-changing year for the Indian Economy as well as the automotive sector. Initial turbulence associated with the implementation of BS VI combined with continuing pressure from the competition from electric vehicles impacted business sentiment and growth rate. The auto industry, which was battling the impact of economic slowdown on falling demand, along with lower production with the transition to BS VI emission norms, witnessed further pressure by the Covid-19 outbreak in the country.

Due to severely hit by Covid and slow down during FY 20-21, the company has been facing serious challenges like cash flow pressure as an aftermath of cash losses. This had a negative impact on the supply chain.

Transfer of Business under Slump Sale to Step down Subsidiary Setco Auto Systems Pvt Ltd

As mentioned above, the past year has been a very difficult time for the economy in general, and more particularly with respect to the automotive sector, which has suffered significant adverse impact as being one of the sectors having directly hit by the Covid 19 pandemic. In addition to the ongoing pressures on the automotive sector due to effects of the pandemic, some of the policy decisions of the government such as implementation of the BS VI norms etc., have also resulted in additional financial strain on the companies operating in such sector, at least in the near short term. These factors have had an overall depressive effect on the total sales of new vehicles and a corresponding adverse impact on the demand for clutches, which therefore has impacted the revenues and cashflows of the Company in last few years. In addition to the ability of the Company to manage the working capital requirements being adversely affected, the Company has also faced challenges in making additional capital expenditure for increasing production capacity and its ability to tap into new customers while continuing to service the increased demands from the existing customers.

Due to the combined pressures on the account of the aforesaid factors and the impact that they are having on the Company, it was imperative for the Company's continued well-being and the continued operations in the ordinary course that the Company re-finances its long term and short-term borrowings and other liabilities and secures additional working capital and growth capital to further develop the Company's foray into the fast developing farm equipment sector, which diversification will de-risk the Company from the MHCV sector's OE cyclical consumption and to bolster the Company's development and production of new BS-VI variant for MHCV clutches.

The management is bullish about the overall long-term outlook of the Company and believes that there is a huge untapped potential in the business of the Company. The management also believes that the demand in the automotive sector has already picked considerably in the last few months and will further rebound in the coming months in the manner that it will offset any past losses due to pandemic etc. However, since the Company's finances have been constrained, it has not been able to meet the market demand and therefore was in need of additional capital in the coming future, to create sufficient production capacity for catering to its customers.

With a view to achieving this, the Company has in the ongoing financial year being FY 21-22, undergone a financial restructuring to unlock value of the Company's clutch manufacturing business as well as place itself on a much faster growth path. The Company has issued unlisted Non-Convertible Debentures worth Rs. 350 crores to schemes of the India Resurgence Fund managed by India Resurgence Asset Management Business Private Limited ("**IRF**") in the month of September 2021.The funds have been utilized *inter alia* to repay dues to all existing lenders including working capital lenders. Portion of the funds have also been utilized to meet overdue statutory liabilities and pressing creditors.

Simultaneously, with a view to unlock the value, the Company has executed a Business Transfer agreement on 31st August 2021, whereby the Company has transferred its clutch manufacturing business ("**Clutch Business**") (including all assets and liabilities pertaining to the Clutch Business, excluding *inter alia* the Company's investment in its subsidiaries (including Lava Cast Private Limited, which is engaged in the business of manufacturing and supplying machined ferrous castings) and associate companies, and guarantee obligations of the Company), to Setco Auto Systems Private Limited ("**SASPL**") a step down subsidiary of the Company. The transfer of the Clutch Business to SASPL will have the effect of ring-fencing the valuable Clutch Business from the other liabilities and obligations of the Company, and therefore have positive impact on the revenues from the Clutch Business which to an extent were being diluted while being retained in the Company. The ring-fencing will made SASPL an attractive vehicle to raise both debt and equity funding required for the future growth and expansion of the Clutch Business. Consequently, SASPL was able to raise debt funding through issuance of listed non-convertible debentures for an amount aggregating to Rs. 215 crores from IRF. Simultaneously, SASPL was also able to raise equity funding for an amount aggregating to Rs. 50.00 crs against issuance of equity shares and certain convertible instruments which resulted in subscription of 35% shareholding of SASPL by the schemes of the India Resurgence Fund managed by India Resurgence Asset Management Business Private Limited. The management is of the view that with the aforesaid restructuring, the Clutch Business is well poised to be on a growth path which would result in creation of significant value for the stakeholders and will have huge long term positive impact on the prospects of the said business and therefore the Company and the entire Setco Group.

BS VI Clutch

Your company has transitioned to BS VI clutches fetching higher prices, so that all our new set of products meets the challenging requirements of future vehicles.

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

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

We have successfully retained our domestic market share in the MHCV segment of around 85 per cent amid the challenging market conditions.

We also expanded our portfolio by developing the new generation 22 dual and double clutches for tractors which passed every rigorous field testing in different farm applications and it's highly demanded in the agricultural sector with the surge in the global growth.

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

Original Equipment Manufacturer (OEM)

During FY21, our OE Segment contributed 33% of the total revenue. MHCV sales were down by ~30% bringing the Industry to a decade low, this impacted in lower sales for your company. Despite steep OEM slowdown, we continue to enjoy over 85% market share and are poised to reap the benefit with the business cycle turns to growth.

Implementation of Higher Axle load notification and BS VI norms has resulted in CV manufactures to come out with products with higher power and higher load-carrying capacity. The clutch products used in this model of CV would be of bigger size resulting in higher realisation for us.

Replacement Market

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

Aftermarket is a vital part of our plan. As a strategy, the aftermarket, being a more profitable segment, was carefully developed and nurtured over the years. In FY 21, our after market segment constituted almost 65% of our revenue. The segment ensures not only sustainable growth but also decreases the vulnerable nature of the industry due to cyclical OEM demand. The already-peaked OEM cycle in the past is expected now to boost the aftermarket replacements, coming up from FY22 onwards.

Though the Aftermarket Demand for both OES and IAM were there, the company had been facing challenges in increasing top line because of production constraints.

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

International Business

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

However, the COVID-19 pandemic which saw the entire world shut down for several months impacted the businesses.

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

Setco Automotive (UK) Ltd – SAUL

While SAUL has been an integral part of the Setco Group as a Research & Development hub for the company it has also served as a marketing face in the European Continent. SAUL has been promoting our LIPE brand of clutches across Europe. However, the COVID – 19 pandemic had hit topline in the financial year ended approx. 23 per cent below last year. However, taking proactive steps your company has implemented many internal measures to reduce costs and set up some new distributors to be able to capitalize on this in the coming years. Our European presence remains one of the key growth drivers for Setco Group.

Setco Automotive (NA) Inc. – SANAI

The North American market is a lucrative growth driver for your company and we have always had a dedicated focus on the North American operations. We launched a new range of ASD clutches towards the second quarter of the financial year which were very well accepted by the market and also saw good demand in the North American market. Though the supply chain disruption impacted the supplies from India. The COVID-19 pandemic has affected The United States worst and it had the highest number of COVID-19 cases in the entire world. Under mandatory Government instructions, SANAI had suspended operations for several weeks during FY21 due to supply chain issues, weak customer demand and employee safety.

However, with our new range of ASD clutch products and our ability to penetrate into newer markets of the North American continent. In addition, we have also implemented many internal measures to make the operation leaner and this will also help in achieving our growth strategy for the American Markets.

Farm Tractor Market: An Agriculture-driven Economy:

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

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

Additionally, the government's support to farmers in the form of credit and finance / subsidized loans to drive farm mechanization is the key reason for the growth of the farm equipment market.

The farm equipment market also witnessed a downturn in 20-21, owing to the start of COVID-19 lockdown and reluctance of farmers to purchase expensive high-powered farm equipment. However Govt allocating higher funds in budget proposals for Agri and rural sector coupled with good monsoon conditions and government's support to the agricultural industry and the farmers are likely to restore momentum to a great extent by the end of the current fiscal year.

At Setco, OE supplies to be started with major OE farm tractor customer from second half of FY22. Production ramp-up is in place to meet these OE requirements. Additional new customers' requirements are getting focused to cater to the growing segment demand now. Extension on this important agriculture segment which is the backbone to the Indian economy is part of the growth story at Setco. Our continuous R&D efforts have resulted in the development of advanced farm tractor products within a short span of time with the focus on efficiency and productivity to drive business growth.

Presently, our facilities are equipped to meet the projected surge in demand for new tractors, manufacturing capacity expansion, introduction of new tractor models as well as technologies and growing international exports**.** Your company has successfully forayed into the Farm Equipment Sector.

Lava Cast Private Limited

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

Lava Cast is focused on manufacturing of ready to assemble ferrous machined casting products for the automotive industry and has got approval from major OEM's for the supply of castings for external business.

Lava Cast which due to sudden downturn in the OEM production resulted in lowest capacity utilisation since inception and thus was unable to service the Debt obligation. The account has been restructured by Bank of Baroda, which gives Lava Cast benefit of elongated repayment along with lower Interest cost. As an aftermath of spread of Covid Pandemic and low offtake by M&HCV market, demand from Setco also was reduced. This has also affected sales of casting at Lava cast Pvt Ltd

COMPANY'S OPERATING HIGHLIGHTS AND KEY FINANCIAL RATIOS FOR FY 2020-21

Financial Analysis	**Rs. in Crs**		
Particulars	**FY 21**	**FY 20**	**YOY Change (in %)**
Operating revenue	314.06	418.07	**-24.88%**
EBIDTA	14.17	60.08	**-76.41%**
EBIT (Operating) Margin	12.87	22.07	**-41.69%**
Profit Before Tax	-96.29	-18.71	**414.64%**
Profit After Tax	-105.15	-16.45	**539.21%**

Key financial Ratios				
Particulars	**FY 21**	**FY 20**	**YOY Change (in %)**	Reasons for Change
EBIDTA Margin	**4.51%**	**14.37%**	**-9.86%**	Because of sluggish market due to Covid19, top line reduced by 25%. This has affected EBIDTA and EBIT margin
EBIT (operating) margin	**4.10%**	**5.28%**	**-1.18%**	
PBT Margin	**-30.66%**	**-4.48%**	**-26.18%**	
PAT Margin	**-33.48%**	**-3.93%**	**-29.55%**	
Debtors Turnover	**0.04**	**0.03**		
Inventory Turnover	**2.04**	**2.04**		
Interest coverage ratio	**0.29**	**1.52**		
current Ratio	**0.47**	**0.68**		
Debt Equity Ratio	**2.74**	**1.22**		
Return on net worth				

SUBSIDIARIES OPERATIONAL HIGHLIGHTS

LAVA CAST PVT LTD

	Rs. In Crs	
Particulars	**FY 2021**	**FY 2020**
Sales	38.22	55.49
EBIDTA	-6.29	-3.87
Profit After Tax	-27.52	-39.68

SETCO AUTOMOTIVE (UK) LTD

Particulars	FY 2021	FY 2020	FY 2021	FY 2020
	In GBP mn	In GBP mn	In INR Crs	In INR Crs
Sales	2.36	3.07	22.97	27.35
EBIDTA	-0.56	-0.17	-5.48	-1.56
Profit After Tax	-0.58	-1.04	-5.67	-9.26

SETCO AUTOMOTIVE (NA) INC

Particulars	FY 2021	FY 2020	FY 2021	FY 2020
	In USD mn	In USD mn	In INR Crs	In INR Crs
Sales	4.60	5.99	34.07	42.45
EBIDTA	-0.31	0.20	-2.31	1.41
Profit After Tax	-0.39	-0.20	-2.92	-1.44

DIRECTORS' REPORT

Dear Members,

Your Directors are pleased to present the 38th (Thirty Eight) Annual Report on the business operations together with the audited financial statements for the financial year (FY) ended March 31, 2021. This report states compliance as per the requirements of the Companies' Act, 2013 ("the Act"), the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") and other rules and regulations as applicable to the Company.

FINANCIAL PERFORMANCE

The Company's financial performance (standalone and consolidated) for the year ended March 31, 2021 is summarised below:

(Rs. in Cr. Except for EPS)

Particulars	Standalone		Consolidated	
	2020-21	2019-20	2020-21	2019-20
Revenue from Operation & Other Income	319.28	437.09	367.91	475.01
Gross Profit before Finance Cost & Depreciation	14.18	60.08	(1.40)	40.69
Less: Finance Cost	48.12	39.59	59.08	56.96
Less: Depreciation	21.82	19.00	33.71	32.34
Profit/(Loss) before Tax	(55.77)	1.49	(127.08)	(54.05)
Less: Provisions for Tax Expenses	(2.23)	(3.55)	(3.79)	(4.50)
Profit/ (Loss) from continuing operations	(94.06)	(15.16)	(123.30)	(49.55)
Other Comprehensive Income	(11.09)	(1.28)	(8.81)	(2.86)
Profit/(Loss) after Taxes including other Comprehensive Income	(105.15)	(16.45)	(132.11)	(52.42)
Less: Non-Controlling Interest	-	-	(3.22)	(4.50)
Profit/(Loss) for the Year attributable to Equity Holders of the parent	(105.15)	(16.45)	(128.89)	(47.42)
Earning Per Shares (Rs.)	(7.03)	(1.13)	(8.93)	(3.33)

BUSINESS OPERATIONS

FY 2020-21 was a challenging and a highly volatile year for the automotive sector as a whole. The more severely hit segments were the Medium and Heavy Commercial Vehicle Segment (MHCV) showed a decline of ~30%. The automotive sector saw both ups and down during this period, bringing the MHCV industry to a decade low.

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

During this turbulent and unprecedented time, the Company with its strong order book and products in development, remained the market leader and a preferred supplier for all the Original Equipment Manufacturers (OEMs) in India. The Company has implemented Standard Operating Procedures to fight with Covid-19 which includes social distancing, workplace sanitisation and employees' health monitoring, and these are being followed strictly across all its Manufacturing Locations, Head Office and its Registered Office.

During the year under review, your Company has recorded revenue from operations of Rs. 314.06 Crore as against revenue from operations of Rs. 418.08 Crore in the previous year. EBITDA of the Company reduced from Rs. 41.07 Crore in the previous year to Rs. 8.95 Crore during the year under review. The company has performed a detailed assessments of its liquidity position and the recoverability of its assets comprising property, plant and equipment, inventories, receivables and other current assets as at the balance sheet date and on the basis of evaluation the company has taken one time hit on account of expected credit loss recorded on trade receivables, limited operations due to the pandemic, and one time impairment costs of Rs. 7.91 Crore on account of diminution in investment (Subsidiaries and Associates).

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

SHARE CAPITAL

There was no change in the Share Capital of the Company during the financial year. As on March 31, 2021, the issued and paid–up capital of the Company was Rs. 26,75,34,550/- divided into 13,37,67,275 equity shares of Face Value Rs. 2/- each. Your Company has not has not issued shares with differential voting rights, nor granted employee stock options, sweat equity or bonus shares. The Company does not have any Debentures, Preference Shares as on March 31, 2021.

The equity shares of the Company continue to be listed on BSE Limited ("BSE") and National Stock Exchange of India Limited ("NSE"). The stipulated listing fees for FY2021-22 have been paid to both stock exchanges.

DIVIDEND

In order to conserve the resources of the company and considering uncertain economic scenario due to second wave of Covid-19, the Board of Directors has not recommended any dividend, for the financial year ended on March 31, 2021.

TRANSFER TO RESERVES

The Board of Directors has decided not to transfer any amount to the reserve during FY 2020-2021 in view of loss during the financial year.

FIXED DEPOSITS

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

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

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

MANAGEMENT'S DISCUSSION AND ANALYSIS REPORT

Management Discussion and Analysis as stipulated under the Listing Regulations is presented in a separate section forming part of this Annual Report. It provides details about the overall industry structure, global and domestic economic scenarios, developments in business operations / performance of the Company's, internal controls and their adequacy, risk management systems and other material developments during the financial year 2020-21.

CHANGE IN NATURE OF BUSINESS, MATERIAL CHANGES AND COMMITMENT AFFECTING FINANCIAL POSITION OF THE COMPANY OCCURRED BETWEEN MARCH 31, 2021 AND DATE OF THIS REPPORT

The Board of Directors of the Company at its meeting held on April 26, 2021 based on recommendation of the Audit Committee approved the sale, transfer and disposal, as a going concern and on a slump sale basis, of business undertaking of the Company's clutch business, together with the use of all the licenses, permits, consents and approvals whatsoever, and all related assets (movable and immovable, tangible and intangible) and identified liabilitie, contracts and employees, for a lump sum consideration of Rs. 5 lakhs (Rupees Five Lakhs only) to Setco Auto Systems Private Limited, wholly owned subsidiary of the company vide business transfer agreement dated August 31, 2021.

Aforesaid transaction has been approved by the members of the Company at its Extra Ordinary General Meeting held on May 22, 2021.

In light of above, revenue from Clutch Business has been considered as discontinued operations w.e.f. September 7, 2021.

SUBSIDIARIES

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

During the financial year, Setco Auto Systems Private Limited (SASPL) (formerly known as Transstadia Sport Sciences Private Limited) became wholly owned subsidiary of the Company w.e.f March 26, 2021, consequent upon acquisition of 100% shareholding from Mr. Harish Sheth and Mr. Udit Sheth.

Your Company has in total six subsidiaries across the globe which includes Lava Cast Private Ltd. (LCPL) (CIN: U27205GJ2011PTC100777), Setco Auto Systems Private Limited (formerly known as Transstadia Sport Sciences Private Limited) (CIN: U35100GJ2010PTC062770), Setco Automotive (UK) Ltd (SAUL), Setco Automotive (NA) Inc. (SANAI), Setco MEA DMCC, Dubai and WEW Holdings Ltd (Mauritius).

In accordance with Section 136 of the Companies Act, 2013 the Company is exempted from attaching the annual reports and other particulars of its subsidiary Companies with the annual report of the Company. Accordingly, the Annual Reports of the subsidiaries are not attached with this Annual Report. However, statement containing salient features of financial statements of subsidiaries as per 129 (3) of the Act, is included in this Annual Report in form AOC-1 as **Annexure I** to the Directors' Report. The financial statements of the subsidiary companies are available for inspection of the shareholders at the Registered Office of the Company between 11.00 a.m. to 3.00 p.m. on all working days, up to and including the date of the Meeting.

The Policy for determining material subsidiaries as approved may be accessed on the Company's website at the link http://www.setcoauto.com/statutory-policies.

BOARD OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

DIRECTOR RETIRING BY ROTATION

In accordance with the Articles of Association of the Company and Section 152 of the Act read with the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) Mr. Harish

Sheth, Chairman and Managing Director (DIN: 01434459) is due to retire by rotation at the ensuing Annual General Meeting (AGM) and being eligible, offers himself for re-appointment.t

A brief profile of Mr. Harish Sheth is provided in the Notice of the ensuing AGM of the Company.

CESSATION

Mr. Vinay Shahane, Chief Financial Officer (CFO) of the Company ceased to be CFO of the company due to his death and such cessation is with effect from November 23, 2020 and Mr. Chandra Kant Sharma, Company Secretary (CS) of the Company resigned from the Company with effect from December 29, 2020. The Board places on record its sincere appreciation for their invaluable contribution and guidance during their tenure as CFO and CS of the Company respectively.

As on 31st March, 2021, none of the Directors are disqualified for appointment/re-appointment under Section 164 of the Companies Act, 2013.

DECLARATION BY INDEPENDENT DIRECTORS:

As stipulated under the provisions of Section 149 (6) of Act and Regulation 25 of Listing Regulations, the requisite declarations have been received from the Independent Directors regarding meeting the criteria of Independence as laid down under those provisions. In terms of Regulation 25(8) of the Listing Regulations, the Independent Directors have confirmed that they are not aware of any circumstance or situation, which exist or may be reasonably anticipated, that could impair or impact their ability to discharge their duties.

The Board took on record the declaration and confirmation submitted by the independent directors regarding their meeting the prescribed criteria of independence, after undertaking due assessment of the veracity of the same as required under Regulation 25 of the Listing Regulations.

KEY MANAGERIAL PERSONNEL

The following persons have been designated as the Key Managerial Personnel of the Company pursuant to Section 2(51) and 203 of the Companies Act, 2013 read with Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014:

- Mr. Harish Sheth, Chairman & Managing Director
- Mr. Udit Sheth, Vice Chairman (w.e.f. May 30, 2020)
- Mrs. Urja Shah, Executive Director
- Mr. Jatinder Bir Singh Gujral, Chief Executive Officer
- Mr. Rovinder Singla, Chief Financial Officer (w.e.f. August 2, 2021)
- Mr. Hiren Vala, Company Secretary and Compliance officer.

During year under review, Mr. Chandra Kant Sharma, Company Secretary of the Company resigned from the Company with effect from December 29, 2020. Mr. Hiren Vala, was appointed as the Company Secretary with effect from January 1, 2021.

NOMINATION AND REMUNERATION POLICY

In terms of requirements prescribed under Section 178 of the Companies Act, 2013, the Company has framed a Nomination and Remuneration Policy for appointment and remuneration of the Directors, Key Managerial Personnel and Senior Management (**the "Policy"**).

The purpose of this Policy is to establish and govern the procedure as applicable inter alia in respect to the following:

a) To evaluate the performance of the members of the Board.

b) To ensure remuneration to Directors, Key Managerial Personnel and Senior Management involves a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the Company and its goals.

c) To retain, motivate and promote talent and to ensure long term sustainability of talented managerial persons and create competitive advantage.

The Policy is available on the website of the Company - https://setcoauto.com/statutory-policies/

FAMILIARIZATION PROGRAM FOR THE INDEPENDENT DIRECTORS

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

PERFORMANCE EVALUATION OF BOARD

In line with the statutory requirements enshrined under the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board carried out a performance evaluation. A formal evaluation of performance of the Board, it's Committees, the Chairman and that of the individual Directors was carried out for the financial year 2020-21.

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

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

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

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

DIRECTORS' RESPONSIBILITY STATEMENT

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

a) in the preparation of the annual accounts for the financial year ended 31st March, 2021, the applicable accounting standards and Schedule III of the Companies Act, 2013, have been followed and there are no material departures from the same;

b) the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of your Company as at 31st March, 2021 and of the profit and loss of the Company for the financial year ended 31st March, 2021;

c) proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

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

e) proper internal financial controls laid down by the Directors were followed by the Company and that such internal financial controls are adequate and were operating effectively; and

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

NUMBER OF BOARD MEETING

The Board of Directors met 5 (Five) times during year under review. The details of board meeting and the attendance of the Directors are provided in the Corporate Governance Report which forms part of this Annual Report.

COMMITTEES OF BOARD

Details of various committees constituted by the Board of Directors as per the provision of the SEBI Listing Regulations and Companies Act, 2013 are given in the Corporate Governance Report which forms part of this Annual Report.

CONTRACTS AND ARRANGEMENTS WITH RELATED PARTIES

The Company undertakes various transactions with related parties in the ordinary course of its business. All transactions entered into with related parties as defined under the Companies Act, 2013 during the financial year, were in the ordinary course of business and on an arm's length pricing basis and do not attract the provisions of Section 188 of the Companies Act, 2013.

All Related Party Transactions are placed before the Audit Committee as also the Board for approval. The transactions entered into pursuant to the omnibus approval so granted and a statement giving details of all related party transactions is placed before the Audit Committee and the Board of Directors for their approval on a quarterly and annual basis.

There were no materially significant transactions with the related parties during the financial year, which were in conflict with the interest of the Company and hence, enclosing of Form AOC-2 is not required. Suitable disclosure as required by the Accounting Standard (AS-18) has been made in the notes to the Financial Statements.

The Policy on materiality of related party transactions and dealing with related party transactions may be accessed on the Company's website at the link http://www.setcoauto.com/statutory-policies.

The details of related party transactions as per Indian Accounting Standards (IND AS) – 24 are set out in Note 38 to the Standalone Financial Statements of the Company.

EXTRACT OF ANNUAL RETURN

As per the requirements of Section 92(3) of the Act and Rules framed thereunder, the extract of the annual return for FY 2021 is available on https://setcoauto.com/annual-reports/.

AUDITORS

Statutory Auditors

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

SECRETARIAL AUDITOR AND SECRETARIAL AUDIT REPORT

Your Company has undertaken Secretarial Audit for the financial year 2020-21 which, inter alia, includes audit of compliance with the Companies Act, 2013 and the Rules made under the Act, SEBI Listing Regulations and applicable

Regulations prescribed by the Securities and Exchange Board of India and Secretarial Standards issued by the Institute of the Company Secretaries of India. Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Board of Directors had appointed M/s. P. P. Shah & Co., Practicing Company Secretaries (Membership No.1483, CP No. 436) to conduct the Secretarial Audit of the Company for financial year 2020-21.

The Secretarial Audit Report for the financial year ended March 31, 2021 is annexed herewith marked as **Annexure II** in Form MR-3 to this Report. The Secretarial Audit Report does not contain any qualification, reservation or adverse remark.

Pursuant to Regulation 24A of the Listing Regulations, the Company has obtained Annual Secretarial Compliance Report from M/s. P. P. Shah & Co. on compliance of all applicable SEBI Regulations and circulars / guidelines issued there under and the same were submitted with the Stock Exchanges.

SECRETARIAL AUDIT OF MATERIAL UNLISTED INDIAN SUBSIDIARY

Pursuant to provisions of Regulation 24A of SEBI Listing Regulations, Secretarial Audit was undertaken for our material unlisted subsidiary – Lava Cast Private Limited. The Secretarial Audit Report for aforesaid material unlisted subsidiary company is available on Company's website, www.setcoauto.com.

SECRETARIAL STANDARDS

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

CORPORATE GOVERNANCE

We comply with the Securities and Exchange Board of India (SEBI)'s guidelines on Corporate Governance. A report on Corporate Governance alongwith a certificate from the Secretarial Auditors of the Company regarding the compliance with provisions of corporate governance as stipulated under Schedule V of the Listing Regulations forms a part of this Annual Report.

All Board members and senior management personnel have affirmed compliance with the Code of Conduct for the year 2020-21. A declaration to this effect signed by the Chairman & Managing Director of the company is contained in this Annual Report.

The Chief Executive Officer/Chief Financial Officer (CEO/CFO) certification as required under SEBI Listing Regulations and the said certificate is contained in this Annual Report.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO:

A. Conservation of Energy: The operations of the Company are not energy – intensive. However, the Company takes necessary steps wherever applicable, to conserve energy. To this extent, employees and operators are regularly educated about saving energy.

B. Technology Absorption: The Company's product i.e. clutches for commercial vehicles are manufactured under the proprietary technology and heritage 'Lipe' Brand. Most of the components for manufacturing clutches are procured indigenously except for certain critical components, for offering better quality at a competitive price to customers, being imported.

C. Foreign Exchange Earnings and Outgo: Details of foreign exchange earnings and outgo during the financial year 2020-21, are provided in the Notes to Standalone Financial Statements of the Company, forming part of this Annual Report.

INVESTOR EDUCATION AND PROTECTION FUND (IEPF)

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

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

INTERNAL FINANCIAL CONTROLS

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

Audit Committee and the Board review these internal control systems to ensure they remain effective and are achieving their intended purpose. The Company's internal audit team conducts periodic audits, checks and has laid down controls to prevent, detect and correct any irregularities in the operations of the Company.

INDIAN ACCOUNTING STANDARDS (IND AS) 2015

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

CONSOLIDATED FINANCIAL STATEMENTS

In accordance with the provisions of Companies Act, 2013 (hereinafter referred to as "the Act"), Regulation 33 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and applicable Accounting Standards, the Audited Consolidated Financial Statements of the Company for the financial year 2020-21, together with the Auditors' Report form part of this Annual Report.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

In accordance with the provisions of Section 135 of the Act and Rules framed there under, the Company has a Corporate Social Responsibility **("CSR")** Committee. The Company primarily works through Setco Foundation and also supports other NGOs, towards supporting projects to facilitate a neighborhood to ensure full access to healthcare, nutrition, education and opportunity for growth. We strongly believe that, as a model corporate citizen, our Corporate Social Responsibility (CSR) activities should support and revive. It is our way of giving back to the society, community and environment which has helped us grow and thrive. Details of the CSR activities are more particularly exhibited on Company's website at the link http://setcofoundation.org/what-we-do/.

The Corporate Social Responsibility Committee **(CSR Committee)** formulated and recommended to the Board, the Corporate Social Responsibility Policy **(CSR Policy)** of the Company indicating therein the CSR activities to be undertaken by the Company. The CSR Policy has been approved by the Board of Directors.

The CSR policy framed by the Company is available on the website of the Company http://www.setcoauto.com/statutory-policies.

The disclosure as per Rule 9 of Companies (Corporate Social Responsibility Policy) Rules, 2014 is made in prescribed form which is annexed to this Report as **Annexure III.**

HUMAN RESOURCES

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

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

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

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

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

VIGIL MECHANISM / WHISTLE BLOWER POLICY

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

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

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

The Audit Committee oversees the vigil mechanism. No employee has been denied access to the Audit Committee. The Audit Committee reviews on a quarterly basis, reports made under this policy and implements corrective actions, wherever necessary. The policy has been appropriately communicated to all the employees and posted on the Company's website at the link http://www.setcoauto.com/statutory-policies. No such fraud or wrongful conduct was reported during the year under review.

RISK MANAGEMENT

The Company has a well-defined process in place to ensure appropriate identification and mitigation of risks. Risk identification exercise is inter-woven with the annual planning cycle which ensures both regularity and comprehensiveness. The identification and mitigation of strategic, business, operational and process risks are carried out for all functions. Your Company is committed to managing the risks in a proactive and efficient manner.

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

INDUSTRIAL RELATIONS

The relations with the employees have continued to remain cordial.

QUALITY STANDARD ACCREDIATION

Your Company is TS 16949, ISO 14001 and EMS OHSAS 18001 certified in line with the global requirements of the automotive sector by Bureau Veritas Certification (formerly BVQI).

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

PARTICULARS OF EMPLOYEES AND RELATED DISCLOSURES

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

The statement containing particulars of employees as required under Section 197 of the Companies Act, 2013 read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, will be provided upon request. In terms of Section 136 of the Companies Act, 2013, the Report and Accounts are being sent to the Members and others entitled thereto, excluding the information on employees' particulars which is available for inspection by the members at the Registered Office of the Company during all working days except on Public Holidays and National Holidays between 10.00 a.m. and 5.00 p.m. upto the date of the AGM. If any member is interested in obtaining a copy thereof, such Member may write to the Company Secretary in this regard.

GENERAL

Your Directors state that no disclosure or reporting is required in respect of the following items as there were no transactions on these items during the year under review:

1. The Company does not Issue equity shares with differential rights as to dividend, voting or otherwise.
2. Issue of shares (including sweat equity shares) to employees of the Company under any scheme save and except ESOS referred to in this Report.
3. Neither the Managing Director nor the Whole-time Directors of the Company received any remuneration or commission from any of its subsidiaries.
4. There are no significant or material orders were passed by the Regulators or Courts or Tribunals impacting the going concern status of the Company and its operations in future.
5. None of the Auditors of the Company have reported any fraud as specified under the second proviso of Section 143 (12) of the Companies Act, 2013 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force).
6. The Company does not have any scheme or provision of money for the purchase of its own shares by employees/ Directors or by trustees for the benefit of employees/ Directors.

ACKNOWLEDGEMENTS:

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

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

For and on behalf of the Board

Harish Sheth
Chairman and Managing Director
DIN: 01434459

Place: Kalol
Date: December 04, 2021

ANNEXURE I

Form AOC-1

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

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

PART "A": Subsidiaries

(Rs. In Lakhs)

Name of the Subsidiary	Reporting period for the subsidiary concerned, if different from the company's reporting period	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries*	Share Capital	Reserve and Surplus	Total Assets	Total Liabilities	Investments	Turnover	Profit before taxation	Provision for taxation	Profit after taxation	Proposed Dividend	% of share holding
Lava Cast Private Limited	Same as Holding Company	INR	13,056.00	-13,084.48	18,373.67	18,402.15	-	3,822.56	-2,751.43	-	-2,751.43	-	89.68
Setco Auto Systems Pvt. Ltd. (formerly known as Transstadia Sport Sciences Pvt. Ltd.**	Same as Holding Company	INR	1.00	-2.69	0.37	2.06		-	-0.15	-	-0.15		100.00
WEW Holdings Limited	Same as Holding Company	1 GBP = Rs. 101.66	648.43	-10.99	641.56	4.12	641.47	-	-1.94	-	-1.94	-	100.00
Setco Automotive (UK) Ltd.	Same as Holding Company	1 GBP = Rs. 101.66	2,779.66	-5,392.90	4,993.64	7,606.88	1,673.07	2,297.11	-575.88	-8.88	-567.00	-	100.00
Setco Automotive (NA) Inc	Same as Holding Company	1 USD = Rs. 74.01	1,942.76	-702.63	5,870.12	4,629.99	-	3,.407.27	-438.78	-147.11	-291.67	-	100.00
SETCO MEA DMCC	Same as Holding Company	1 AED = Rs. 19.63	19.63	-273.68	515.18	769.23	-	274.50	-76.44	-	-76.44	-	100.00

*Rates as on March 31, 2021

** Became wholly owned subsidiary of the Company w.e.f March 26, 2021

ANNEXURE II

FORM NO. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2021

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule 9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]

To,

The Members,
Setco Automotive Limited

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Setco Automotive Limited** (hereinafter called 'the Company'). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2021 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2021, according to the provisions of:

1. The Companies Act, 2013 (the Act) and the rules made thereunder;
2. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
3. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
4. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
5. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
    a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
    b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
    c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
    d. The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
    e. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; **(Not applicable to the Company during the Audit Period)**
    f. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
    g. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; **(Not applicable to the Company during the Audit Period)** and
    h. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018; **(Not applicable to the Company during the Audit Period)**
6. There are no other laws specifically applicable to the industry to which the Company belongs as identified by the management.

We have also examined compliance with the applicable clauses of the following:

1. Secretarial Standards issued by The Institute of Company Secretaries of India i.e. Secretarial Standards – 1 on Meetings of Board of Directors and Secretarial Standards – 2 on General Meetings.

2. The Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 [SEBI (LODR) Regulations, 2015];

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

We further report that

The Board of Directors of the Company is duly constituted with proper balance of Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.

We further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

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

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

For P. P. Shah & Co.,
Company Secretaries
Unique ICSI ID No.: P2009MH018300

Pradip Shah
Partner
FCS No: 1483, COP No: 436
UDIN: F001483C001332527
Peer Review: 666/2020

Date**:** 30th October, 2021
Place: Mumbai

ANNEXURE TO SECRETARIAL AUDIT REPORT

To,

The Members,
Setco Automotive Limited

Sub: Our report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.
4. Wherever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

For P. P. Shah & Co.,
Company Secretaries
Unique ICSI ID No.: P2009MH018300

Pradip Shah
Partner
FCS No: 1483, COP No: 436
UDIN: F001483C001332527
Peer Review: 666/2020

Date**:** 30th October, 2021
Place: Mumbai

ANNEXURE III

ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY ("CSR") ACTIVITIES

1. **Brief outline on CSR Policy of the Company.**

Setco Foundation strives to enable a community to ensure that every child and woman has full access to healthcare, nutrition, education and opportunity for growth. In the next three years, Setco Foundation aims to engage with over 10,000 women and children.

We strongly believe that, as a model corporate citizen, our Corporate Social Responsibility (CSR) activities should CSR – Care, Support and Revive. It is our way of giving back to the community and environment which has helped us grow and thrive.

The Setco Foundation was created in 2007 to implement the Setco Group's corporate social responsibility (CSR) initiatives focusing on healthcare, education and empowerment. Our primary outreach is in Panchmahals which is a tribal district of Gujarat, where we have created communal harmony by bringing together different castes and religion.

The CSR activities of the company are aligned with the activities specified in schedule VII of the Companies Act, 2013. The Company has framed Corporate Social Responsibility Policy ("CSR Policy") as per the requirements prescribed under the Companies Act, 2013 read with Rules framed thereunder. The CSR Policy is available on the website of the Company.

2. **Composition of CSR Committee:**

Sl. No.	Name of Director	Designation/ Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1	Mrs. Urja Shah	Chairperson	1	1
2	Mr. Udit Sheth	Member	1	1
3	Mr. Arun Arora	Member	1	1
4	Mrs. Suhasini Sathe	Member	1	1

3. Provide the web-link where Composition of CSR committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the company.

For CSR Committee: **https://setcoauto.com/investor-services/**
For CSR Policy: **https://setcoauto.com/statutory-policies/**
For CSR Projects: **https://setcofoundation.org/**

4. Provide the details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social responsibilityPolicy) Rules, 2014, if applicable (attach the report). – **Not Applicable**

5. Details of the amount available for set off in pursuanceof sub-rule (3) of rule 7 of the Companies (Corporate Social responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any – **Not Applicable**

Sl. No.	Financial Year	Amount available for set-offfrom preceding financial years (in Rs)	Amount required to be set- off for the financial year, if any (in Rs)
1	2020-21	NIL	NIL
	TOTAL	NIL	NIL

6. Average net profit of the company as per section 135(5). - **INR 24,40,40,390/-**

7. (a) Two percent of average net profit of the company asper section 135(5) – **INR 48,80,808/-**

(b) Surplus arising out of the CSR projects or programmes or activities of the previous financial years - **Nil**

(c) Amount required to be set off for the financial year, if any - **Nil**

(d) Total CSR obligation for the financial year (7a+7b-7c) **INR 48,80,808/-**

8. (a) CSR amount spent or unspent for the financial year:

Total Amount Spent for the Financial Year. (Rs. in Lakhs)	Amount Unspent (in Rs.)				
	Total Amount transferred to Unspent CSR Account as per section 135(6).		Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5).		
	Amount.	Date of transfer.	Name of the Fund	Amount.	Date of transfer.
INR 59,62,083.00	Nil	Nil	-	Nil	-

(b) Details of CSR amount spent against **ongoing projects** for the financial year: **Not Applicable**

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	(9)	(10)	(11)	
Sl. No.	Name of the Project	Item from the list of activities in Schedul VII to the Act.	Local area (Yes/ No).	Location of the project.		Project duration.	Amount allocated for the project (in Rs.).	Amount spent in the current financial Year (in Rs.).	Amount transferred to Unspent CSR Account for the project as per Section 135(6) (in Rs.).	Mode of Implementation- Direct (Yes/ No).	Mode of Implementation – Through Implementing Agency	
				State.	District.						Name	CSR Registration number.
1.												
	Total											

(c) Details of CSR amount spent against **other than ongoing projects** for the financial year:

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	
Sl. No.	Name ofthe Project	Item from the list ofactivities in schedule VII to the Act.	Local area (Yes/ No).	Location of the project.		Amount spent forthe project (in Rs.).	Mode of implementationon- Direct (Yes/ No).	Mode of implementation – Through implementing agency.	
				State.	District.			Name.	CSR Registration number.
1	Aayushi – Health & Nutrition	(i)	Yes	Gujarat	Panchmahals	15,78,153	Yes	Setco Foundation Daman	CSR00004986
2	Nandghar, Pahel & Sitara -Anganwadi centers, Early childhood education centers and women skill development	(ii)	Yes	Gujarat	Panchmahals	25,54,939	Yes	Setco Foundation Daman	CSR00004986

3	Shikhar -Training to promote rural sports, nationally recognized sports, Paralympic sports and Olympic sports	(vii)	Yes	Gujarat	Panchmahals	46,319	Yes	Setco Foundation Daman	CSR00004986
4	Shree Krishnashram Vaidik Pathshala- Promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly, and the differently abled and livelihood enhancement projects.	(ii)	No	Gujarat	Aravallis	10,00,000	No	Agnihotri Krushnaram Gulabram Charitable Trust	CSR00013975
5	Aghor Guru Sewa Peeth - Promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly, and the differently abled and livelihood enhancement projects.	(ii)	No	Uttar Pradesh	Varansi	3,91,200	No	Aghor Guru Sewa Peeth	CSR00011018
	Total					**55,70,611**			

(d) Amount spent in Administrative Overheads **INR 5,01,181/-**
(e) Amount spent on Impact Assessment, if applicable – **Not Applicable**
(f) Total amount spent for the Financial Year(8b+8c+8d+8e) – **INR 59,62,083/-**
(g) Excess amount for set off, if any

Sl. No.	Particular	Amount (in Rs.)
(i)	Two percent of average net profit of the company as per section 135(5)	48,80,808.00
(ii)	Total amount spent for the Financial Year	59,62,083.00
(iii)	Excess amount spent for the financial year [(ii)-(i)]	10,81,275.00
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	NIL
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	NIL

9. (a) Details of Unspent CSR amount for the preceding three financial years:

Sl. No.	Preceding Financial Year.	Amount transferred toUnspent CSRAccount undersection 135 (6) (in Rs.)	Amount spentin the reporting Financial Year (in Rs.).	Amount transferred to any fund specified under Schedule VII as per section 135(6), if any.			Amount remaining to be spent insucceeding financial years. (in Rs.)
				Name of the Fund	Amount (in Rs).	Date of transfer.	
NIL							

(b) Details of CSR amount spent in the financial year for **ongoing projects** of the preceding financial year(s):

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Sl. No.	Project ID.	Name of the Project.	Financial Year in which theproject was commenced.	Project duration.	Total amount allocated for the project (in Rs.).	Amount spent on theproject in the reporting Financial Year (inRs).	Cumulative amount spent at the end of reporting Financial Year. (in Rs.)	Status of the project-Completed / Ongoing.
NIL								

10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year -

(Asset-wise details).

(a) Date of creation or acquisition of the capital asset(s) : **None**

(b) Amount of CSR spent for creation or acquisition of capital asset : **NIL**

(c) Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc. : **Not Applicable**

(d) Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset). : **Not Applicable**

11. Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per section 135(5). : **Not Applicable**

On behalf of the CSR Committee

Harish Sheth
Chairman and Managing Director
DIN: 01434459

Urja Shah
Chairperson – CSR Committee
DIN: 02675341

ANNEXURE IV

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

a) Ratio of the Remuneration of each Executive Director to the Median Remuneration of the Employees of the Company for the FY 2020-21 and the Percentage increase in Remuneration of Managing Directors, other Executive Directors, Chief Financial Officer and Company Secretary during the FY 2020-21:

Sr. No.	Name of the Executive Directors & Key Managerial Personnel	Designation	%increase/ (decrease) in Remuneration for Financial year 2020-21$	Ratio of remuneration of each Director to median remuneration of employees
1.	Mr. Harish Sheth	Chairman and Managing Director	(33.12)	0.01
2.	Mr. Udit Sheth	Vice Chairman	0	0.02
3.	Mrs. Urja Shah	Executive Director	(7.5)	0.03
4.	Mr. Jatinder Gujral	Chief Executive Officer	(31.16)	0.02
5.	Mr. Vinay Shahane*	Chief Financial Officer	(13.30)	0.04
6.	Mr. Chandra Kant Sharma**	Company Secretary	(28.74)	0.13
7.	Mr. Hiren Vala***	Company Secretary	0%	0.96

* Ceased to be CFO as on November 23, 2020

**Resigned as on December 29, 2020

***Appointed as on January 01, 2021

$ Due to Voluntary Salary cut during the first half of FY 2020-21.

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

c) Number of permanent employees on the rolls of Company

There were **831** Permanent employees on the rolls of Company as on 31st March, 2021.

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

The Company affirms remuneration is as per the Remuneration Policy of the Company.

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

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

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

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

Sr. No.	Name of the Employee	Designation	Remuneration received (` in Lakhs)	Nature of Employment whether Contractual or otherwise	Qualifications and experience of the Employee	Date of Commencement of Employment	Age	Last employment held by such Employee
1	Mr. Harish Sheth -	Chairman & Managing Director		Contractual	Bachelor's degree in Mechanical Engineering from the University of Michigan, Ann Arbor and an MBA (Finance) from the Columbia University, New York	05/05/1982	72	-
2	Mr. Udit Sheth	Vice Chairman		Contractual	Bachelor's Degree in Science with a specialization in Finance & MIS from Purdue University and has completed an Executive Education program from MIT, Cambridge-Boston, USA.	30/06/2008	42	-
4	Mr. Jatinder Gujral	Chief Executive Officer		Contractual	Bachelor's degree in Mechanical Engineering from the Punjab University	29/09/2011	57	Goodyear Tire and Rubber Company

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

CORPORATE GOVERNANCE REPORT

This Corporate Governance Report outlines the governance practice followed by Setco Automotive Limited **("the Company")** in compliance with the requirements prescribed under the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time **("SEBI Listing Regulations").**

COMPANY'S PHILOSOPHY ON THE CODE OF GOVERNANCE

The Company's philosophy on corporate governance is to achieve business excellence and to create long term value for its stakeholders. Corporate Governance essentially involves balancing the interests of the stakeholders and maximize the value for stakeholders which predominantly includes its shareholders, management, customers, suppliers, Government and the community at large. The Company believes in adopting best practices to ensure fairness, transparency, accountability and integrity across all its operations and maintaining valuable relationship and trust with the stakeholders, thereby supporting stronger growth for the company to fulfill its goals and objectives.

Corporate Governance for the Company comprises of processes and principles conforming to the highest standards which are reviewed periodically by the Board of Directors of the Company **("the Board")** to facilitate effective entrepreneurial and prudent management that can deliver long-term success to the Company and continuing relevance, effectiveness and responsiveness for all stakeholders.

The Company has established a process of regular dissemination and presentation of information to the Board to ensure comprehensive oversight of the Company's business activities. The Board reviews corporate policies, procedures, overall performance, accounting, reporting and secretarial standards and other significant areas of management, corporate governance and regulatory compliance. The Company's philosophy on Corporate Governance envisages the attainment of highest levels of transparency, accountability and equity, in all facets of its operations.

The Company's governance framework is continuously monitored to facilitate effective entrepreneurial and prudent management that can deliver long-term success to the Company.

Governance Structure

The Board of Directors of the Company includes individuals who are professionals in their respective areas of specialization and who have held eminent positions. The members of the Board are individuals with leadership qualities and strategic insights. The Company is currently headed by an Executive Chairman who is also the Managing Director. Directors including Non-Executive Directors are professionally competent. Company has an appropriate mix of Executive and Independent Directors to maintain independence of Board, and as at March 31, 2021, the Board consists of Six members, of which Three are Non-Executive Independent Directors. Thus, Company is having total Three Non-Executive Independent Director on the Board which is half of total strength. All Directors have informed the Company about the Board Membership and Board's Committee Membership they occupy in other companies including Chairmanship in Board / Committee of such companies. Directors notify Company of any change that take place in these disclosures at the Board Meetings. The Board has unfettered and complete access to all information within the Company and to any of the employees.

In accordance with Regulation 17 read along with Para C Schedule V of the SEBI (Listing Obligation and Disclosure Requirements), Regulations, 2015, the details required are set forth.

A. **Board of Directors**

The Board of Directors, along with its Committees, provides leadership and guidance to the management and directs and supervises the performance of the Company, thereby enhancing stakeholder value.

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

(i) **Composition of Board**

The Company's policy is to have a proper blend of Executive and Non-Executive Directors to maintain independence of the Board and at the same time separate Board's functions of governance from management. As at March 31, 2021 in compliance with Regulation 17 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, the Company's Board of Directors headed by its Chairman and Managing Director – Mr. Harish Sheth, comprises of five other Directors, out of which three Directors are Independent Non-Executive Directors.

The Board comprises of 6 (Six) Directors of which 3 (Three) Directors are Independent and 3 (Three) Directors are Executive.

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

Category	Name of the Director
Executive Directors	
• Promoter Directors	**1.** Mr. Harish Sheth **2.** Mr. Udit Sheth **3.** Mrs. Urja Shah
Non-Executive Directors	
• Independent	**4.** Dr. Arun Arora **5.** Mr. Ashok Kumar Jha **6.** Mrs. Suhasini Sathe

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

We hereby inform that none of the Directors on the Board is a Member of more than 10 Committees and/or Chairperson of more than 5 Committees (as required to be complied with under Regulation 26 of SEBI Listing Regulations), across all public companies in which he/she is a Director. The maximum tenure of Independent Directors is also in line with provisions of Section 149 (10) and (11) of the Act and related rules made thereunder.

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

Board Meetings / Procedure

During the year, the Board met 5 (Five) times on May 13, 2020, September 12, 2020, November 10, 2020, February 9, 2021 and March 26, 2021. The Board meets at least once in every quarter to review the Company's operations and financial performance. The necessary quorum was present in all the meetings.

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

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

The Board at its meetings reviews various management aspects such as performance of the Company, business plans, annual budgets, capex plans, appointment / remuneration of senior management, general economic conditions, functioning of foreign subsidiaries, foreign exchange exposures, details of investor grievances and major legal issues. Further, the Board also periodically reviews the compliance reports of applicable laws to the Company as well as steps taken to rectify instances of non-compliances, if any.

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

The Companies Act, 2013 read with the relevant rules made thereunder, Video-conferencing facility is made available at the Board / Committee Meetings in case any Director is unable to attend but wishes to participate in the meetings through video conferencing. Further, during the financial year under review, due to the COVID -19 pandemic, meetings of the Board and its Committees, as well as the Annual General Meeting were held through two-way Video Conferencing facility as per the provisions of the Act as well as various circulars issued by Ministry of Corporate Affairs **("MCA")** and Securities and Exchange Board of India **("SEBI").** The proceedings of all meetings were seamless. The necessary quorum was present for all the meetings.

The following table provides the attendance record at the Board Meeting and Annual General Meeting of the Company during the financial year 2020-21 and directorships, memberships and chairmanships in other public limited companies at the end of the financial year 2020-21:

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

Table 1: Composition of the Board and attendance record of directors for 2020-21

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

* Mr. Udit Sheth has been appointed as Vice Chairman Executive Director with effect from 13th May, 2020.

Table 2: Number of directorships/committee positions of directors as on March 31, 2021

Name of the Director	No. of Directorship of Public Limited Companies @	No. of Membership in Committees#	No. of Chairmanship in Committees#	No. of shares Held$	Name of other listed entity and Category of Directorship
Mr. Harish Sheth	1	1	-	28,97,575	-
Mr. Udit Sheth*	1	-	-	27,62,863	-
Mrs. Urja Shah	1	1	-	42,84,725	-
Dr. Arun Arora	2	3	2	3,11,415	1. Times Guaranty Limited (Non-Executive Independent Director)
Mr. Ashok Kumar Jha	3	4	1	40,000	1. Xpro India Limited (Non-Executive Independent Director) 2. Minda Corporation Limited (Non-Executive Independent Director
Mrs. Suhasini Sathe	1	1	-	18,000	

* Mr. Udit Sheth has been appointed as Vice Chairman Executive Director with effect from 13th May, 2020.

@ Including Directorship of Setco Automotive Limited.

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

$ Face Value of Rs.2/- each.

Skills / expertise competencies of the Board of Directors:

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

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

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

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

iv) Corporate Laws and governance - Ability to understand and interpret the corporate laws, rules and regulations by which businesses are regulated and controlled.

v) Financial and Management skills.

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

vii) Stakeholders Relationship skills.

Matrix setting out the Skills/ Expertise/ Competence of the Board of Directors

Directors	Mr. Harish Sheth	Mr. Udit Sheth	Mrs. Urja Shah	Dr. Arun Arora	Mr. Ashok Kumar Jha	Mrs. Suhasini Sathe
Knowledge on Company's businesses, policies and culture	√	√	√	√	√	√
Behavioural skills	√	√	√	√	√	√
Business Strategy, Sales & Marketing, Corporate Governance, Administration, Decision Making	√	√	√	√	√	√
Corporate Laws and governance	√	√	√	√	√	√
Financial and Management skills	√	√	√	√	√	√
Technical / Professional skills and specialized knowledge in relation to Company's business	√	√	√	√	√	√
Stakeholders Relationship skills	√	√	√	√	√	√

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

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

Separate Meeting of Independent Director

Provisions of Schedule IV of the Companies Act, 2013 and Regulation 25 of the Listing Regulations has mandated that the Independent Directors of the Company shall hold at least one meeting during the financial year without the attendance of Non- Independent Directors.

The Separate Meeting of the Independent Directors was held on February 9, 2021 to discuss and review the performance of Non-Independent Directors and the Board as a whole, performance evaluation of the Chairman of the Company, taking into account the views of Executive Directors and Non-Executive Directors and the evaluation of the quality, quantity and timeliness of flow of information between the Company management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

Declarations

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

Familiarization Programme

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

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

B. **Committees of Board of Directors**

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

6 (six) Committees of the Board, namely, Audit Committee, Stakeholders Relationship Committee, Nomination and Remuneration Committee, Corporate Social Responsibility (CSR) Committee, Finance / Operations Committee and Selection Committee. The composition of committees is in accordance with the Companies Act, 2013 and the Listing Regulations are as follows:

Audit Committee:

The Committee met four times during the financial year 2020-21 viz., September 12, 2020, November 10, 2020, February 9, 2021 and March 26, 2021. The detailed constitution and attendance at the Committee meetings which were held during the year are as follows:

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

The Chairman of the Audit Committee attended the Annual General Meeting of the Company held during the year under review.

The Statutory Auditors, Internal Auditors, Group Financial Advisor and Chief Financial Officer are invitees to the Audit Committee Meetings. The Company Secretary acts as the Secretary to the Committee.

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

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

Nomination and Remuneration Committee

The Committee met four times during the financial year 2020-21 viz. May 13, 2020, September 12, 2020, November 10, 2020 and February 9, 2021. The detailed constitution and attendance at the Committee meetings which were held during the year are as follows:

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

The terms of reference of the Nomination and Remuneration Committee are as per the governing provisions of the Companies Act, 2013 (section 178) and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (specified in Part D of Schedule II).

The Committee inter-alia reviews as well as recommends the appointment and remuneration package of executive directors & senior executives of the Company after considering the factors such as experience, expertise, position, responsibilities shouldered by the individual and leadership qualities, and the Committee also approves and oversees the operation of Employee Stock Option Plans.

The detailed Remuneration Policy is placed on the Company's website https://setcoauto.com/statutory-policies/. The non-executive Directors are paid sitting fees as per the provisions of the Companies Act, 2013, the rules made there under and Articles of Association of the Company for attending the Board / Committee meetings.

The members of the Company at the 31st Annual General Meeting held on September 9, 2014 have approved the payment of commission upto 1% of profits payable to Non-Executive Directors of the Company and authorized the Board to determine such commission.

The detailed information for Directors' remuneration / commission for financial year 2020-21 are as follows:

Rs. in lakhs

Name of the Director	Category	Salary, allowances and perquisites	Contribution to Provident and Other Fund	Commission / Performance Incentive	Sitting Fees	Total
Mr. Harish Sheth	Chairman and Managing Director	264.00#	21.60	-	-	285.60
Dr. Arun Arora	Independent Director	--	--	-	3.40	3.40
Mr. Ashok Kumar Jha	Independent Director	--	--	-	2.95	2.95
Mrs. Suhasini Sathe	Independent Director	--	--	-	2.95	2.95
Mr. Udit Sheth*	Executive Director & Vice Chairman	102.50	11.76	--	--	114.26
Mrs. Urja Shah	Executive Director	55.50	6.08	-	-	61.58

* Mr. Udit Sheth has been appointed as Vice Chairman Executive Director with effect from 13th May, 2020.

Excess Remuneration of Rs. 84.00 Lakhs refunded to the Company for the financial year 2020-21.

Performance Evaluation of Board

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

Stakeholders Relationship Committee

The Committee met three times during the financial year 2020-21 viz., September 12, 2020, November 10, 2020 and February 9, 2021. The detailed constitution and attendance at the Committee meetings which were held during the year are as follows:

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

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

Mr. Hiren Vala Company Secretary is designated as the Compliance Officer of the Company.

The status of investor grievances received during the financial year 2020-21 is as follows:

No. of Complaints pending as on April 1, 2020	00
No. of Complaints / queries received during the year	03
No. of Complaints resolved during the year	03
No. of Complaints pending as on March 31, 2021	NIL

The name of the Shareholders' / Investors' Grievance Committee has been changed to Stakeholders Relationship Committee in line with the provisions of Companies Act, 2013. The Committee, inter-alia, oversees transfer of shares in physical form, transmission of shares, issue of duplicate share certificates, depository operations and compliances of regulatory provisions etc. and evaluates investor grievances redressal system.

Finance / Operations Committee

The Finance / Operations Committee is empowered to borrow funds, invest surplus funds, to decide / modify operations of bank accounts and other routine administrative and management functions.

The Committee comprises of Mr. Harish Sheth, Chairman and Managing Director, Mr. Udit Sheth, Vice Chairman and Dr. Arun Arora, Independent Director.

Selection Committee

The Selection Committee has been constituted during the financial year 2013-14 to consider appointment of the Directors / relatives of Directors for place of profit, to recommend remuneration / perquisites payable to them and to review/ recommend / approve increment / revision in the remuneration / perquisites payable to them.

The Committee comprises of Dr. Arun Arora, Mr. Ashok Kumar Jha and Mrs. Suhasini Sathe, Independent Directors and Mr. Pradip C. Shah, outside Expert.

Corporate Social Responsibility (CSR) Committee

The Committee met one time during the financial year 2020-21 viz. February 9, 2021. The detailed constitution and attendance at the Committee meetings which were held during the year are as follows:

Name of the Director	Category	Designations	No. of meetings Attended	
			Held	Attended
Mrs. Urja Shah	Executive Director	Chairman	1	1
Dr. Arun Arora	Non- Executive Independent	Member	1	1
Mrs. Suhasini Sathe	Non -Executive Independent	Member	1	1
Mr. Udit Sheth	Executive Director & Vice Chairman	Member	1	1

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

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

The CSR Committee has been constituted during the financial year 2015-16, inter-alia, to formulate and recommend to the Board, a Corporate Social Responsibility Policy which shall define the activities to be undertaken by the Company; recommend the amount of expenditure to be incurred on the CSR activities; and monitor the Corporate Social Responsibility Policy of the company from time to time. The Corporate Social Responsibility Policy of the Company has been uploaded on the Company's website https://setcoauto.com/statutory-policies/.

C. General Body Meetings

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

Financial Year	Venue	Day & Date	Time
2017-18	Registered Office at : Baroda – Godhra Highway, Kalol, 389330 District– Panchmahal, Gujarat.	Friday, September 28, 2018	4:00 pm
2018-19		Friday, September 27, 2019	12:00 Noon
2019-20	Meeting conducted through VC / OAVM	Monday, December 28, 2020	3:00 pm

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

Date of AGM / EGM	Section	Particulars of Special Resolution
September 28, 2018 (35th AGM)	1. Section 149, 152 read with Schedule IV of the Companies Act, 2013	Appointment of Mr. Bhalchandra L. Naik (DIN: 02490022) as an Independent Director of the Company
	2. Section 149, 152 read with Schedule IV of the Companies Act, 2013	Appointment of Mr. Arun Tiwari (DIN: 05345547) as an Independent Director of the Company
	3. Section 23, 42 and 62(1)(c) of the Companies Act, 2013	Enabling resolution for Issue of Securities by way of QIP
	4. Section 185 of the Companies Act, 2013	Loans to Lava Cast Pvt. Ltd., Subsidiary/Joint Venture of the Company
	5. Section 186(3) of the Companies Act, 2013	Increase of limit u/s 186(2) of Companies Act, 2013 for extending loans, providing guarantees or giving securities for loans taken by any person or body corporate
September 27, 2019 (36th AGM)	1. Section 149, 152 read with Schedule IV of the Companies Act, 2013	Re-appointment of Dr. Arun Arora (DIN: 00172044) as an Independent Director of the Company.
	2. Section 149, 152 read with Schedule IV of the Companies Act, 2013	Re-appointment of Mr. Ashok Kumar Jha (DIN: 00170745) as an Independent Director of the Company.
	3. Section 149, 152 read with Schedule IV of the Companies Act, 2013	Re-appointment of Ms. Suhasini Sathe (DIN: 00205174) as an Independent Director of the Company.
	4. Section 23, 42 and 62(1)(c) of the Companies Act, 2013	Enabling resolution for Issue of Securities by way of QIP
December 28, 2020 (37th AGM)	1. Sections 196, 197, 203 of the Companies Act, 2013	Re-appointment of Mr. Harish Sheth (DIN: 01434459) as Chairman and Managing Director of the Company.
	2. Sections 196, 197, 203 of the Companies Act, 2013	Re-appointment of Mrs. Urja Shah (DIN: 02675341) as an Executive Director of the Company.
	3. Sections 196, 197, 203 of the Companies Act, 2013	Appointment of Mr. Udit Sheth (DIN: 00187221) as an Executive Vice Chairman of the Company.
	4. Section 188 of the Companies Act, 2013	Approval for Related Party Transactions.
	5. Section 186(3) of the Companies Act, 2013	Increase of limit u/s 186(2) of Companies Act, 2013 for extending loans, providing guarantees or giving securities for loans taken by any person or body corporate.
	6. Section 185 of the Companies Act, 2013	Approval of Loan under section 185 of Companies Act, 2013.
	7. Section 23, 42 and 62(1)(c) of the Companies Act, 2013	Issue of Further Securities.

iii. There were no resolutions passed through the Postal Ballot during the Financial Year 2020-21. None of the businesses proposed to be transacted at the ensuing Annual General Meeting require passing of resolution through postal ballot.

D. **Polices and Disclosures:**

i. Means of Communication:

The Company publishes its quarterly, half-yearly and yearly financial results in leading English and Gujarati newspapers like Economic Times, Business Standard, Vadodara Samachar etc. The results are also posted on Company's website viz. **www.setcoauto.com** and website of the stock exchange. Information relating to shareholding pattern and compliance on corporate governance norms are also posted on Company's website.

All unpublished price sensitive information is immediately informed to the Stock Exchange before the same is communicated to general public through press releases, if any. Further, the Company disseminates to the Stock Exchange all presentations made to Institutional Investors / Analysts which is also available on the website of the Company www.setcoauto.com.

ii. Details of non-compliance by the Company, penalties, strictures imposed on the Company by stock exchange(s) or the board or any statutory authority, on any matter related to capital markets, during the last three years:

During the financial year 2020-21, the BSE Ltd and National Stock Exchange of India Ltd. imposed a fine of Rs. 4,83,800/- for non-submission of the financial results within the period prescribed under regulation 33 of the SEBI (LODR) Regulations, 2015 ("**Listing Regulations"**) for the Quarter ended 31st March, 2020, Rs. 23,600/- for Non-Compliance of Listing Regulation 29(2)/(3) and The BSE Ltd imposed a fine of Rs. 12,980/- for failure to ensure that adequate steps are taken for expeditious redressal of Investor complaints under Regulation 13(1) of Listing Regulations.

During the financial year 2019-20, the BSE Ltd and National Stock Exchange of India Ltd. imposed a fine of Rs. 1,02,660/- for delay in appointment of Company Secretary and Compliance Officer under Regulation 6(1) of the SEBI (LODR) Regulations, 2015 and Rs. 23,600 for non-compliance of Listing Regulation 29(2)/(3) of the SEBI (LODR) Regulations, 2015.

iii. Disclosure of materially significant Related Party Transactions:

All transactions entered into with Related Parties as defined under the Companies Act, 2013 and Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 during the financial year were in the ordinary course of business and on an arm's length basis and do not attract the provisions of Section 188 of the Companies Act, 2013. The Company did not enter into any materially significant transactions with Promoters, Directors or the Management, their subsidiaries or relatives etc., which were in conflict with the interest of the Company. Details of Related Party Transactions are provided in Note 38 of notes forming part of financial statements. Necessary approvals have been obtained wherever required.

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

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

iv. Management Discussion and Analysis Report:

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

v. Risk Management:

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

vi. Code of Conduct:

Pursuant to the Regulation 17(5) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board of Directors has laid down a 'Code of Conduct' for all Board and Senior Management Members and they have affirmed compliance with the Code of Conduct of the Company for the Financial Year 2020-21.

The declaration stating that all the Board Members and Senior Management Members have affirmed their compliance with the said code of conduct for the year ended March 31, 2021 as per Para D of Schedule V of Listing Regulation is annexed to this Report.

The Code of conduct is also placed on the Company's website.

vii. Insider Trading:

The Company has adopted a Code of Conduct to regulate, monitor and report trading by insiders. This Code of Conduct is intended to prevent misuse of Unpublished Price Sensitive Information ("UPSI") by designated persons. The same has been placed on the Company's website i.e. www.setcoauto.com.

In accordance with such Code of Conduct, the Company closes its trading window for Designated Persons from time to time. The trading window is also closed during and after occurrence of price sensitive events as per the said Code of Conduct.

viii. Subsidiary Companies:

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

The Policy for determining material subsidiary is available on the website of the Company i.e. https://setcoauto.com/statutory-policies/.

ix. Whistle/Vigil mechanism Policy:

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

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

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

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

xi. Certificate from Practicing Company Secretary:

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

xii. Recommendations of Committees of the Board:
There were no instances during the financial year 2020-21, wherein the Board had not accepted recommendations made by any committee of the Board.

xiii. Total fees paid to Statutory Auditors of the Company:
Total fees of Rs. 37.50 Lakhs (Rupees Thirty Seven Lakhs and Fifty Thousand Only) for financial year 2020-21, for all services, was paid by the Company and its subsidiaries, on a consolidated basis, to the statutory auditor and all entities in the network firm/network entity of which the statutory auditor is a part.

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

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

Facilities	Rating	Rating Action
Long term Bank Facilities	CARE D (Single D)	Reaffirmed
Short term Bank Facilities	CARE D (Single D)	Reaffirmed

During the year under review, Care Ratings Limited has revised Long Term Bank Facilities credit rating from CARE C (Single C; Outlook: Negative) to CARE D (Single D) and Short term Bank Facilities from CARE A4 (A Four) to CARE D (Single D).

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

The Company has in place an effective mechanism for dealing with complaints relating to sexual harassment at workplace. The details relating to the number of complaints received and disposed of during the financial year 2020-21 are as under:

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

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

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

E. General Shareholder Information:

38th Annual General Meeting		
(i)	Day & Date	Wednesday, December 29, 2021
	Time	02:30 P.M
	Venue	The Company is conducting meeting through Video Conferencing ("VC") or Other Audio Visual Means ("OAVM") and as such there is no requirement to have a venue for the AGM. For further details please refer to the Notice of this AGM.
(ii)	Financial year	April 1 to March 31
	First Quarterly Results	On or before 14th August, 2021
	Second Quarterly Results	On or before 14th November, 2021
	Third Quarterly Results	On or before 14th February, 2022
	Fourth Quarterly Results	On or before 30th May, 2022
(iii)	Dates of Book Closure	Thursday, December 23, 2021 to Wednesday December 29, 2021 (both days inclusive)
(iv)	Dividend Payment Date	During the year under review, the Board of Directors of the Company has not recommended any dividend for the year ended March 31, 2021.
(v)	Listing details	
	Name of Stock Exchanges & Stock Code(s)	Address
	BSE Ltd (Stock Code- 505075)	Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 001
	National Stock Exchange of India Ltd. (Scrip Symbol: SETCO)	Exchange Plaza, C -1, Block G, Bandra – Kurla Complex, Bandra (E), Mumbai - 400 051
	ISIN for Depositories	INE878E01021
	Listing Fees	The Company has paid Listing Fees of both the Stock Exchanges for the financial year ended 31st March, 2021.

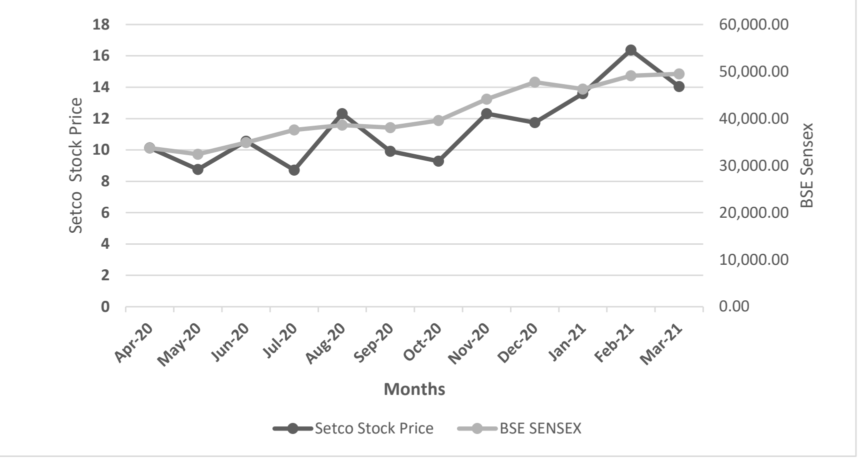
(vi) Market Price Data – the monthly high and low prices of the company's shares at BSE and NSE for the financial year ended 31st March, 2021 are as follows:

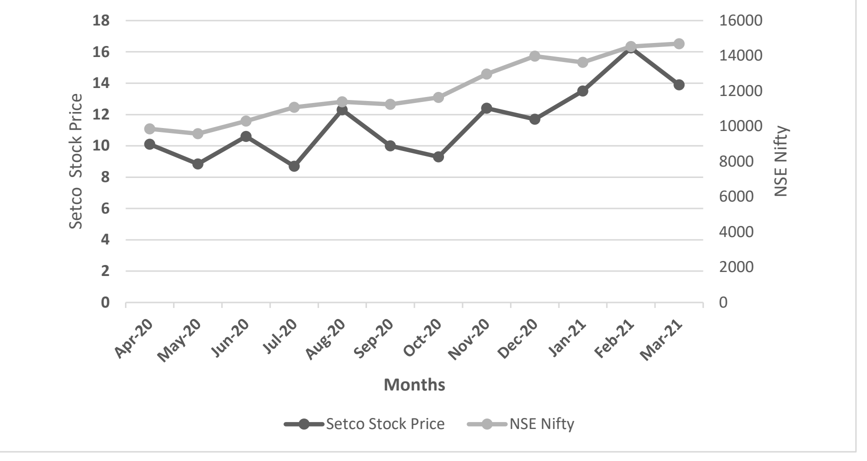
Month(s)	**BSE**		**NSE**	
FY2020-21	**High (Rs.)**	**Low (Rs.)**	**High (Rs.)**	**Low (Rs.)**
April-20	11	5.49	10.85	5.45
May-20	10.38	8.27	10	8.25
June-20	12.38	8.77	12.55	8.70
July-20	11.37	8.30	11.65	8.45
August-20	13.50	8.25	13.35	8.40
September-20	12.54	9.30	12.50	9.10
October-20	10.60	9.01	10.45	8.90
November-20	12.90	8.75	13.25	8.60
December-20	13.30	11.09	13.20	11.10
January-21	15.88	11.78	15.85	11.70
February-21	16.99	13.05	16.90	13.10
March-21	18.75	12.75	18.70	13.50

Source: BSE and NSE website

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

The Chart below shows the comparison of the Company's share price movement on BSE vis-à-vis the movement of the BSE Sensex and NSE Nifty for the financial year ended 31st March, 2021 (based on month end closing):





(viii) Registrar and Share Transfer Agents:

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

(ix) Share Transfer System:

In terms of Regulation 40(1) of SEBI Listing Regulations, as amended, securities can be transferred only in dematerialized form w.e.f. April 1, 2019, except in case of request received for transmission or transposition of securities. Members holding shares in physical form are requested to consider converting their holdings to dematerialized form. Transfers of equity shares in electronic form are effected through the depositories with no involvement of the Company. The Directors and certain Company officials (including Chief Financial Officer and Company Secretary) are authorised by the Board severally to approve transfers, which are noted at the Stakeholders Relationship Committee of the Board of Directors of the Company at its meetings held periodically takes note of status of investors' grievances / correspondences received during the quarter and also ratifies transfers affected during the quarter.

(x) Dematerialization of Shares and Liquidity:

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

As on March 31, 2021, 13,20,72,505 (constituting 98.73%) were in dematerialized form.

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

(xi) The Distribution of Shareholding and Category-wise Shareholding Pattern as on March 31, 2021 is as follows:

(a) **Distribution of Shareholding as on March 31, 2021:**

Distribution of Shareholding						
No. of Shares			**Shareholders**		**Shares Held**	
			No.	**%**	**Shares**	**%**
1	-	500	18824	61.46	3809990	2.85
501	-	1000	5036	16.45	4250709	3.18
1001	-	2000	3143	10.26	4765331	3.56
2001	-	3000	1185	3.87	3067657	2.29
3001	-	4000	515	1.68	1881608	1.41
4001	-	5000	506	1.66	2424918	1.81
5001	-	10000	757	2.48	5694506	4.26
10001	-	**********	654	2.14	107872556	80.64
			30620	**100.00%**	**133767275**	**100.00%**

(b) **Category-wise Shareholding Pattern as on March 31, 2021:**

Category	No. of Shares held	% of Shares held
Promoters and Promoter Group	7,92,57,488	59.25
Mutual Fund	0	0.00
Foreign Portfolio Investor	1,00,000	0.07
Financial Institutions/ Banks	45,750	0.03
Central Government/ State Government(s)/ President of India	40,000	0.03
Individuals – Upto Rs.2 Lakhs	3,58,11,369	26.77
Individuals – in excess of Rs. 2 Lakhs	77,80,764	5.82
HUF	26,13,351	1.95
Trusts	750	0.00
Bodies Corporate	42,67,402	3.19
NRIs (Non-Repat)	11,26,150	0.84
NRIs (Repat)	8,08,328	0.60
Clearing Members	198028	0.15
Foreign Nationals	34,790	0.03
IEPF Authority	13,49,190	1.01
Director or Director's Relatives	3,33,915	0.25
Total	**13,37,67,275**	**100.00**

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

There were no outstanding GDRs / ADRs / Warrants or any convertible instruments as at March 31, 2021.

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

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

(xiv) Plant Locations in India:

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

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

(xv) Address for correspondence:

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

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

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

The members can also send their grievances, if any, to the Company Secretary at the Corporate Office of the Company at 54A, Tardeo, Near Film Center Building, Tardeo Road, Mumbai – 400 034 or email at investor.relations@setcoauto.com.

F. **Other Mandatory / Non Mandatory Requirements:**

A certificate from the Practicing Company Secretary Auditor of the Company certifying compliance of Corporate Governance is annexed herewith.

Discretionary Requirements as per Part E of Schedule II under SEBI (LODR), Regulations, 2015.

The Company complied with majority of such non mandatory requirements, details of which are as follows:

a. The Board: The Board of the Company is chaired by Executive Chairman who maintains the Chairman's Office at the Company's expense.

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

d. Reporting of internal auditor as per the requirements, the internal auditor may report directly to the Audit Committee. The same is reported by briefing the Audit Committee through discussion and presentation of the observations, review, comments and recommendations etc. in the Internal Audit presentation by the Internal Auditor of the Company.

The Company has made all disclosures regarding compliance with corporate governance requirements specified in regulation 17 to 27 and clauses (b) to (i) of sub regulation (2) of regulation 46 of SEBI Listing Regulations, in the section on corporate governance of the annual report.

G. **Transfer of Shares to Investor Education Protection Fund (IEPF)**

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

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

In the event valid claim is not received from you within the aforesaid timeline, the Company will proceed to transfer the Equity Shares to IEPF without any further notice.

The details of unclaimed dividends and shares transferred to IEPF during F.Y 2020-21 are as follows:

Financial Year	Amount of unclaimed dividend transferred (Rs. In Lakhs)	Number of shares transferred
2012-13	11.94	598

Please note that the concerned Shareholders can claim both, the unclaimed dividend amount and the shares form the IEPF Authority by making an application in the prescribed Form IEPF – 5, online and sending a physical copy of the same, duly signed (as per the specimen signature recorded with the Company), along with requisite documents enumerated in Form IEPF – 5, to the Company Secretary. Please also note that no claim shall lie against the Company in respect of shares/unclaimed Dividend transferred to IEPF pursuant to the said Rules.

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

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

Other useful information for Shareholders

Dividend: Electronic Clearing Services (ECS)/ National Electronic Clearing Services (NECS) facility. The dividend remittances to shareholders will happen through ECS/NECS as per the locations approved by RBI from time to time. If you are located at any of the ECS/ NECS centers and have not registered your ECS/NECS mandate, please arrange to forward your ECS/NECS mandate to your depository participant if the shares are held in demat form, or to the Company/ Registrars, if the shares are held in physical form, immediately.

It may be noted that any amount remaining unclaimed for a period of 7 years from the date of transfer to unpaid dividend account shall be transferred to the Investor Education & Protection Fund as required under Section 125 of the Companies Act, 2013. Due dates for Transfer of Unclaimed Dividend to Investor Education and Protection Fund (IEPF) are as under:

Financial Year	Date of declaration of Dividend	Due date to transfer to IEPF
Final Dividend 2013-14	09.09.2014	08.09.2021
Interim Dividend 2014-15	11.11.2014	10.11.2021
Final Dividend 2014-15	28.09.2015	27.09.2022
Final Dividend 2015-16	29.09.2016	28.09.2023
Final Dividend 2016-17	27.09.2017	26.09.2024
Final Dividend 2017-18	28.09.2018	27.09.2025
Final Dividend 2018-19	27.09.2019	26.09.2026

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

Certificate on Corporate Governance

The Certificate from the Practicing Company Secretaries regarding compliance of conditions of corporate governance is annexed and forms part of this Annual Report.in terms of Chapter IV of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 is attached and forms part of this Annual Report.

CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

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

To,

The Members of
Setco Automotive Limited
54A, Tardeo Road, Near Film Centre Building,
Tardeo, Mumbai – 400 034

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

In our opinion and to the best of our information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to us by the Company & its officers, We hereby certify that none of the Directors on the Board of the Company as stated below for the financial year ending on 31st March, 2021 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs, or any such other Statutory Authority.

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

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

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

Place: Mumbai
Date: 30th October, 2021

Practicing Company Secretaries
FCS No. 1483, C P No.: 436
UDIN: F001483C001335156

CERTIFICATE UNDER PARA D OF SCHEDULE V OF THE SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015

To,

The Members of
Setco Automotive Limited

We, Harish K. Sheth, Chairman and Managing Director and Udit Sheth, Vice Chairman of Setco Automotive Limited, hereby declare that all the members of the Board of Directors and Senior Management Personnel have affirmed compliance with the Code of Conduct, as applicable to them, for the year ended 31st March, 2021.

Harish K. Sheth
Chairman & Managing Director
DIN: 01434459

Udit Sheth
Vice Chairman
DIN: 00187221

Place: Mumbai
Date: August 8, 2021

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

We, Jatinder Bir Singh Gujral, Chief Executive Officer, and Rovinder K Singla, Chief Financial Officer of Setco Automotive Limited hereby certify that: -

A. We have reviewed financial statements and the cash flow statement for the year ended March 31, 2021 and that to the best of our knowledge and belief:

   (1) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;

   (2) these statements together present a true and fair view of the listed entity's affairs and are in compliance with existing accounting standards, applicable laws and regulations.

B. We hereby certify that, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the listed entity's code of conduct.

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

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

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

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

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

Date: August 8, 2021	Jatinder Bir Singh Gujral	Rovinder K Singla
Place: Mumbai	Chief Executive Officer	Chief Financial Officer

PRACTICING COMPANY SECRETARY'S CERTIFICATE ON COMPLIANCE OF CORPORATE GOVERNANCE

To

The Members of Setco Automotive Limited

1. We have examined the compliance of conditions of Corporate Governance by Setco Automotive Limited ("the Company"), for the year ended on 31st March, 2021, as stipulated in Regulations 17 to 27 and clauses (b) to (i) of Regulation 46(2) and para C and D of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the Listing Regulations).

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion

5. Based on our examination of the relevant records and according to the information and explanations provided to us and the representations provided by the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Regulations 17 to 27 and clauses (b) to (i) of Regulation 46(2) and para C and D of Schedule V of the Listing Regulations during the financial year ended 31st March, 2021.

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

For M/s. P. P. Shah & Co.
Company Secretaries
Unique ICSI ID No.: P2009MH018300

Pradip C. Shah
Partner
FCS No: 1483, COP No: 436
UDIN: F001483C001332615
Peer Review: 666/2020

Place: Mumbai
Date: 30th October, 2021

INDEPENDENT AUDITORS' REPORT

TO

THE MEMBERS OF SETCO AUTOMOTIVE LIMITED

REPORT ON THE AUDIT OF THE STANDALONE FINANCIAL STATEMENTS

OPINION

We have audited the Standalone Financial Statements of Setco Automotive Limited ("the Company"), which comprise the Standalone Balance Sheet as at 31st March 2021, and the Standalone Statement of Profit and Loss (including Other Comprehensive Income), Standalone Statement of Changes in Equity, Standalone Statement of Cash Flows for the year then ended and notes to the Standalone Financial Statements, including a summary of significant accounting policies and other explanatory information

In our opinion and to the best of our information and according to the explanations given to us the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("the Act') in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rule 2015, as amended ("Ind AS) and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2021, and Loss and total comprehensive income, changes in equity and its cash flows for the year ended on that date.

BASIS FOR OPINION

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

EMPHASIS OF MATTER

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

a) The management's assessment of the impact of COVID -19 pandemic on its liquidity position and the recoverability of its assets comprising property, plant and equipment, inventories, receivables and other current assets as at the balance sheet date and on the basis of evaluation, has concluded that no material adjustments are required in the financial statements. (Refer Note No. 53 of Standalone Ind AS Financial Statements).

b) The Company's subsidiary Lava Cast Private Limited has eroded entire net worth due to losses. However, no impairment is provided on value of investment, based on the valuation report of Independent Valuer, as per DCF method. (Refer Note no. 3(b) of Standalone Ind AS Financial Statements).

c) The company has not charged interest on unsecured loan to the subsidiaries. (Refer Note no. 12(a) of Standalone Ind AS Financial Statements).

d) The Company has made investment of Rs. 5860 Lakhs in 9% cumulative compulsorily redeemable preference shares of Setco Engineering Private Limited, a company in which directors have interest. SEPL, being an investment company, derives its major income from Setco Automotive Limited in form of dividend and sales commission. SEPL has incurred loss in current year and hence, the Company has made impairment provision for loss of dividend. (Refer Note No. 33(c) of Standalone Ind AS Financial Statements)

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

f) Amount receivable of Rs. 426 Lakhs towards sharing of common expenses from SE Transstadia Pvt. Ltd. (SETPL), a company in which directors are interested. Considering current financial position of SETPL, the said amount has remained outstanding. The company has made ECL provision of 20% of the outstanding amount. (Refer Note No. 33(g) of Standalone Ind AS Financial Statements)

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

h) The Company's wholly owned foreign subsidiary Setco MEA, DMCC has eroded net worth due to loss. The Company has provided impairment loss against trade receivable equal to the net assets deficit reported by the company. Pending compliance of Bank conditions, the Company could not remit share application money to this foreign subsidiary, since inception and hence, allotment of share and issue of share certificate is pending. The Company has recognized it as investment in the subsidiary company and consolidated the said subsidiary based on 100% control. The Company has decided to close this subsidiary vide Board Resolution dated 09.02.2021. (Refer Note No. 33(d) of Standalone Ind AS Financial Statements)

i) Trade receivables, Trade Payables and other debit/ credit balances are subject to reconciliation and confirmation. (Refer Note No. 44 of Standalone Ind AS Financial Statements).

j) In earlier year, the Company has recognized Rs. 398 Lakhs as income being reimbursement of Central Goods & Service Tax (CGST)/Integrated Goods & Service Tax (IGST) share of State for the Uttarakhand unit pending notification of incentives by the State Government. In absence of any notification in the said matter, the Company has filed writ petition in High Court. Pending any further progress in this matter, the Company has provided for impairment at 100%. (Refer Note No. 33(e) of Standalone Ind AS Financial Statements)

k) An amount of Rs. 1834.99 lakhs (Rs. 3260.97 lakhs) is pending against export receivables as on 31 March 2021, beyond the timelines stipulated under the Foreign Exchange Management Act, 1999. The management of the Company has submitted necessary application with the appropriate authority for condonation of delays to regularize the default. Impact thereof if any, will be considered when such application is disposed off. (Refer Note No. 9 of Standalone Ind AS Financial Statements)

l) The company has provided ECL on investments in Equity and preference shares in WEW Holdings Limited (Mauritius) in respect of its holding in Setco Automotive (UK) Ltd. (Refer Note No. 3(c) of Standalone Ind AS Financial Statements).

m) Capital advances for purchase of machinery to the supplier was unrecoverable and thus 100% impairment provision is made. (Refer Note No. 33(f) of Standalone Ind AS Financial Statements).

n) On physical verification of stocks, stock costing Rs. 1863.92 lakhs were found to be rusty, damaged and unfit for consumption and unretrievable without compromising the quality of finished products. Therefore, such items of stocks are written down in the accounts net of the existing provision and valued at NIL and the net effect is disclosed under the head “Exceptional Items”. (Refer Note No. 33(i) of Standalone Ind AS Financial Statements).

o) The company has obtained consent of members to transfer the clutch manufacturing business to a wholly owned subsidiary in EGM held on 22nd May 2021.

Further the company has obtained member’s consent to purchase trademark/ Brand “LIPE” owned by foreign subsidiaries (SAUL & SANAI) based on valuations done by approved valuers.

In absence of binding agreements/ documents till date in this regard, no effect relating to said proposals are given or recognised in accounts for the year. (Refer to note no. 35 of the accompanying standalone Ind AS financial statement.)

Our opinion is not modified in respect of these matters.

Key Audit Matters

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

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

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

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

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

MANAGEMENT'S RESPONSIBILITIES FOR THE STANDALONE FINANCIAL STATEMENTS

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

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

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

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

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

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

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of section 143 (11) of the Act, we give in "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143(3) of the Act, we report that:
   a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
   b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books
   c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Statement of Changes in Equity and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
   d) In our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under Section 133 of the Act.
   e) On the basis of the written representations received from the directors as on 31st March, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2021 from being appointed as a director in terms of Section 164 (2) of the Act.
   f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
   g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended, in our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.
   h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

(i) The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements – Refer Note 43 B to the standalone financial statements;

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

(iii) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

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

(Rasesh V. Parekh)
Partner
Membership No. 38615
UDIN: 21038615AAAAKL5714

Place : Nathdwara
Date : 8th August 2021

ANNEXURE A TO INDEPENDENT AUDITORS' REPORT

Referred to in paragraph under the heading "Report on Other Legal and Regulatory Requirements" of our report of even date to the Members of Setco Automotive Limited on the Standalone Financial Statements as of and for the year ended on March 31, 2021

1. In respect of its fixed assets :

   a) The Company has maintained proper records showing full particulars including, quantitative details and situation, of fixed assets. on the basis of available information.

   b) The Company has a program of verification to cover all the items of fixed assets in phased manner, which in our opinion is reasonable having regard to the size of the Company and the nature of its assets. During the year, the Company has verified certain fixed assets in accordance with this program. According to the information and explanation given to us, no material discrepancies were noticed on such verification.

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

2. 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. On verification, the stocks which were found to be rusty, damaged and unfit for consumption and unretrievable without compromising the quality of finished products, such items of stocks were written down in the accounts net of the existing provision and valued at NIL and the net effect is disclosed under the head "Exceptional Items". In respect of inventory lying with third parties, these have substantially been confirmed by them.

3. According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, limited liability partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013 except loans given to its wholly owned ultimate foreign subsidiary companies and Indian subsidiary Company and one Company in which two directors have substantial interest.

   a) The terms and conditions of such loans are not prima facie prejudicial to the Company's interest.

   b) No schedule of repayment of principal or interest has been stipulated for such loans.

   c) In view of (b) above, the question of any overdue amount does not arise.

4. According to the information and explanations given to us, the Company has complied with the provisions of section 185 and 186 of the Act, with respect to Loans & Investments made.

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

6. We have been informed that Company is not required to maintain cost records u/s 148(1) of the Companies Act 2013. The Company has voluntarily maintained sufficient cost records for its internal use. We have broadly reviewed these cost records, however, we have not made a detailed examination of the records with a view to determine whether they are accurate or complete.

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

   a) The Company has been generally regular in depositing undisputed statutory dues with appropriate authorities. There is delay in deposition of Provident Fund and Employees' State Insurance for three months, Professional Tax for two months, Goods and Service Tax for two months, TDS, TCS payable for almost twelve months, Income Tax & dividend tax for more than a year. According to the information and explanations given to us, there are undisputed statutory dues in respect of TDS/ TCS payable of Rs. 475.25 lakhs for A.Y 2021-22, Income tax Rs. 328.45 lakhs and dividend tax of Rs. 274.96 lakhs for A.Y 2019-20 outstanding as at 31ST March, 2021 for more than six months from the date they became payable.

   b) According to information and explanations given to us and records of the Company examined by us, there were disputed dues of Income Tax as of 31ST March, 2021 which have not been deposited as per following details :

Sr. No.	Name of the Statute	Nature of the dues	Amount (Rs. In Lakhs)	Related F.Y. / A.Y.	Forum where dispute is pending	Remark, if any
1	Income Tax Act, 1961	Demand Notice U/s 156	0.73	A.Y. 16-17	CIT(A) – Vadodara.	*
2	Income Tax Act, 1961	Demand notice u/s 92CA(1) and 92D(3)	0.35	A.Y. 17-18	CIT(A)- Baroda	*
3	Income Tax Act, 1961	Demand Notice u/s 156	472.10	A. Y. 11-12	ITAT- Ahmedabad	
4	Income Tax Act, 1961	Notice U/s 271(c)	-	A.Y. 14-15	ITO, National e-assessment centre	
5	Income Tax Act, 1961	Income Tax dues as per Intimation u/s 143(1)	2.00	A.Y. 15-16	CPC, Bengaluru	*
*	Matter covered by ITAT Judgement in Company's own case for earlier years for allowing product development expenses as revenue expense					

8. In our opinion and according to the information & explanations given to us, the Company has not defaulted in repayment of loans or borrowing obtained from banks and financial institutions. The Company has neither taken any loan from government nor issued any debentures.

9. In our opinion and according to the information and explanations given to us and examination of records of the Company, the Company has not raised moneys by way initial public offer or further public offer (including debt instruments) during the year.

10. During the course of our examination of the books and records of the Company and according to the information and explanations given to us, no fraud by the Company or on the Company by its officers or employees were noticed or reported during the year.

11. The Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with schedule V of the Act.

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

13. As per the information and explanation given to us, the transactions with the related parties are in compliance with Section 177 and 188 of the Act and the details there of have been disclosed in the standalone financial statements as per Ind AS 24, "Related Party Disclosures". (Refer Note No. 38 of the Standalone Financial Statements).

14. As per the information and explanation given to us, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the period under review.

15. As per the information and explanation given to us, the Company has not entered into any non-cash transactions with directors or persons connected with him.

16. The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

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

(Rasesh V. Parekh)
Partner
Membership No. 38615
UDIN: 21038615AAAAKL5714

Place : Nathdwara
Date : 8th August 2021

ANNEXURE B TO INDEPENDENT AUDITORS' REPORT

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

REPORT ON THE INTERNAL FINANCIAL CONTROLS UNDER SECTION 143(3)(I) OF THE ACT.

We have audited the internal financial controls over financial reporting of Setco Automotive Limited ("the Company") as of 31ST March, 2021 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

MANAGEMENT'S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS

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

AUDITORS' RESPONSIBILITY

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

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

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

MEANING OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

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

INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

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

OPINION

The Company has in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March, 2021 based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the ICAI. However, such internal financial controls over financial reporting need to be improved and strengthened further in future. The Company needs to strengthen its internal control over inventory, fixed assets and receiving external balance confirmation on periodic basis.

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

(Rasesh V. Parekh)
Partner
Membership No. 38615
UDIN: 21038615AAAAKL5714

Place : Nathdwara
Date : 8th August 2021

Balance Sheet as at 31st March 2021

(Rs. In Lakhs)

	Particulars	Note No.	As at 31st March, 2021	As at 31st March, 2020
	ASSETS :			
1.	**Non-current assets**			
	a. Property, plant and equipment	2	9,918.44	10,178.21
	b. Capital work-in-progress	2	-	845.96
	c. Right of use of assets	2	1,347.76	1,494.74
	d. Intangible assets	2	2,872.64	2,638.16
	e. Intangible Assets Under Development	2	593.97	1,316.17
	f. Financial assets			
	(i) Investments	3	19,009.04	16,879.01
	(ii) Loans Receivables	4	8,129.22	8,835.27
	(iii) Other financial assets	5	208.91	220.86
	g. Deferred tax assets (net)	6	1,794.83	1,556.68
	h. Other non-current assets	7	74.96	359.68
	Total non-current assets		**43,949.78**	**44,324.74**
2.	**Current assets**			
	a. Inventories	8	8,381.62	11,730.73
	b. Financial assets			
	(i) Trade receivables	9	6,082.73	8,273.57
	(ii) Cash and cash equivalents	10	178.38	313.04
	(iii) Bank Balances Other Than (ii) Above	11	105.70	99.73
	(iv) Loans	12	1,932.32	2,397.65
	c. Other current assets	13	1,434.29	2,296.94
	Total current assets		**18,115.04**	**25,111.66**
	Total assets		**62,064.82**	**69,436.40**
	EQUITY AND LIABILITIES :			
	EQUITY			
	Equity share capital	14	2,675.35	2,675.35
	Other equity	15	9,938.35	20,478.57
	Total equity		**12,613.70**	**23,153.92**
	LIABILITIES			
1.	**Non-current liabilities**			
	a. Financial liabilities			
	(i) Borrowings		9,057.30	7,405.43
	(ii) Lease liability	16	645.38	882.37
	(iii) Other financial liabilities	17	756.99	660.20
	b. Other non current liabilities	18	11.34	12.60
	c. Provisions	19	425.39	309.57
	Total non-current liabilities		**10,896.40**	**9,270.17**
2.	**Current Liabilities**			
	a. Financial liabilities			
	(i) Borrowings		20,957.07	16,758.70
	(ii) Lease liability	20		
	(iii) Trade payables		290.84	271.42
	(a) Dues of micro, small and medium enterprises	21	1,003.27	1,032.55
	(b) Dues of creditors other than micro, small and medium enterprises	22	9,906.52	13,043.36
	(iv) Other financial liabilities	23	4,026.88	3,482.68
	b. Other current liabilities	24	1,769.72	1,642.59
	c. Provisions	25	446.97	427.56
	d. Current tax liabilities (net)		153.45	353.45
	Total current liabilities		**38,554.72**	**37,012.31**
	Total liabilities		**49,451.12**	**46,282.48**
	Total equity and liabilities		**62,064.82**	**69,436.40**

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

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

(Rasesh V. Parekh)
Partner
Membership No. 038615

Place: Nathdwara
Date : 8th August, 2021

For and on behalf of the Board

Harish Sheth Chairman & Managing Director

Udit Sheth Vice Chairman

Urja Shah Executive Director

Arun Arora Independent Director

Ashok Jha Independent Director

Suhasini Sathe Independent Director

Rovinder Kumar Singla Chief Financial Officer

Hiren Vala Company Secretary

Place: Kalol
Date : 8th August, 2021

Statement of Profit and Loss for the year ended on 31st March 2021

(Rs. In lakhs)

	Particulars	Note No.	Year ended 31st March 2021	Year ended 31st March 2020
	INCOME :			
I.	Revenue from operations	**26**	31,406.46	41,807.83
II.	Other income	**27**	521.99	1,901.27
III.	**Total Revenue (I + II)**		**31,928.45**	**43,709.10**
IV.	**EXPENSES :**			
	Cost of materials consumed	**28**	19,428.32	25,340.70
	Changes in inventories of finished goods and work-in-progress	**29**	1,109.50	-877.66
	Employee benefit expenses	**30**	4,429.23	5,227.16
	Finance costs	**31**	4,812.47	3,959.38
	Depreciation and amortization expenses	**2**	2,182.23	1,900.12
	Other expenses	**32**	5,543.69	8,010.45
	Total expenses (IV)		**37,505.44**	**43,560.15**
V.	**Profit/(loss) before exceptional items and tax (III - IV)**		**-5,576.98**	**148.95**
VI.	Exceptional items	**33**	4,051.90	2,019.88
VII.	**Profit/(loss) before tax (V - VI)**		**-9,628.88**	**-1,870.93**
VIII.	**Tax expense/(credit)**			
	- Current tax		-	-
	- Deferred tax		-273.84	-499.47
	MAT credit entitlement			
	- Previous years		51.18	-20.71
	- Current year		-	165.57
	Tax adjustment for earlier years		-	-
			-222.66	-354.61
IX.	**Profit/(loss) for the year from continuing operations (VII - VIII)**		**-9,406.22**	**-1,516.32**
X.	Other comprehensive income/(loss)			
	A. (i) Items that will not be reclassified to profit or loss			
	(a) Remeasurement of gain /(loss) on defined benefit plans			
	(b) Gain / (loss) on FVTOCI Equity securities		-49.70	-44.07
	(ii) Income tax relating to items that will not be reclassified to	**33(h)**	-1,074.50	-153.50
	Profit or Loss		15.51	69.04
	B. (i) Items that will be reclassified to Profit or Loss		-	-
	(ii) Income tax relating to items that will be reclassified to profit		-	-
	or loss			
			-1,108.69	-128.53
XI.	**Total comprehensive income for the year (IX + X)**		**-10,514.91**	**-1,644.85**
XII.	**Earnings per equity share (face value of Rs. 2/- Each)**			
	- Basic (In Rs. per share)	**36**	-7.03	-1.13
	- Diluted (In Rs. Per share)	**36**	-7.03	-1.13

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

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

(Rasesh V. Parekh)
Partner
Membership No. 038615

Place: Nathdwara
Date : 8th August, 2021

For and on behalf of the Board

Harish Sheth
Chairman & Managing Director

Udit Sheth
Vice Chairman

Urja Shah
Executive Director

Arun Arora
Independent Director

Ashok Jha
Independent Director

Suhasini Sathe
Independent Director

Rovinder Kumar Singla
Chief Financial Officer

Hiren Vala
Company Secretary

Place: Kalol
Date : 8th August, 2021

Cash Flow Statement for the year ended on 31st March 2021

(Rs. In lakhs)

	Particulars	Year ended 31st March 2021	Year ended 31st March 2020
A.	**CASH FLOW FROM OPERATING ACTIVITIES**		
	Net Profit before tax	**-9,628.86**	**-1,870.93**
	Adjustment for :		
	Depreciation and amortisation expense	2,182.23	1,900.12
	(Profit)/loss on sale of property, plant and equipment	2.24	0.26
	Unrealized exchange loss/(gain)	-122.90	-202.57
	Impairment loss/(reversal) in the value of Investments	791.03	1,413.86
	Impairment loss allowance on advances/receivables	1,515.01	606.02
	Inventory Written off	1,745.86	-
	Interest expense	4,471.73	3,516.47
	Other Financial charges	340.74	442.91
	Rent Income	-227.36	-32.52
	Interest income	-	-1,377.04
	Finance Income Related to Financial Guarantee Measured at Fair Value	-76.97	-89.05
	Corporate tax	-	-
	MAT credit entitlement	-51.18	-144.86
	Employee stock options cost	-25.30	-17.56
	Employee Benefits Designated Through Other Comprehensive Income	-49.70	-44.07
	Government Grants - Cash Subsidy amortization	-1.26	-1.26
	Operating profit / (loss) before changes in working capital	**865.29**	**4,099.78**
	Adjustments for changes in :		
	Trade receivables	2,219.06	4,401.72
	Inventories	1,603.24	518.28
	Loans and other assets	1,323.17	-3,173.93
	Other non-current and current assets	-265.64	-763.49
	Non-current and current financial assets	11.95	-73.20
	Trade payables	-3,172.09	2,272.49
	Other non-current and current provisions	-64.77	1.21
	Other non-current and current liabilities	125.88	-1,479.25
	Non-current and current financial liabilities	57.92	90.14
	Change in current assets/liabilities	**1,838.72**	**1,793.96**
	Cash generated from operations	**2,704.01**	**5,893.74**
	Direct taxes (Tax deducted at source)	-101.98	-84.02
	Net Cash flow from Operating Activities	**2,602.03**	**5,809.72**
B.	**CASH FLOW FROM INVESTING ACTIVITIES**		
	Purchase of Property, Plant and Equipment	-425.43	-2,612.32
	Proceeds on sale of Property, Plant and Equipment	2.00	3.77
	Intangible asset	-20.61	-577.63
	Interest income	-	1,377.04
	Rent Income	227.36	32.52
	Government Grants - Cash Subsidy amortization	1.26	1.26
	Investment in Equity Shares	-2,001.00	-500.00
	Investment in Preference Shares	-1,975.00	-3,885.00
	Net Cash used in Investing Activities	**-4,191.42**	**-6,160.37**

(Rs. In lakhs)

	Particulars	Year ended 31st March 2021	Year ended 31st March 2020
C.	**CASH FLOW FROM FINANCING ACTIVITIES**		
	Proceeds from Cash Credit	-637.95	-663.75
	Proceeds from Short Term /Other Loans	4,878.55	-
	Proceeds from Term/Other Loans	4,844.98	9,235.68
	Proceeds from Lease	-	1,153.79
	Repayment of Short Term Loans	-42.23	-996.27
	Repayment of Term Loans	-2,558.58	-3,216.25
	Repayment of Lease	-217.57	-
	Interest expense	-4,471.73	-3,516.47
	Other Financial charges	-340.74	-442.91
	Proceeds from issue of Shares including Premium	-	28.76
	Final dividend and dividend distribution tax	-	-1,612.64
	Net Cash used in Financing Activities	**1,454.73**	**-30.08**
	Net increase/(decrease) in Cash and Cash Equivalents (A + B + C)	**-134.66**	**-380.73**
	Opening Cash and Cash Equivalents	**313.04**	**693.77**
	Closing Cash and Cash Equivalents	**178.38**	**313.04**

Notes:-

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

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

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

(Rasesh V. Parekh)
Partner
Membership No. 038615

For and on behalf of the Board

Harish Sheth
Chairman & Managing Director

Udit Sheth
Vice Chairman

Urja Shah
Executive Director

Arun Arora
Independent Director

Ashok Jha
Independent Director

Suhasini Sathe
Independent Director

Rovinder Kumar Singla
Chief Financial Officer

Hiren Vala
Company Secretary

Place: Nathdwara
Date : 8th August, 2021

Place: Kalol
Date : 8th August, 2021

Statement of Changes in Equity for the year ended on 31st March 2021

A. Equity share capital

Particulars	(Rs. In Lakhs)
Balance at the beginning of April 1, 2019	**2,673.55**
Changes in Equity Share Capital during the year	**1.80**
Balance as at 31st March, 2020	**2,675.35**
Changes in Equity Share Capital during the period	**-**
Balance as at 31st March, 2021	**2,675.35**

B. Other Equity

(Rs. In Lakhs)

Particulars	Reserves and Surplus				Share option outstanding amount	Other Items of Other Comprehensive Income - Equity Instruments at FVOCI	Total
	Capital Reserve	General Reserve	Security Premium	Retained Earnings *			
Balance as at 1st April, 2019	**0.21**	**1,948.62**	**212.34**	**21,384.32**	**42.86**	**-**	**23,588.35**
Ind AS Adjustments	-	-	-	138.30	-	-	138.30
Share Premium on Shares issued for ESOP	-	-	26.96	-	-	-	26.96
Employee stock option granted during the year	-	-	-	-	-17.56	-	-17.56
Dividend (including tax on dividend) declared and paid during the year	-	-	-	-1,612.64	-	-	-1,612.64
Profit for the year	-	-	-	-1,516.32	-	-	-1,516.32
Other Comprehensive Income (net of tax)	-	-	-	-128.53	-	-	-128.53
Total comprehensive income for the year ended 31st March, 2020				**-1,644.85**	**-**	**-**	**-1,644.85**
Balance as at 31st March, 2020	**0.21**	**1,948.62**	**239.29**	**18,265.13**	**25.30**	**-**	**20,478.57**
Ind AS Adjustments	-			-			-
Share Premium on Shares issued for ESOP	-		-				-
Employee stock option cancelled during the year	-				-25.30	-	-25.30
Dividend (including tax on dividend) declared during the year	-			-		-	-
Profit for the year	-	-	-	(9,406.22)	-	-	-9,406.22
Other Comprehensive Income (net of tax)	-	-	-	-1,108.69	-	-	-1,108.69
Total comprehensive income for the year ended 31st March, 2021				**-10,514.91**	**-**	**-**	**-10,514.91**
Balance as at 31st March, 2021	**0.21**	**1,948.62**	**239.29**	**7,750.22**	**-**	**-**	**9,938.35**

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

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

(Rasesh V. Parekh)
Partner
Membership No. 038615

Place: Nathdwara
Date : 8th August, 2021

For and on behalf of the Board

Harish Sheth
Chairman & Managing Director

Udit Sheth
Vice Chairman

Urja Shah
Executive Director

Arun Arora
Independent Director

Ashok Jha
Independent Director

Suhasini Sathe
Independent Director

Vinay Shahane
Vice President - Finance

Chandra Kant Sharma
Company Secretary

Place: Kalol
Date : 8th August, 2021

Notes forming part of the Financial Statements for the year ended 31st March 2021

GENERAL INFORMATION

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

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

1. Significant Accounting Policies

1.1 Basis of Preparation

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

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

- certain financial assets and liabilities that are measured at fair value;
- defined benefit plans where plan assets are measured at fair value; and

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

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

Functional and presentation currency

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

1.2 Property, Plant and Equipment (PPE):

i. The company has initially recognised property, plant & Equipment at Cost. The cost of Property, Plant & Equipment includes directly attributable expenses incurred for the purpose of acquiring / constructing these assets, net of GST credit if any, on qualifying assets. The Company has chosen Cost Model for Property, Plant & Equipment accounting. Press Tools and such type of machinery items developed in house are capitalised at direct cost plus directly attributable overheads. Capital Work in progress comprises of the cost of Property, Plant & Equipment that are not ready for their intended use at the reporting date.

ii. The ministry of corporate affairs has made the component accounting approach for fixed assets mandatory from 1ST April, 2015 vide notification dated 29TH August, 2014. As per the external technical expert’s opinion, the company’s fixed assets are of such nature that separate components are not distinctly identifiable having different useful life and therefore, component level accounting and reporting is not practically feasible for the company.

iii. Depreciation

Depreciation is provided on straight line method (SLM) and is based on useful lives of the assets as determined by external technical experts in accordance with requirement of Schedule II to the Companies Act, 2013. Depreciation on additions made during the year to Property, Plant & Equipment is charged on pro-rata basis.

Freehold land is not depreciated. The carrying value of long term leasehold land is amortized over a period of lease.

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

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

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

Act, 2013. The useful lives of these assets are periodically reviewed.

v. De-recognition

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

1.3 Intangible Assets

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

ii. Amortization

Intangible Assets are amortized as follows:

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

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

1.4 Impairment of Assets

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

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

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

1.5 Leases

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

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

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

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

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

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

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

1.6 Revenue Recognition

(1) Sale of Goods:

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

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

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

Use of significant judgments and estimates in revenue recognition

- Contracts with customers could include promise to transfer multiple products and services to a customer. The company assesses a contract and identifies distinct performance obligations in the contract. Identification of distinct performance obligation involves judgment to determine the deliverables and the ability of the customer to benefit independently from such deliverables.

- The company needs to decide transaction price for the contract. The transaction price could be either a fixed amount of customer consideration or variable consideration with elements such as volume discounts, cash discounts, price concessions and incentives. The Company allocates the elements of variable considerations to all the performance obligations of the contract unless there is observable evidence that they pertain to one or more distinct performance obligations.

- The company exercises judgment in determining whether the performance obligation is satisfied. The Company considers indicators such as how the customers consume the benefit or who controls the asset, transfer of significant risk and rewards to the customers, acceptance of delivery by the customer, specific bill and hold instructions from customers, etc.

(2) Other Operating Revenue:

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

Rendering of Services :

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

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

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

1.7 Financial Instruments

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

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

Classification of Financial Assets

The financial assets are initially measured at fair value along with transaction cost.

After initial recognition

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

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

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

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

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

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

I. <u>Investments in equity instruments of subsidiaries:</u>

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

II. <u>Investment in Equity instruments of Related Entity:</u>

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

III. <u>Investment in Preferential instruments of Related Entity:</u>

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

IV. <u>Other Financial assets which are not carried at amortised cost or FVTOCI are measured at fair value through P & L.</u>

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

Impairment of financial assets

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

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

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

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

Expected Credit Losses / impairment loss allowance (or reversal) recognized during the period is recognized as expense / income in the statement of profit and loss.

De-recognition of financial assets

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

Financial liabilities and equity instruments

<u>Classification as debt or equity</u>

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

<u>Equity instruments</u>

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

Financial liabilities

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

Financial guarantee contracts

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

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

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

De-recognition of financial liabilities

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

1.8 Foreign Currency Transactions

Transactions in foreign currency in respect of exports are recorded at exchange rates as notified by the concerned authorities at regular intervals. Transactions in foreign currency in respect of other items are recorded at the exchange rate prevailing on the date of transaction. Monetary assets and liabilities denominated in foreign currency are restated at year end exchange rates. Non-monetary items (Investments) denominated in foreign currency are stated using the exchange rate on the date of transaction. Exchange differences arising on settlement of transactions and on restatement of monetary items are recognized as income or expense in the year in which they arise, except in respect of the foreign borrowing liabilities, if any for acquisition of fixed assets, where such exchange difference is adjusted in the carrying cost of fixed assets.

1.9 Borrowing Costs

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

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

1.10 Inventories

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

1.11 Taxes on Income

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

A. Current Tax

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

B. Deferred Tax

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

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

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

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

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

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

1.12 Segment Reporting

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

1.13 Research and development

a) Revenue expenses pertaining to research activities are charged to statement of profit and loss under the respective heads of expenses.

b) Expenditure incurred on fixed assets used for R & D is capitalized under the respective heads of PPE and Intangible Assets.

c) Expenditure incurred on development activities which do not qualify as Intangible Asset is charged to the statement of Profit and Loss in other cases it is capitalised.

1.14 Cash Flow Statement

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

1.15 Provisions, Contingent Liabilities and Contingent Assets

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

A. Provisions

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

B. Contingent Liabilities

The Contingent Liabilities are disclosed by way of a note to the Financial Statements, after careful evaluation by the management of the facts and legal aspects of the matter involved.

Company has significant capital commitments in relation to various capital projects which are not recognized on the balance sheet. In the normal course of business, contingent liabilities may arise from litigation and other claims against the Company. Guarantees are also provided in the normal course of business. There are certain obligations which management has concluded, based on all available facts and circumstances, are not probable of payment or are very difficult to quantify reliably, and such obligations are treated as contingent liabilities and disclosed in the notes but are not reflected as liabilities in the financial statements. Although there can be no assurance regarding the final outcome of the legal proceedings in which the Company is involved, it is not expected that such contingencies will have a material effect on its financial position or profitability.

C. Contingent Assets

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

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

1.16 Selling/Marketing Expenses

a) Warranty is extended when the products are sold. Provisions for expected cost of warranty obligations from sale of products are recognised on the date of sale of the relevant products at the Management's best estimate of the expenditure required to settle the obligation which takes into account the empirical data on the nature, frequency and average cost of warranty claims and regarding possible future incidences.

b) Commission, Discount and other expenses payable on sales are recognized on determination of amount payable in accordance with arrangement/contracts with the parties.

1.17 Employee Benefits

A. Short Term Employee Benefits

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

B. Defined Contribution Plans

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

C. Defined Benefits Plans

The company has a defined benefit gratuity plan. Every employee who has completed five years or more of service gets a gratuity on post-employment at 15 days' salary (last drawn salary) for each completed year of services as per the rules of the company. The aforesaid liability is provided for on the basis of an actuarial valuation made using Projected Unit Credit Method at the end of financial year. The scheme is funded with an insurance company in the form of a qualifying insurance policy. Remeasurement gains/ losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur in Other Comprehensive Income. These gains/ losses which are recognised in Other Comprehensive Income are reflected in retained earnings and are not reclassified to profit or loss.

D. Compensated Absences

Employees are entitled to accumulate leave subject to certain limits for future encashment. The liability in respect of compensated absences is provided for on the basis of actuarial valuation made at the end of the financial year using Projected Unit Credit Method. The said liability is not funded.

1.18 Dividends

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

1.19 Earnings Per Share

The Earnings considered for ascertaining the Company's Earnings Per Share (EPS) comprises the Net Profit / Loss after Tax. The Number of Shares used in computing Basic EPS is the Weighted Average Number of Shares outstanding during the year. The number of shares used in computing diluted EPS comprises weighted average number of shares considered for deriving basis EPS, and also the weighted average number of equity shares that would be issued on the conversion of all dilutive potential equity shares. In case of dilutive potential equity shares, the difference between the number of shares issuable and number of shares that would have been issued at fair value are treated as diluted potential equity shares. Dilutive potential equity shares are deemed converted as of the beginning of the period, unless issued at a later date.

1.20 Share-based payment arrangements

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

1.21 Government Grants

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

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

1.22 Exceptional items

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

1.23 Summary Critical Estimates & Judgments

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. The management also needs to exercise judgment in applying the Company's accounting policies. This note provides an overview of the areas that involved a higher degree of judgment or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be different than those originally assessed. Detailed information about each of these estimates and judgments is included below.

A. Deferred taxes

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

B. Inventories

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

C. Contingent liabilities

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

D. Provision for product Warranty

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

E. Fair Value Measurements and Valuation Processes

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

1.24 Recent Accounting Pronouncements:

Ministry of Corporate Affairs (MCA) has not notified any new standard or amendments to the existing standards, which would have been applicable from April 1, 2020.

On March 24, 2021, the MCA through a notification, amended Schedule III of the Companies Act, 2013. Key amendments relating to Division II which relate to companies whose financial statements are required to comply with Companies (Indian Accounting Standards) Rules 2015 are:

- Lease liabilities should be separately disclosed under the head 'financial liabilities', duly distinguished as current or non-current.
- Current maturities of long-term borrowings should be disclosed separately within borrowings instead of earlier disclosure requirement under Other Financial Liabilities.
- Certain additional disclosures in the statement of changes in equity due to prior period errors and restated balances at the beginning of the current reporting period.
- Specified format for disclosure of shareholding of promoters.
- Specified format for ageing schedule of trade receivables, trade payables, capital work-in progress and intangible asset under development.

- Additional disclosures relating to Corporate Social Responsibility, undisclosed income and crypto or virtual currency.
- Disclosure of specified ratios along with explanation for items included in numerator and denominator and explanation for change in any ratio is excess of 25% compared to preceding year.
- If a company has not used funds for the specific purpose for which it was borrowed from banks and financial institutions, then disclosure of details of where it has been used.
- Specific disclosure under 'additional regulatory requirement' such as compliance with approved schemes of arrangements, compliance with number of layers of companies, title deeds of immovable property not held in name of company, loans and advances to promoters, directors, key managerial personnel and related parties and details of benami property held.

  These amendments are applicable from April 1, 2021. The Company is currently evaluating the impact of these amendment on the standalone financial statements.

Notes Forming Part of The Financial Statements for the year ended on 31st March 2021

Note - 2

Property, Plant and Equipment

(Rs. In lakhs)

SR. NO.	PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
		Cost as on 01.04.2020	Additions for the year	Adjustment for the year	Cost as on 31.03.2021	Up to 01.04.2020	Additions for the year	Adjustment for the year	Up to 31.03.2021	As on 31.03.2021	As on 31.03.2020
A	**Property, Plant & Equipment**										
01	Free Hold Land	2,068.40	-	-	2,068.40	-	-	-	-	2,068.40	2,068.40
	Previous year	2,068.40	-	-	2,068.40	-	-	-	-	2,068.40	-
03	Buildings	3,988.36	-	-	3,988.36	620.70	160.61	-	781.31	3,207.04	3,367.66
	Previous year	3,988.36	-	-	3,988.36	460.03	160.67	-	620.70	3,367.66	-
04	Plant & Machinery	8,524.17	1,229.85	0.00	9,754.02	4,519.00	1,181.46	0.00	5,700.46	4,053.57	4,005.17
	Previous year	8,018.50	508.36	-2.69	8,524.17	3,416.87	1,102.15	-0.02	4,519.00	4,005.17	-
05	Furniture & Fixtures	276.81	-	-	276.81	94.32	33.37	-	127.69	149.12	182.49
	Previous year	251.97	27.23	-2.38	276.81	66.34	29.20	-1.22	94.32	182.49	-
06	Office Equipments	112.02	3.47	-	115.48	94.94	6.76	-	101.70	13.79	17.08
	Previous year	106.76	5.82	-0.55	112.02	85.64	9.85	-0.55	94.94	17.08	-
07	Pollution Equipments	1.25	-	-	1.25	0.84	0.42	-	1.26	-0.01	0.41
	Previous year	1.25	-	-	1.25	0.63	0.21	-	0.84	0.41	-
08	Computers	252.09	4.16	-	256.25	191.68	32.15	-	223.83	32.42	60.41
	Previous year	211.63	40.45	-	252.09	159.91	31.77	-	191.68	60.41	-
09	Electric Fittings	475.87	0.10	-	475.97	218.55	56.69	-	275.24	200.73	257.32
	Previous year	476.14	-	-0.27	475.87	161.94	56.69	-0.08	218.55	257.32	-
10	Vehicles	390.62	33.81	-15.25	409.19	171.34	55.47	-11.01	215.80	193.39	219.28
	Previous year	359.91	30.72	-	390.62	118.28	53.06	-	171.34	219.28	-
	Sub Total (Property, Plant & Equipment)	**16,089.58**	**1,271.39**	**-15.25**	**17,345.72**	**5,911.37**	**1,526.92**	**-11.01**	**7,427.28**	**9,918.44**	**10,178.21**
	Previous year	**15,482.90**	**612.58**	**-5.90**	**16,089.58**	**4,469.64**	**1,443.60**	**-1.87**	**5,911.37**	**10,178.21**	**-**
B	**Right of use of Assets**										
01	Land	360.89	-	-	360.89	15.60	3.90	-	19.50	341.39	345.29
	Previous year	360.89	-	-	360.89	11.70	3.90	-	15.60	345.29	-
02	Plant & Machinery	1,152.21	-	-	1,152.21	4.33	142.77	-	147.10	1,005.12	1,147.88
	Previous year	-	1,152.21	-	1,152.21	-	4.33	-	4.33	1,147.88	-
03	Office Equipments	1.58	-	-	1.58	0.01	0.32	-	0.33	1.25	1.57
	Previous year	-	1.58	-	1.58	-	0.01	-	0.01	1.57	-
	Sub Total (Right of use of Assets)	1,514.68	-	-	1,514.68	19.94	146.98	-	166.92	1,347.76	1,494.74
	Previous year	360.89	1,153.79	-	1,514.68	11.70	8.24	-	19.94	1,494.74	-

SR. NO.	PARTICULARS	GROSS BLOCK Cost as on 01.04.2020	Additions for the year	Adjustment for the year	Cost as on 31.03.2021	DEPRECIATION Up to 01.04.2020	Additions for the year	Adjustment for the year	Up to 31.03.2021	NET BLOCK As on 31.03.2021	As on 31.03.2020
C	**Intangible Assets**										
01	Goodwill	-	-	-	-	-	-	-	-	-	-
	Previous year	-	-	-	-	-	-	-	-	-	
02	Product Development	3,911.54	742.80	-	4,654.34	1,291.75	496.75	-	1,788.50	2,865.84	2,619.79
	Previous year	3,288.78	622.76	-	3,911.54	858.61	433.14	-	1,291.75	2,619.79	
03	Technical Know how	-	-	-	-	-	-	-	-	-	-
	Previous year	-	-	-	-	-	-	-	-	-	
04	Computer Software	202.93	-	-	202.93	184.56	11.58	-	196.14	6.79	18.37
	Previous year	198.66	4.27	-	202.93	169.43	15.13	-	184.56	18.37	
05	Web Site Development	-	-	-	-	-	-	-	-	-	-
	Previous year	-	-	-	-	-	-	-	-	-	
	Sub Total (Intangible Assets)	**4,114.47**	**742.80**	**-**	**4,857.27**	**1,476.31**	**508.32**	**-**	**1,984.63**	**2,872.64**	**2,638.16**
	Previous year	3,487.44	627.03	-	4,114.47	1,028.04	448.27	-	1,476.31	2,638.16	
D	**Intangible Asset Under Development (Product Development)**	1,316.17	20.61	-742.80	593.97	-	-	-	-	593.97	1,316.17
	Previous year	1,365.57	573.36	-622.76	1,316.17	-	-	-	-	1,316.17	
E	**Capital Work in Progress :**										
01	Capital Work in Progress	845.96	-	(845.96)	-	-	-	-	-	-	845.96
	Previous year	-	845.96	-	845.96	-	-	-	-	845.96	
	Grand Total (A + B + C + D + E)	**23,880.86**	**2,034.81**	**-1,604.01**	**24,311.65**	**7,407.62**	**2,182.23**	**-11.01**	**9,578.84**	**14,732.82**	**16,473.24**
	Previous Year :	20,696.80	3,812.71	-628.66	23,880.86	5,509.38	1,900.12	-1.87	7,407.62	16,473.24	-

Note :

(I) The estimated lives of Property, Plant & Equipments adopted are different from those prescribed under Schedule II of the act and have been determined based on certificate obtained from technical experts.

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

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

(IV) Adjustment in “Intangible Asset Under Development” represents transfer to “Product Development” under the head Intangible Assets, of those items whose commercial production has commenced during the year.

Notes forming part of the Financial Statements for the year ended 31st March 2021

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

Particulars	Refer Note No.	As at 31st March, 2021	As at 31st March, 2020
i) Investment in Subsidiary Companies (At Deemed Cost) :			
20,94,269 (20,94,269) Equity Shares of £ 1 each fully paid up of wholly owned ultimate foreign subsidiary - Setco Automotive UK Limited (UK)		1,691.84	1,691.84
Less : Impairment in Value of Investments	33(b)	1,269.06	1,269.06
		422.78	422.78
1,28,778 (1,28,778) Equity shares of MUR 100 each fully paid up of wholly owned foreign subsidiary - WEW Holdings Limited (Mauritius)		190.81	190.81
Less : Impairment in Value of Investments	3(c)	143.10	-
		47.71	190.81
2,15,014 (2,15,014) 0% redeemable preference shares of MUR 100 each fully paid up of wholly owned foreign subsidiary - WEW Holdings Limited (Mauritius)		316.79	316.79
Less : Impairment in Value of Investments	3(c)	237.59	-
		79.20	316.79
11,70,90,000 (9,70,90,000) Equity share of Rs. 10/- each fully paid up of subsidiary - Lava Cast Private Limited	3(b)	11,709.00	9,709.00
Deemed Investment in Equity - Fair Value of Financial Guarantees extended to Lava Cast Private Limited		1,119.73	1,100.18
100 (100) Equity shares of AED 1000 each fully paid up of wholly owned foreign subsidiary - Setco MEA DMCC (Dubai)	3(d)	17.75	17.75
10,000 (Nil) equity share of Rs. 10/- each fully paid up of subsidiary - Setco Auto Systems Private Limited	3(e)	1.00	-
Sub total (i)		**13,397.17**	**11,757.31**
ii) Investment in other related entities (At Fair Value Through Other Comprehensive Income) :			
30,70,000 (30,70,000) Equity Share @ Rs. 50/- each fully paid up of SE Transstadia Private Limited		1,535.00	1,535.00
Less : Impairment in Value of Investments	33(g)	1,228.00	153.50
Sub total (ii)		**307.00**	**1,381.50**
iii) Investment in other related entities (At Amortised Cost) :			
5,86,00,000 (3,88,50,000) 9% Non Convertible Cumulative Compulsorily Redeemable Preference Share of Rs. 10/- each fully paid of Setco Engineering Private Limited		5,860.00	3,885.00
Less : Impairment in Value of Investments	33(c)	555.13	144.80
Sub total (iii)		**5,304.87**	**3,740.20**
iv) Non trade investment (unquoted) (at Deemed cost) :			
10 (10) Equity shares of Rs. 25/- each of Kalol Urban Co.op.Bank Limited Rs. 250/- (Rs. 250/-)		-	-
Sub total (iv)		**-**	**-**
Total (non-current investments)		**19,009.04**	**16,879.01**

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

b) The Company has entered into a joint venture agreement with Lingotes Especiales, Spain to establish a Foundry Project in Lava Cast Private Limited. The Company holds 89.68% Equity shares as on 31st March, 2021 in this joint venture and accordingly Lava Cast Private Limited has been reported as subsidiary company in financial statements.

As per Legal Experts' opinion obtained by the Company on its investment (along with Corporate Guarantee extended to the Bankers of investee company) in F.Y.2013-14, Lava Cast Private Limited qualifies to be treated as both, Subsidiary and Joint Venture for legal purposes and the Company's exposure in Lava Cast Private Limited is in compliance with the provisions of Sections 185 & 186 of the Companies Act, 2013 and relevant Rules prescribed there under.

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

c) This investment in 0% Redeemable Preference Shares is, in substance investment in Equity instruments based on terms of the said instruments and hence treated accordingly at Deemed Cost.
The company has provided ECL on investments in Equity and preference shares in WEW Holdings Limited (Mauritius) in respect of its holding in Setco Automotive (UK) Ltd.

d) Pending compliance of bank conditions, company could not remit share application money to Setco MEA DMCC, resulting to non issuance of share certificate to the company. The company has recognised it as investment in the wholly owned foreign subsidiary based on 100% control. The Company has decided to close this subsidiary vide Board Resolution dated 09.02.2021.

e) 100 shares are held by Mr. Harish sheth as a Nominee shareholder.

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

Particulars	Refer Note No.	As at 31st March, 2021	As at 31st March, 2020
Considered good, Unsecured			
Loans to subsidiary companies			
Setco Automotive (NA) Inc.		540.43	315.53
Setco Automotive (UK) Ltd.		4,193.55	3,873.96
Less : Impairment Loss Allowance		581.09	290.55
		3,612.46	3,583.41
Lava Cast Private Limited		3,976.33	4,936.33
Total		**8,129.22**	**8,835.27**

a) Company has not charged interest to its Subsidiaries during the year.

5. Others Financial Assets **(Rs. In Lakhs)**

Particulars	As at 31st March, 2021	As at 31st March, 2020
Considered good, Unsecured		
Other deposits	208.91	220.86
Total	**208.91**	**220.86**

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

Particulars	As at 31st March, 2021	As at 31st March, 2020
Deferred tax liabilities:		
Timing Differences related to Property, Plant & Equipment and Intangible Assets	4,680.39	5,443.92
Deferred Tax Assets:		
Timing differences related to Expenses	2,998.62	2,573.51
MAT credit entitlement	2,184.20	2,235.39
Deferred Tax Assets (Liability)	-389.37	-678.71
Net Deferred Tax Assets	**1,794.83**	**1,556.68**
Total provision made in Statement of Profit and Loss	-273.84	-499.47

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

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

Particulars	As at 31st March, 2021	As at 31st March, 2020
Considered good, Unsecured		
Capital advances	74.96	359.68
Total	**74.96**	**359.68**

8. Inventories **(Rs. In Lakhs)**

Particulars	Refer Note No.	As at 31st March, 2021	As at 31st March, 2020
Raw materials [Including Goods in transit Rs. 81.63 lakhs (Rs. 108.99 lakhs)]		3,626.99	5,223.69
Work-in-progress		3,191.55	3,234.77
Finished goods [Including Sales in transit Rs. 255.14 lakhs (Rs. 502.08 lakhs)]	37	1,359.52	2,424.56
Stores and Packing Materials		201.16	844.07
Scrap		2.40	3.64
Total		**8,381.62**	**11,730.73**

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

Particulars	Refer Note No.	As at 31st March, 2021	As at 31st March, 2020
Considered good			
Related parties		3,226.57	5,072.37
Others		2,856.16	3,201.20
		6,082.73	8,273.57
Considered doubtful			
Related parties	33 (d)	251.55	159.55
Others		165.93	79.77
		417.48	239.32
Less : Allowance for Credit Loss		417.48	239.32
		-	-
Total		**6,082.73**	**8,273.57**

Movement in Allowance for Credit Loss is as follows :

Particulars	As at 31st March, 2021	As at 31st March, 2020
Opening	239.32	138.24
Add : Additions	178.16	317.13
Less: Utilisations / Reversals	-	216.05
Closing	**417.48**	**239.32**

- An amount of Rs. 1,834.99 lakhs (Rs. 3,260.97 lakhs) against export receivables as on 31st March 2021, beyond the timelines stipulated under the Foreign Exchange Management Act, 1999. The management of the Company has submitted necessary applications with the appropriate authority for condonation of delays to regularize the default. Impact thereof if any, will be considered when such application is disposed off.

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

Particulars	As at 31st March, 2021	As at 31st March, 2020
Cash balance	23.66	34.08
Bank balances	9.33	158.57
Fixed Deposit Account (Lien-marked on Margin Account)	145.39	120.39
Cheques on hand	-	-
Total	**178.38**	**313.04**

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

Particulars	As at 31st March, 2021	As at 31st March, 2020
Other bank balance		
Unclaimed dividends	105.70	99.73
Total	**105.70**	**99.73**

12. Loans Receivables (Rs. In Lakhs)

Particulars	Refer Note No.	As at 31st March, 2021	As at 31st March, 2020
Considered good, Unsecured			
Loans to subsidiary companies			
Setco Automotive (NA) Inc.	4(a)	-	251.20
Setco Automotive (UK) Ltd.	4(a)	1,871.88	2,085.98
Setco MEA Limited, UAE	12(a)	60.44	60.47
Total		**1,932.32**	**2,397.65**

a) Company has not charged interest from its Subsidiaries during the year.

13. Other Current Assets (Rs. In Lakhs)

Particulars	Refer Note No.	As at 31st March, 2021	As at 31st March, 2020
Advances to related parties			
Unsecured, Considered doubtful			
SE Transstadia Private Limited		426.49	426.49
Less : Impairment Loss Allowance	33(g)	85.30	42.65
Sub total		341.19	383.84
Pre-payments			
Prepaid expenses		103.21	283.95
Capital advances		237.07	288.12
Advances to suppliers	33(e)	1,269.29	770.45
Less : Impairment Loss Allowance	33(f)	795.33	72.50
		814.24	1,270.02
Balance with Statutory / Government Authorities			
Balance with Income Tax	43(B)	143.03	143.03
Statutory dues receivable - Income Tax		101.98	84.02
GST/VAT refund receivables	33(d)	440.45	441.23
Less : Impairment Loss Allowance	33(e)	407.76	40.78
Sub total		277.70	627.50
Other Loans And Advances			
Employees advances		1.16	15.58
Total		**1,434.29**	**2,296.94**

14. Equity

(Rs. In Lakhs)

	Particulars	As at 31st March, 2021	As at 31st March, 2020
(i)	**Authorised capital**		
	25,00,00,000 (25,00,00,000) Equity Shares of Rs. 2/- each	5,000.00	5,000.00
	Total	**5,000.00**	**5,000.00**
	Issued, subscribed and fully paid up share capital		
	13,37,67,275 (13,36,77,275) Equity Shares of Rs. 2 each	2,675.35	2,675.35
	Total	**2,675.35**	**2,675.35**

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

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

c) In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company after distribution of all preferential amounts, in proportion to their shareholding.

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

Particulars	As on 31-03-2021		As on 31-03-2020	
	Number	(Rs. In Lakhs)	Number	(Rs. In Lakhs)
Equity shares				
As at the beginning of the year	133,767,275	2,675.35	133,677,275	2,673.55
Add : Shares issued on exercise of employee stock options	-	-	90,000	1.80
	133,767,275	**2,675.35**	**133,767,275**	**2,675.35**
Less : Changes, if any during the year	-	-	-	-
Outstanding at the end of the year	**133,767,275**	**2,675.35**	**133,767,275**	**2,675.35**

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

Name of Shareholders	As on 31-03-2021		As on 31-03-2020	
	Number	% Holding	Number	% Holding
Equity shares of Rs. 2/- each fully paid				
Setco Engineering Private Limited	64,063,845	47.89	64,063,845	47.89

15. Other Equity

(Rs. In Lakhs)

	Particulars	As at 31st March, 2021	As at 31st March, 2020
(i)	**Capital Reserve (Opening & Closing Balance)**		
	a) On forfeiture of Shares	0.21	0.21
	Total	**0.21**	**0.21**
(ii)	**Securities Premium**		
	As per Last Balance Sheet	239.30	212.34
	Add : Received during the year on exercise of employee stock options	-	26.96
	Total	**239.30**	**239.30**

	Particulars	As at 31st March, 2021	As at 31st March, 2020
(iii)	**Employee Stock Options outstanding**		
	As per Last Balance Sheet	25.30	42.86
	Add : Amounts recorded on grants/modifications/cancellations during the year	-25.30	-17.56
	Total	**-**	**25.30**
(iv)	**General Reserve**		
	As per Last Balance Sheet	1,948.62	1,948.62
	Total	**1,948.62**	**1,948.62**
(v)	**Retained Earnings**		
	As per Last Balance Sheet	18,265.13	21,384.32
	Less : Ind AS Adjustment	-	138.30
	Add : Profit for the year	-10,514.91	-1,644.85
	Less : Dividend	-	-1,337.67
	Less : Dividend Distribution Tax	-	-274.96
	Total	**7,750.22**	**18,265.14**
	Total (i to v)	**9,938.35**	**20,478.57**

16. Borrowings

(Rs. In Lakhs)

Particulars	As at 31st March, 2021	As at 31st March, 2020
Term loans		
From banks		
Secured	408.23	436.20
From others		
Secured	4,816.08	4,927.56
Unsecured	1,239.34	2,000.00
Total (A)	**6,463.65**	**7,363.76**
Other loans		
From banks		
Secured	379.09	19.56
From others		
Secured	2,064.77	22.11
Unsecured	149.79	-
Total (B)	**2,593.65**	**41.67**
Total (A+B)	**9,057.30**	**7,405.43**
Lease liability		
From others		
Secured	645.38	882.37
Total (C)	**645.38**	**882.37**
Total (A+B+C)	**9,702.68**	**8,287.80**
The above amount includes		
Secured borrowings	**8,463.34**	**6,287.80**
Unsecured borrowings	**1,239.34**	**2,000.00**

- Refer Note no. 22 for Current maturities of long term borrowing.

- Indian rupee term loan from Bank of Baroda is repayable in 16 quarterly instalments each of Rs. 141.00 lakhs to be repaid by December, 2021. The loan is secured by first pari passu charge on company's fixed assets (excluding cars/ vehicles) along with Tata Motors Finance Solutions Limited and the second charge on pari passu basis on stocks and book debts as collateral security and personal guarantee of Chairman and Managing Director and Mr. Udit Sheth, Executive Vice Chairman of the Company.

- In previous year, Lava Cast Private Limited (LCPL), the subsidiary company had obtained Plant & Machinery and Equipment of Rs. 1,441.00 lakhs under finance lease arrangement with Tata Capital Financial Services Ltd. (Lessor). The Lease was secured by Plant & Machinery as well as corporate guarantee of Holding Company i.e. Setco Automotive Limited. During the year, the LCPL has transferred all rights, interests, obligations and benefits i.e. right of use of assets under the Lease Deed to the company at Rs. 1,153.79 lakhs, by entering into a Novation Agreement with the Lessor and the company.

  The company pays lease rental monthly for 5 years with residual acquisition value of 1% of lease value. The maturity profile of finance lease obligations is as follows:

Particulars	As at 31st March, 2021		As at 31st March, 2020	
	MLP	PV of MLP	MLP	PV of MLP
Payable within 1 years	290.84	277.63	316.95	285.79
Payable within between 1 to 5 years	645.38	407.87	836.84	686.52
Total Minimum Lease payment	**936.22**	**685.50**	**1,153.79**	**972.31**

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

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

- Indian rupee term loan of Rs. 850.00 lakhs from Tata Motors Finance Solutions Limited is repayable as below :

Capex Term Loan	Amount (Rs.)	Nos	EMI (Rs.)	Repaid By
CAPEX - I	504.00 lakhs	72 EMI	11.53 lakhs	October, 2025
CAPEX - II	126.00 lakhs	72 EMI	2.78 lakhs	December, 2025
CAPEX - III	28.00 lakhs	72 EMI	0.62 lakh	January, 2026
CAPEX - IV	50.00 lakhs	72 EMI	1.12 lakhs	February, 2026
CAPEX - V	6.00 lakhs	72 EMI	0.14 lakh	June, 2026
CAPEX - VI	136.00 lakhs	72 EMI	3.01 lakhs	August, 2026

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

- Indian rupee vehicle loan from ICICI Bank is repayable in 60 EMI each of Rs. 1.01 lakhs to be repaid by December, 2022. The loan is secured by hypothecation of particular vehicle.

- Indian rupee vehicle loan from Toyota Financials Services India Pvt. Ltd. is repayable in 60 EMI each of Rs. 0.57 lakhs to be repaid by February, 2025. The loan is secured by hypothecation of particular vehicle.

- Indian rupee ECLGS loan of Rs. 1,752.00 lakhs from Tata Motors Finance Solutions Limited is repayable in 48 EMI each of Rs. 45.28 lakhs to be repaid by January. The loan is secured by second pari passu charge on company's present & future fixed assets (excluding cars/vehicles) along with Bank of Baroda & IDBI.

- Indian rupee ECLGS loan of Rs. 369.00 lakhs from IDBI Bank is repayable in 48 monthly instalments each of Rs. 7.69 lakhs to be repaid by December, 2025. The loan is secured by first pari passu charge on company's present & future current assets & second pari passu charge on entire fixed assets both present and future along with consortium banks.

- Indian rupee ECLGS loan of Rs. 357.00 lakhs from Tata Capital Financial Services Limited is repayable in 48 monthly instalments each of Rs. 7.44 lakhs to be repaid by March, 2026.

- Indian rupee BCECL loan of Rs. 1,050.00 lakhs from Bank of Baroda is repayable in 18 monthly instalments each of Rs. 58.30 lakhs to be repaid by July, 2022. The loan is secured by first pari passu charge on company's fixed assets (excluding cars/vehicles) along with Tata Motors Finance Solutions Limited and the second charge on pari passu basis on stocks and book debts as collateral security and personal guarantee of Chairman and Managing Director and Mr. Udit Sheth, Executive Vice Chairman of the Company.

- Indian rupee unsecured loan of Rs. 125.00 lakhs from RBD Engineers Pvt Ltd. is repayable in 18 Installments each of Rs. 6.94 lakhs to be repaid by February, 2022.

- Indian rupee unsecured loan of Rs. 150.00 lakhs from Jay Casting Co. is repayable in 12 Installments each of Rs. 12.50 lakhs to be repaid by June, 2022.

- Indian rupee unsecured loan of Rs. 200.00 lakhs from Rampra Steel Ind.P.Ltd is repayable in 12 Installments each of Rs. 16.67 lakhs to be repaid by June, 2022.

- Indian rupee unsecured loan of Rs. 700.00 lakhs from Ahmedabad Strips P. Ltd. is repayable in 12 Installments each of Rs. 58.33 lakhs to be repaid by April, 2022.

- Indian rupee vehicle loan from HDFC Bank is repayable in 84 EMI each of Rs. 0.38 lakhs to be repaid by March, 2028. The loan is secured by hypothecation of particular vehicle.

- Unsecured loan is from Tata Motors Finance Solutions Limited.

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

Particulars	Refer Note No.	As at 31st March, 2021	As at 31st March, 2020
Financial Guarantee Contracts - LCPL	17(a)	688.85	571.82
Finance lease obligation	17(b)	3.11	3.35
Deposits		65.03	85.03
Total		**756.99**	**660.20**

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

Particulars	As at 31st March, 2021		As at 31st March, 2020	
	MLP	PV of MLP	MLP	PV of MLP
Payable within 1 years	0.41	0.24	0.82	0.56
Payable within between 1 to 5 years	2.05	0.94	2.05	1.03
Payable after 5 years	29.27	2.17	29.68	2.32
Total Minimum Lease payment	**31.72**	**3.35**	**32.54**	**3.91**

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

Particulars	As at 31st March, 2021	As at 31st March, 2020
Government Grants - Cash Subsidy	11.34	12.60
Total	**11.34**	**12.60**

19. Provisions (Rs. In Lakhs)

Particulars	Refer Note No.	As at 31st March, 2021	As at 31st March, 2020
Provision for employee benefits			
Provision for gratuity	45(ii)	296.83	179.70
Provision for compensated absences	45(iii)	128.56	129.87
Total		**425.39**	**309.57**

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

Particulars	Refer Note No.	As at 31st March, 2021	As at 31st March, 2020
Loans repayable on demand			
From banks			
Secured	20(a)	16,468.78	16,754.97
Total (A)		**16,468.78**	**16,754.97**
From other parties			
Unsecured	20(b)	4,488.29	3.73
Total (B)		**4,488.29**	**3.73**
Total (A+B)		**20,957.07**	**16,758.70**
Lease liability			
From others			
Secured	20(c)	290.84	271.42
Total (C)		**290.84**	**271.42**
Total (A+B+C)		**21,247.91**	**17,030.12**

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

b) Unsecured loan is from Tata Capital Financial Services Limited & Tata Motors Finance Solutions Limited.

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

21. Trade payables (Rs. In Lakhs)

Particulars	As at 31st March, 2021	As at 31st March, 2020
Dues of Micro, small and medium enterprises	1,003.27	1,032.55
Dues other than of Micro, small and medium enterprises	9,906.52	13,043.36
Total	**10,909.79**	**14,075.91**

This information as required to be disclosed under Micro Small and Medium Enterprise Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Company .

Information in terms of Section 22 of Micro, Small and Medium enterprises Development Act, 2006 are given below :

(Rs. In Lakhs)

Particulars	As at 31st March, 2021	As at 31st March, 2020
Principal amount remaining unpaid to any supplier at the end of each accounting year	1,003.27	1,032.55
Interest accrued & remaining unpaid	3.26	6.18

22. Other financial liabilities (Rs. In Lakhs)

Particulars	Refer Note No.	As at 31st March, 2021	As at 31st March, 2020
Current maturities of long term loans	16	3,495.36	2,783.74
Interest accrued and but not due on borrowings		88.51	165.61
Unpaid/unclaimed dividend	22(a)	105.70	99.73
Other Payable		17.78	25.27
Creditors for capital expenditure		298.72	212.75
Financial Guarantee Contracts - LCPL		-	172.48
Financial Guarantee Contracts - SANAI		20.57	22.54
Finance lease obligation		0.24	0.56
Total		**4,026.88**	**3,482.68**

a) There are no amounts due for payment to the Investor Education and Protection Fund u/s. 125 of Companies Act, 2013 at the year end.

23. Other current liabilities (Rs. In Lakhs)

Particulars	Refer Note No.	As at 31st March, 2021	As at 31st March, 2020
Payable towards statutory liabilities		1,047.79	1,122.21
Payable to employees		445.71	77.25
Final Dividend Payable	23(a)	-	166.91
Corporate Tax on Dividend Payable		274.96	274.96
Government Grants - Cash Subsidy		1.26	1.26
Total		**1,769.72**	**1,642.59**

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

24. Provisions (Rs. In Lakhs)

Particulars	Refer Note No.	As at 31st March, 2021	As at 31st March, 2020
Provision for gratuity	44(ii)	61.05	56.59
Provision for compensated absences	44(iii)	97.04	75.28
Provision for warranty	24(a)	288.88	295.69
Total		**446.97**	**427.56**

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

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

Particulars	As at 31st March, 2021	As at 31st March, 2020
Provision for taxation (net of advance tax paid) (A.Y. 2019-20)	328.45	528.45
Advance tax paid (A.Y. 2020-21)	-175.00	-175.00
Total	**153.45**	**353.45**

26. Revenue from operations **(Rs. In Lakhs)**

	Particulars		Refer Note No.	As at 31st March, 2021	As at 31st March, 2020
i)	Sales of products			40,616.05	54,472.97
	Less : Sales in transit		37	258.35	572.94
		Total		**40,357.70**	**53,900.03**
	Less : Goods and Service Tax			8,951.24	12,092.20
		Total		**31,406.46**	**41,807.83**

27. Other Income **(Rs. In Lakhs)**

Particulars		As at 31st March, 2021	As at 31st March, 2020
Interest Income from			
Loan to Subsidiary		-	1,377.04
Others		6.98	101.43
Other non-operating income			
Rent		227.36	32.52
Finance Income - Financial Guarantee		76.97	116.42
Finance Income - Deposits		9.10	-
Foreign Exchange Fluctuation Gain (Net)		161.04	242.32
Government Grants - Cash Subsidy amortization		1.26	1.26
Duty drawback		29.07	29.03
Others		10.21	1.25
	Total	**521.99**	**1,901.27**

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

Particulars		As at 31st March, 2021	As at 31st March, 2020
Opening stock		5,223.69	6,648.99
Add : Purchases (net)		18,325.84	24,586.16
Less : Closing Stock		3,626.99	5,223.69
Less : Sales of manufacturing scrap		494.22	670.76
	Total	**19,428.32**	**25,340.70**

29. Changes in Inventories of Finished Goods and Work in Progress **(Rs. In Lakhs)**

Particulars		As at 31st March, 2021	As at 31st March, 2020
Opening inventories :			
Work-in-progress		3,234.77	2,558.67
Finished goods		1,922.48	1,577.32
Goods-in-transit		502.08	644.93
Scrap		3.64	4.39
		5,662.97	**4,785.31**
Closing inventories :			
Work-in-progress		3,191.55	3,234.77
Finished goods		1,104.38	1,922.48
Goods-in-transit		255.14	502.08
Scrap		2.40	3.64
		4,553.47	**5,662.97**
	(Increase) /decrease in inventories	**1,109.50**	**(877.66)**

SETCO AUTOMOTIVE LTD

30. Employee Benefit Expenses

(Rs. In Lakhs)

Particulars	As at 31st March, 2021	As at 31st March, 2020
Salaries, wages and bonus	4,103.85	4,768.42
Contribution to employees welfare funds	239.21	287.89
Staff welfare expenses	86.17	170.85
Total	**4,429.23**	**5,227.16**

31. Finance Cost

(Rs. In Lakhs)

Particulars	As at 31st March, 2021	As at 31st March, 2020
Interest expense	4,471.73	3,516.47
Other financial charges	339.54	442.88
Finance expenses	1.20	0.03
Total	**4,812.47**	**3,959.38**

32. Other Expenses

(Rs. In Lakhs)

Particulars	As at 31st March, 2021	As at 31st March, 2020
Stores and Tools Consumed	475.58	763.90
Carriage Inward	366.40	527.07
Power and fuel	498.86	634.81
Job work charge	444.97	655.22
Repairs and maintenance to machineries	63.24	84.58
Repairs to building	7.78	35.08
Other repairs	10.09	40.47
Computer expenses	270.13	319.26
Factory expenses	55.10	53.92
Rent	103.97	222.13
Insurance	126.66	99.07
Conveyance	143.42	123.95
Travelling expenses	73.76	267.85
Legal and professional charges	619.15	631.24
Statutory auditors’ remuneration	37.50	37.50
Printing and stationary	14.02	29.23
Communication expenses	20.16	31.06
Books, subscription and membership	2.79	17.69
Directors’ sitting fees	9.30	19.20
Office expenses	32.82	29.71
Corporate social responsibility expenses	59.62	84.00
Donation	10.14	27.54
General expenses	188.08	186.88
Marketing and sales promotion	309.13	525.00
Advertisement expenses	2.74	7.14
Discount, commission and other expenses on sales	698.08	1,359.48
Bad Debts written off	-	216.05
Allowance for Doubtful Debts	86.15	-58.46
Packing and forwarding expenses	811.81	1,039.62
Loss on Sale of Property ,Plant & Equipment (Net)	2.24	0.26
Total	**5,543.69**	**8,010.45**

33. Exceptional Items

(Rs. In Lakhs)

Particulars	Refer Note No.	As at 31st March, 2021	As at 31st March, 2020
Provision for diminution in investment	33 (b),(c)	791.03	1,413.86
Provision for advance	33 (e),(f),(g)	1,423.01	446.47
Provision for expected losses	33 (d)	92.00	159.55
Inventory written off	33(i)	1,745.86	-
Total		**4,051.90**	**2,019.88**

a) In compliance with IND As provisions, the company has made appropriate provisions for impairment/expected credit losses in respect of its investments , loans, receivables etc from its subsidiaries and associate concerns , based on review of the respective balance sheets and valuation reports obtained from approved valuers.

b) Rs. 1,691.84 lakhs (Rs.1,691.84 lakhs) invested in 20,94,269 (20,94,269) Equity shares of Setco Automotive (UK) Limited, (SAUL), a Wholly Owned Ultimate Foreign Subsidiary, a Technical know how and development hub of the group is for domestic and international markets. SAUL has substantial accumulated losses in the year ended 31st March, 2021 amounting to Rs. 4,809.53 lakhs (Rs. 4,483.43 lakhs). The Company has provided for impairment in value of the same based on a report of independent valuer as per Discounted Cash Flow method.

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

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

e) In FY 2017-18, the Company had recognised Rs. 398 lakhs as income being refund of IGST/CGST share of State for the Uttarakhand unit pending notification of incentives by the State Government. The Company believed, the issuance of notification for GST benefits by the State Government was certain based on the notification already issued by the Central Government. In absence of any notification in the said matter till date and based on legal opinion, the company has filed writ petition claiming refund of said amount & has continued to show this as asset recoverable in accounts. In absence of any tangible progress in the matter, company has provided impairment @100% of the amount receivable from Government.

f) The Company has given capital advance for purchase of machinery to the supplier. The company charged and recovered 10.96% p.a interest upto last year. Due to COVID-19, the supplier is unable to serve interest to the Company and hence impairment is provided @ 100% advance.

g) This represents amount receivable towards sharing of common expenses from SE Transstadia Pvt. Ltd., (SETPL) a company in which directors have interest. Considering current financial position of SETPL, ECL provision of 20% is made on this amount.

h) Rs.1,535.00 lakhs (Rs. 1,535.00 lakhs) Invested in Equity shares of SE Transstadia Private Limited, a Unique and State of the Art Sports Infrastructure Project with the latest modern Technology, a first of its kind project in India. The said company has completed the project and has commenced commercial operations in March 2017. The company has accumulated loss of Rs. 20,299.32 lakhs (Rs. 11,180.08 lakhs) as per latest audited Financial Statements as at 31.03.2019 and has eroded entire networth due to loses. Due to non payment of interest and instalments, company's accounts with bank have became NPA in December, 2018. The company has submitted restructuring proposal to bank on 17.06.2020 and the same is under consideration. The said company is confident of profitable operations post restructuring by banks as proposed and based on report of independent valuer as per DCF method, impairment has been provided.

i) On physical verification of stocks, stock costing Rs. 1863.92 lakhs were found to be rusty, damaged and unfit for consumption and unretrievable without compromising the quality of finished products. Therefore, such items of stocks are written down in the accounts net of the existing provision and valued at NIL and the net effect is disclosed under the head "Exceptional Items".

34. MAT CREDIT

During the year, company has adjusted/(recognised) MAT Credit of Nil for current financial year (Previous year Rs. 165.67 lakhs) and same is shown as adjustment from the current tax amount in the statement of profit and loss. The company has also recognised/(reversed) Net MAT credit of Nil (Rs. 20.71 lakhs) in respect of previous periods.

35.

a) The company has obtained consent of members to transfer the clutch manufacturing business to a wholly owned subsidiary in EGM held on 22nd May 2021.

b) Further the compay has obtained member's consent to purchase trademark/ Brand "LIPE" owned by foreign subsidiaries (SAUL & SANAI) based on valuations done by approved valuers.
In absence of binding agreements/ documents till date in this regard, no effect relating to said proposals are given or recognised in accounts for the year.

36. Earning per share

Particulars	2020-2021	2019-2020
Profit available to Equity Shareholders after tax (Rs. In Lakhs)	-9,406.22	-1,516.32
Weighted average number of equity shares of Rs. 2/- each		
Basic - No. of Shares	13,37,67,275	13,37,67,275
Diluted - No. of Shares	13,37,67,275	13,37,43,474
Earnings per share in Rs. :		
Basic in Rs.	-7.03	-1.13
Diluted in Rs.	-7.03	-1.13

37. SALES-IN-TRANSIT

The Products dispatched from the factory, which remained in transit in respect of which the control have not been transferred amounts to Rs. 258.35 lakhs (Rs. 572.94 lakhs). With a view to reflect true and correct position of revenue, the said amount is reduced from total sales of the year and the stock value there of Rs. 255.14 lakhs (Rs. 502.08 lakhs) is shown under the head "Finished Goods" in Note 8 under the head "Inventories".

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

A. Names of Related Parties and Nature of Relationship :

<table>
<tr><th>Sr. No.</th><th>Name of the Related Party</th><th>Relationship</th></tr>
<tr><td>1</td><td>Setco Automotive (UK) Limited UK</td><td rowspan="2">Wholly Owned Ultimate Foreign Subsidiary Companies</td></tr>
<tr><td>2</td><td>Setco Automotive N.A. Inc. (USA)</td></tr>
<tr><td>3</td><td>WEW Holdings Limited, Mauritius</td><td rowspan="2">Wholly Owned Foreign Subsidiary Companies</td></tr>
<tr><td>4</td><td>Setco MEA DMCC, UAE</td></tr>
<tr><td>5</td><td>Setco Auto Systems Private Limited (formerly known as Transstadia Sport Sciences Private Limited)</td><td>Wholly Owned Indian Subsidiary Company</td></tr>
<tr><td>6</td><td>Lava Cast Private Limited</td><td>Indian Subsidiary Company</td></tr>
<tr><td>7</td><td>Key Managerial Personnel *</td><td></td></tr>
<tr><td></td><td>Shri Harish Sheth</td><td>Chairman and Managing Director</td></tr>
<tr><td></td><td>Shri Udit Sheth</td><td>Whole time Director (w.e.f. 01.05.2020)</td></tr>
<tr><td></td><td>Shri Shvetal Vakil</td><td>Executive Director (upto 31.03.2020)</td></tr>
<tr><td></td><td>Smt. Urja Shah</td><td>Executive Director</td></tr>
<tr><td></td><td>Shri Jitender Gujaral</td><td>Chief Executive Officer</td></tr>
<tr><td></td><td>Shri Vinay Shahane</td><td>Chief Financial Officer (upto 23.11.2020)</td></tr>
<tr><td></td><td>Shri Rovinder Kumar Singla</td><td>Chief Financial Officer (w.e.f. 02.08.2021)</td></tr>
<tr><td></td><td>Shri Hiren Vala</td><td>Company Secretary (w.e.f. 01.01.2021)</td></tr>
<tr><td></td><td>Shri Chandra Kant Sharma</td><td>Company Secretary (upto 29.12.2020)</td></tr>
<tr><td>8</td><td>Setco Engineering Private Limited</td><td rowspan="20">Enterprises over which key managerial personnel are able to exercise significant influence</td></tr>
<tr><td>9</td><td>Western Engineering Works (Partnership)</td></tr>
<tr><td>10</td><td>SE Transstadia Private Limited</td></tr>
<tr><td>11</td><td>White River Entertainment Pvt. Ltd.</td></tr>
<tr><td>12</td><td>Transstadia Technologies Private Limited</td></tr>
<tr><td>13</td><td>Transstadia Play sport Private Limited</td></tr>
<tr><td>14</td><td>Transstadia Capital Private Limited</td></tr>
<tr><td>15</td><td>Transstadia Boxing India Private Limited</td></tr>
<tr><td>16</td><td>Transstadia Holdings Private Limited</td></tr>
<tr><td>17</td><td>Setco Holdings Private Limited</td></tr>
<tr><td>18</td><td>Transstadia hospitality Private Limited</td></tr>
<tr><td>19</td><td>Urdit Exports (Proprietory concern)</td></tr>
<tr><td>20</td><td>Transstadia Education and Research Foundation</td></tr>
<tr><td>21</td><td>Hrehan Venture Advisors Pvt. Ltd.</td></tr>
<tr><td>22</td><td>Wingspun Funds Advisors LLP</td></tr>
<tr><td>23</td><td>Transstadia Institute & Research Council</td></tr>
<tr><td>24</td><td>Transstadia Education Services Pvt Ltd.</td></tr>
<tr><td>25</td><td>Sportscom Industry Confederation</td></tr>
<tr><td>26</td><td>Harish K. Sheth (HUF)</td></tr>
<tr><td>27</td><td>Setco Foundation (Trust)</td></tr>
<tr><td>28</td><td>Smt. Sneha Sheth</td><td rowspan="2">Relatives of Key Managerial Personnel</td></tr>
<tr><td>29</td><td>Shri Harshal Shah</td></tr>
</table>

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

B. Transactions with Related Parties : (Rs. In Lakhs)

Sr. No.	Nature of transaction	2020-2021	2019-20
A)	**Transactions with wholly owned / wholly owned ultimate foreign subsidiaries :**		
	Export		
	- Setco Automotive (UK) Limited	159.21	558.72
	- Setco Automotive (NA), Inc.	110.23	385.23
	- Setco MEA DMCC	138.63	195.11
	Import		
	- Setco Automotive (UK) Limited	-	-
	- Setco Automotive (NA), Inc.	0.30	3.13
	Expenditure including capital items (Net)		
	- Setco Automotive (UK) Limited	(4.86)	436.84
	- Setco Automotive (NA), Inc.	23.93	(6.28)
	- Setco MEA DMCC	-	0.21
	Interest income		
	- Setco Automotive (UK) Limited	-	775.92
	- Setco Automotive (NA), Inc.	-	93.80
	- Setco MEA DMCC	-	53.56
	Finance Income		
	- Setco Automotive (UK) Limited	-	5.28
	- Setco Automotive (NA), Inc.	1.97	19.97
	Outstanding at year end :		
	Investment		
	- Setco Automotive (UK) Limited	1,691.84	1,691.84
	- WEW Holding Limited	507.60	507.60
	- Setco MEA DMCC	17.75	17.75
	Financial Guarantees Liabilities		
	- Setco Automotive (UK) Limited	-	-
	- Setco Automotive (NA), INC.	20.57	22.54
	Loans and advances		
	- Setco Automotive (UK) Limited	6,065.44	5,959.94
	- Setco Automotive (NA), INC.	540.43	566.73
	- Setco MEA DMCC	60.44	60.47
	Amount receivable		
	- Setco Automotive (UK) Limited	779.90	2,378.60
	- Setco Automotive (NA), INC.	759.73	736.00
	- Setco MEA DMCC	534.91	570.58
	Amount Payable		
	- Setco Automotive (UK) Limited	133.40	990.83
	- Setco Automotive (NA), INC.	40.84	12.06
	- Setco MEA DMCC	27.74	28.01
B)	**Transactions with wholly owned Indian subsidiary : Setco Auto Systems Private Limited**		
	Investment	1.00	-
	Outstanding at year end :		
	Investment	1.00	-

C) Transactions with Indian subsidiary : Lava Cast Private Limited **(Rs. In Lakhs)**

Sr. No.	Nature of transaction	2020-2021	2019-20
	Investment	2,000.00	500.00
	Sale - Scrap	1,277.25	1,195.35
	Purchase (gross)	4,783.05	7,042.66
	Jobwork charges	24.30	0.36
	Lease Rent	227.36	-
	Expenditure recovered	-	1.75
	Loans given	1,040.00	2,325.00
	Interest on Loans (Gross)	-	453.75
	Finance Income	74.73	91.16
	Outstanding at year end :		
	Investment	11,709.00	9,709.00
	Loans and advances	3,976.33	4,936.33
	Financial Guarantees Liabilities	688.85	744.30
	Deemed Equity Investment	1,119.73	1,100.18
	Amount receivable	1,152.03	1,387.19
	Amount payable	2,165.37	2,328.33
D)	**Transactions with enterprises over which key managerial personnel are able to exercise significant influence :**		
	Investment		
	- Setco Engineering Private Limited	1,975.00	3,885.00
	Office Rent		
	- Western Engineering Works	30.00	-
	Marketing Expenses		
	- SE Transstadia Private Limited	-	2.99
	Marketing commission paid		
	- Setco Engineering Private Limited	620.24	834.09
	Purchase (gross)		
	- Pahadi Goodness Pvt. Ltd.	-	1.52
	Dividend paid		
	- Transstadia Capital Private Limited	-	16.50
	- Setco Engineering Private Limited	-	623.64
	CSR Activity		
	- Setco Foundation	47.05	84.00
	Outstanding at year end :		
	Investment		
	SE Transstadia Private Limited	1,535.00	1,535.00
	Setco Engineering Private Limited	5,860.00	3,885.00
	Amount receivable		
	- SE Transstadia Private Limited	426.49	426.49
	Amount payable		
	- Setco Engineering Private Limited	198.37	152.88
	- SE Transstadia Private Limited	-	0.03
	- Pahadi Goodness Pvt. Ltd.	-	1.11
	- Western Engineering Works	22.79	22.79

E) Transactions with key managerial personnel and their relatives :

Managerial remuneration (directors)

(Including provident fund and excluding commission to non-executive directors)

Sr. No.	Nature of transaction	2020-2021	2019-20
	- Shri Harish Sheth*	201.60	159.60
	- Shri Udit Sheth	114.80	-
	- Shri Shvetal Vakil	-	131.52
	- Smt. Urja Shah	62.16	66.48
	Loan taken		
	- Smt. Sneha Sheth	90.00	-
	Loan repaid		
	- Smt. Sneha Sheth	90.00	-
	Dividend paid		
	- Shri Harish Sheth	-	29.59
	- Shri Udit Sheth	-	27.63
	- Smt. Urja Shah	-	42.85
	- Smt. Sneha Sheth	-	34.03
	- Shri Shvetal Vakil	-	3.16
	- Shri Vinay Shahane	-	0.34
	- Shri Jitender Gujaral	-	0.20
	Remuneration of other Key Managerial Personnel	**153.44**	**202.84**
	Outstanding at year end :		
	Amount receivable		
	- Shri Harish Sheth	29.28	210.00
	- Shri Shvetal Vakil	-	18.00
	Amount payable		
	- Shri Harish Sheth	0.01	-
	- Wingspun Funds Advisors LLP	5.40	5.40

* In pursuance of special resolutions passed by the members and in view of inadequacy of profits in F.Y. 2020-21, the Chairman & Managing Director has been paid remuneration of Rs. 201.60 Lakhs per annum, within the limits laid down under Part-II of Schedule V of the Companies Act, 2013.

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

(Rs. In Lakhs)

Sr. No.	Name of the company	As at 31.03.2021	As at 31.03.2020	Maximum Balance during 2020-2021	Maximum Balance during 2019-2020
1	Setco Automotive (UK) Limited, UK	6,065.44	5,959.94	6,065.44	5,959.94
2	Setco Automotive (NA) Inc., USA	540.43	566.73	540.43	566.73
3	Setco MEA DMCC	60.44	60.47	60.44	60.47
4	Lava Cast Private Limited	3,976.33	4,936.33	3,976.33	4,936.33

40. Disclosure under section 186 (4) of the Companies Act , 2013

Details of Investments made, loans and corporate guarantee given in respect of subsidiaries are presented at Note no. 3, 4, 12, 13, 17, 22, 38 and 39. Loans and corporate guarantees given are for Business purpose of Subsidiaries.

41. Segment information

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

42. Payment to Auditors **(Rs. In Lakhs)**

Particulars	As at 31st March, 2021	As at 31st March, 2020
As Auditors		
Statutory Audit Fees	37.50	37.50
Total	**37.50**	**37.50**

43. Contingent Liabilities and Commitments

A. Contingent Liabilities :

i) Guarantees given by the bank on behalf of the Company Rs. 14.53 lakhs (Rs. 5.42 lakhs).

ii) Guarantee given for maximum $ 3.00 million ($ 3.00 million) to Bank of Baroda, New York, USA for wholly owned ultimate foreign subsidiary's credit facilities Rs. 2,220.30 lakhs (Rs. 2,278.80 lakhs). The carrying amounts of related financial guarantee contracts recognised in books of account are Rs. 20.57 lakhs as at 31.03.2021 (Rs. 22.54 lakhs).

iv) Guarantee given for maximum Rs. 18,326.00 lakhs (Rs. 18,326.00 lakhs) to Bank of Baroda, Mumbai, India, for subsidiary's credit facilities. The carrying amounts of related financial guarantee contracts are recognised in books of account are Rs. 688.85 lakhs as at 31.03.2021 (Rs. 744.30 lakhs).

B. Note on Pending Litigation :

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

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

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

iii) The company has received order u/s 143(3) r.w.s 144C(3) with order received from TPO u/s 92CA(3) for AY 2016-17, making additions amounting to Rs. 2.80 lakhs pertaining to notional guarantee fees from SAUL in book profit u/s 115JB resulting to demand of Rs. 0.73 lakhs. Application for stay of demand has been filed along with rectification u/s 154 of Income Tax Act, 1961. In the same order, based on orders passed by CIT(A) -5 Baroda for AY 2013-14 and 2014-15, product development expense was allowed as revenue expenses and accordingly was treated as revenue expenses in the particular year but was rejected by AO. This matter is also covered by ITAT Ahmedabad in our own case for AY 2002-03, 2003-04, 2004-05, 2005-06, 2006-07 and 2007-08. The company has filed an appeal against CIT(A) Baroda for the matter. The company has further received notice u/s 274 r.w.s 271(1)(c) for the said matter for which application for keeping the proceedings in abeyance till the first appeal is decided has been filed.

iv) The company has received a notice u/s 92CA(1) and 92D(3) of Income Tax Act, 1961 from TPO for AY 2017-18, making additions of Rs. 20.33 lakhs for sales transactions of bought out items from non-eligible unit to eligible unit and disallowing product development expenses as revenue expenses. Due to the addition, demand of Rs. 0.35 lakhs has been raised for which the company has filed an appeal before CIT(A) Baroda. The company has also received notice u/s 274 r.w.s 270A for the additions made and the company has filed an application for keeping the proceedings in abeyance till the first appeal is decided.

v) The company has received order from A.O. Panchmahals, Godhra range for demand of Rs. 590.13 lakhs by way of adjustment of addition in book profit for calculation of tax under MAT which resulted into the above demand for Assessment Year 2011-2012. The company had preferred an appeal with CIT(A) - 4 Vadodara against such order but was dismissed by CIT(A) giving rise to demand of Rs. 472.10 lakhs. The company has prefered an appeal against the order of CIT(A)-4 Vadodara before ITAT Ahmedabad. The company is confident of receiving adjudication in its favour.

vi) The company as received notice of penalty proceedings u/s 271(c) for AY 2014-15 for late pament of PF. The company has submitted its replies to AO and is in process and not concluded till date.

vii) The company has received intimation u/s 143(1) of Income Tax Act,1961 from CPC, Bengaluru for A.Y. 2015-16 wherein demand of Rs. 2.00 lakhs have been raised mainly on account of non allowance of deduction u/s 80-IC. The company believes this is a mistake apparent from records and has filed rectification petition u/s 154 of Income Tax Act, 1961. The company is confident that the demand would be dropped in due course of time.

viii) The company has received intimation u/s 143(1) of Income Tax Act,1961 from CPC, Bengaluru for A.Y. 2015-16 wherein demand of Rs. 2.00 lakhs have been raised mainly on account of non allowance of deduction u/s 80-IC. Further product development expense for the year was disallowed as revenue expenses but based on the orders passed in prevoius years by CIT(A)-4 and ITAT, the company has filed a letter with DCIT, Anand Circle.The company believes this is a mistake apparent from records and has filed rectification petition u/s 154 of Income Tax Act, 1961. The company is confident that the demand would be dropped in due course of time.

The company's management reasonably expects that these cases when ultimately concluded/adjudicated will not have any material or adverse effect on the company's results or the operations or financial condition.

C. Commitments :

Estimated amount of contracts remaining to be executed on capital account and not provided for Rs. 442.18 lakhs (Rs. 672.47 lakhs).

44. Trade payable and receivables

Trade payables' balances are under reconciliation process. Necessary adjustments, if any, will be accounted when the same is reconciled. In respect of trade receivables and other debit/credit balances, for which balance confirmations have been received, are under reconciliation process and necessary adjustments, if any, will be accounted when the same is reconciled. While others are subject to reconciliation and adjustment if any.

45. Employee Benefits

Disclosure pursuant to Ind AS – 19 "Employee Benefits"

i) Defined Contribution Plans

An amount of Rs 239.21 lakhs (Rs. 287.89 lakhs) (Provident Fund & ESIC) is recognized as an expense and included in Note 30 under the head "Employee Benefits".

ii) Gratuity - Long Term Defined Benefit Plan

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

a) Funded status of the Plan **(Rs. In Lakhs)**

Particulars	As at 31st March, 2021	As at 31st March, 2020
Present value of funded obligations	803.19	756.67
Fair value of plan assets	(445.32)	(520.39)
Net Liability (Asset)	**357.87**	**236.29**
b) Profit and loss account for the year		
Service Cost :-		
Current service cost	55.83	50.59
Past service cost and loss/(gain) on curtailment and settlement	-	-
Net interest cost	**13.72**	**7.23**
Total included in 'Employee Benefit Expense'	**69.55**	**57.82**
Expenses deducted from the fund	-	-
Total charged to profit and loss account	**69.55**	**57.82**

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

(c) Other comprehensive income for the year		
Components of actuarial gain/losses on obligations:		
Due to Change in financial assumptions	6.34	(22.89)
Due to change in demographic assumption	-	6.21
Due to experience adjustments	41.23	70.66
Return on plan assets excluding amounts included in interest income	4.45	3.15
Amounts recognised in other comprehensive income	**52.03**	**57.13**

	Particulars	As at 31st March, 2021	As at 31st March, 2020
(d)	**Reconciliation of net defined benefit obligation**		
	Net opening provision in books of accounts	756.67	630.61
	Current service cost	55.83	50.59
	Interest Cost	47.01	45.65
			(Rs. In Lakhs)
	Actuarial(Gain)/Loss on obligation	47.58	53.98
	Past service cost	-	-
	Benefits paid	(103.90)	(24.15)
	Closing provision in books of accounts	**803.19**	**756.67**
(e)	**Reconciliation of planned assets**		
	Opening value of plan assets	520.39	509.27
	Expenses deducted from the fund	-	-
	Interest Income	33.29	38.41
	Return on plan assets excluding amounts included in interest income	(4.45)	(3.15)
	Contributions by employer	-	-
	Benefits paid	(103.90)	(24.15)
	Closing value of plan assets	**445.32**	**520.39**
(f)	**Principle actuarial assumptions**		
	Discount Rate	6.50%	7.65%
	Salary Growth Rate	4.50%	6.00%
	Withdrawal Rates	10.00% p.a. at younger ages reducing to 1% p.a. at older ages	5.00% p.a. at younger ages reducing to 1% p.a. at older ages
(g)	**Sensitivity to key assumptions**		**-1.00**
	Discount rate Sensitivity		
	Increase by 0.5%	772.38	728.41
	(% change)	-10.59%	-9.90%
	Decrease by 0.5%	836.34	787.05
	(% change)	11.65%	10.87%
	Salary growth rate Sensitivity		
	Increase by 0.5%	834.87	786.05
	(% change)	11.40%	10.64%
	Decrease by 0.5%	772.91	728.77
	(% change)	-10.55%	-9.86%
	Withdrawal rate (W.R.) Sensitivity		
	W.R. x 110%	806.66	759.89
	(% change)	1.30%	1.30%
	W.R. x 90%	799.56	753.32
	(% change)	-1.36%	-1.36%

Description of methods used for sensitivity analysis and its Limitations:

Sensitivity analysis is performed by varying a single parameter while keeping all the other parameters unchanged. Sensitivity analysis fails to focus on the interrelationship between underlying parameters. Hence, the results may vary if two or more variables are changed simultaneously.

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

(h) Bifurcation of liability as per Schedule III

Current Liability*	61.05	56.59
Non-Current Liability	296.83	179.70
Net Liability	**357.87**	**236.29**

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

(i) Risk Analysis

Actuarial Risk:

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

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

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

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

Investment Risk:

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

Liquidity Risk:

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

Market Risk:

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

Legislative Risk:

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

(iii) Compensated Absences

The charge for the current year on Statement of Profit & Loss on account of compensated absences is Rs. 46.33 lakhs (Rs. 46.36 lakhs). The said liability is provided based on actuarial valuation. The said liability is not funded.

46. Share-based Payments : (Employee Stock Option Plan - ESOP 2015)

(a) Opening ESOP of 1,51,700 have expired during the year. Outstanding ESOP at year end is NIL (1,51,700 shares).

47. Corporate Social Responsibility Expenditure

a) Gross amount required to be spent by the Company during the year : Rs. 48.49 lakhs (Rs. 61.68 lakhs).

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

Particulars	In Cash	Yet to be paid in Cash	Total
(i) Construction / acquisition of any Assets	-	-	-
(ii) On purposes other than (i) above *	59.62	-	59.62

* Includes Contribution to a trust controlled by the Company (Setco Foundation) in relation to CSR Expenditure : Rs. 47.05 lakhs (Rs. 84.00 lakhs)

48. Research and Development

The company has a set up of recognized Research & Development Centre (R & D Centre) at its Kalol plant. During the current financial year, the R & D Centre has conducted activities mainly related to the product development, particularly development of new products for domestic & international markets. From previous financial year, the company has treated R & D expenditure as Revenue expenditure. Based on the Accounting Expert's opinion obtained by the company in preceding previous year, the accounting treatment referred to above is within the purview of Indian Accounting Standard - 38 "Intangible Assets".

The details of expenditure incurred during financial year 2020-2021 are as under :

(Rs. In Lakhs)

Particulars	Approved (DSIR) R&D Expenditure	Other R & D Expenditure	Total
Capital Expenditure	-	-	-
Revenue Expenditure	-	-	-
Total R&D Expenditure incurred in 2020-2021	**-**	**-**	**-**
Total R&D Expenditure incurred in 2019-2020	**159.70**	**92.14**	**251.84**

49. (i) Tax Expenses :

(a) Tax expense :		
Current tax		
Current tax on profits for the year	-	165.57
Adjustments for current tax of prior periods	51.18	-20.71
Total current tax expense	**51.18**	**144.86**
Deferred tax		
Decrease/(increase) in deferred tax assets	-535.64	-602.88
(Decrease)/increase in deferred tax liabilities	261.80	103.41
Total deferred tax expense/(benefit)	**(273.84)**	**(499.47)**
Tax Expenses	**-222.66**	**-354.61**

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

(Loss)/Profit before tax	-9,628.88	-1,870.93
Tax at the Indian tax rate of 15.60% (Previous year 17.472%)		
Tax effect of amounts which are not deductible (taxable) in calculating taxable income :		
– Disallowance of expenditure	1,393.75	1,896.69
– Others IND-AS adjustment on Profit	(391.06)	(391.06)
Tax effect of amounts which are deductible (non-taxable) in calculating taxable income :		
Revised Accounting (Loss)/Profit	**-8,626.19**	**-365.30**
Tax Expenses on 15.60% (Previous year 17.472%)	**-1,345.69**	**-63.83**
Current Tax as per Profit & Loss Account	**-**	**-**

Particulars	Approved (DSIR) R&D Expenditure	Other R & D Expenditure	Total
(ii) Movement in Deferred Tax :			
Deferred Tax Liabilities :			
Timing Differences related to Property, Plant & Equipment and Intangible Assets		4,680.39	5,443.92
Investment measured at Fair Value		13.21	26.42
Other Expenses		2.00	3.99
Actuarial Gain / Loss - (Gratuity / Leave Benefits)		1.47	2.95
Borrowings at Amortised Cost		20.70	41.41
Remeasurement of stock options at fair value		0.31	0.61
Timing Differences		**4,718.08**	**5,519.31**
Rate of Tax		31.20%	34.94%
Deferred Tax Liabilities		**1,473.34**	**1,928.42**
Deferred Tax Assets :			
Timing Differences related to Expenses		2,998.62	2,573.51
Investment measured at Fair Value		157.85	469.20
Other Expenses		240.00	480.01
Other Deposit - at FVTPL (Finance Expense)		4.98	9.96
Actuarial Gain / Loss - (Gratuity / Leave Benefits)		7.28	14.56
Advances at Amortised Cost		18.52	37.05
MGVCL Deposit - at Amortised Cost		0.12	0.23
Timing Differences		3,427.37	3,584.52
Rate of Tax		31.20%	34.94%
Deferred Tax Assets		**1,083.97**	**1,249.71**
DTA / (DTL)		(389.37)	(678.71)
MAT Credit Entitlement		2,184.20	2,235.39
Net Deferred Tax Assets		**1,794.83**	**1,556.68**

50. Fair Value Measurements :

(i) Financial instruments by category :

The carrying amounts of financial instruments by class are as follows :

A. Financial assets		
I. Measured at amortised cost		
Loans	10,061.54	11,232.92
Trade Receivables	6,082.73	8,273.57
Cash and Cash Equivalents	145.39	120.39
Other Financial Assets	173.36	191.95
Investment in Equity Instruments of Related Entity	5,860.00	3,740.20
II. Measured at fair value through profit and loss (FVTPL)		
Financial Guarantees-Deemed Investment	1,119.73	1,100.18
Other Financial Assets	35.55	28.91
III. Measured at fair value through other comprehensive income (FVOCI)		
Investment in Equity Instruments of Related Entity	1,228.00	1,381.50
	24,706.30	**26,069.62**

Particulars	Approved (DSIR) R&D Expenditure	Other R & D Expenditure	Total
A. Financial liabilities			
I. Measured at amortised cost			
Borrowings		12,552.66	10,189.17
Lease Liability		936.22	1,153.79
Unclaimed Dividend		105.70	99.73
Trade Payables		10,909.79	14,075.91
II. Measured at fair value through profit and loss (FVTPL)			
Financial Guarantees		709.42	766.84
Finance lease obligation		3.35	3.91
		25,217.14	**26,289.35**

(ii) Fair value hierarchy :

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

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

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

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

(Rs. In Lakhs)

Particulars	Level 1	Level 2	Level 3
Measured at fair value through profit and loss (FVTPL)			
As at 31st March 2021			
Financial Guarantees-Deemed Investment	-	-	1,119.73
Other Financial Assets	-	-	35.55
Financial Guarantees	-	-	709.42
Finance lease obligation	-	-	3.35
	-	-	**1,868.05**
As at 31st March 2020			
Financial Guarantees-Deemed Investment	-	-	1,100.18
Other Financial Assets	-	-	28.91
Financial Guarantees	-	-	766.84
Finance lease obligation	-	-	3.91
	-	-	**1,899.84**

(Rs. In Lakhs)

Particulars	Level 1	Level 2	Level 3
Measured at fair value through other comprehensive income (FVOCI)			
As at 31st March 2021			
Investment in Equity Instruments of Related Entity	-	-	1,228.00
	-	-	**1,228.00**
As at 31st March 2020			
Investment in Equity Instruments of Related Entity	-	-	1,381.50
	-	-	**1,381.50**

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

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

51. Financial Risk Management :

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

Risk			
Credit Risk	Cash and Cash equivalents, Trade Receivables, Financial assets measured at amortised cost	Review of fixed Deposits and bank balances, Review of Ageing analysis & financial assets on quarterly basis	Fixed Deposits are kept with large nationalised bank. Ensuring strict credit control through standard operating procedures. Review of financial assets on regular basis
Liquidity Risk	Borrowings, Trade Payables and Other financial liabilities	Cash flow projections are made based on business projections	Availability of undrawn credit lines and borrowing facilities are analysed & monitored.
Market Risk-Interest Rate	Term Loans & Working Capital facilities availed at floating interest rates	Review of interest rates at regular intervals	The company through review of the interest rates at regular intervals makes sensitivity analysis and take appropriate measures to mitigate adverse impact, if any on the financial performance
Price Risk	Price variation in raw materials & consumables	Review of prices on ongoing basis	The price risk is assessed to be low as the company is able to pass the price risk to the customer.
Operational Risk	Capacity Utilization and Process Improvement	Review on daily basis	The company is persistently making efforts to achieve optimum capacity utilization and improve the operational processes to obtain better product yield and reduce rejection ratio to acceptable level.

52. Capital Management :

Risk Management

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

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

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

Particulars	As at 31st March, 2021	As at 31st March, 2020
Total Debt (Rs. In Lakhs)	34,445.95	28,101.66
Total Equity (Rs. in Lakhs)	9,904.98	20,445.20
Debt-Equity Ratio	**3.48**	**1.37**

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

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

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

55. Previous year's figures have been regrouped/ reclassified wherever necessary to correspond with the current year's classification/ disclosure.

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

(Rasesh V. Parekh)
Partner
Membership No. 038615

Place: Nathdwara
Date : 8th August, 2021

For and on behalf of the Board

Harish Sheth
Chairman & Managing Director

Udit Sheth
Vice Chairman

Urja Shah
Executive Director

Arun Arora
Independent Director

Ashok Jha
Independent Director

Suhasini Sathe
Independent Director

Rovinder Kumar Singla
Chief Financial Officer

Hiren Vala
Company Secretary

Place: Kalol
Date : 8th August, 2021

INDEPENDENT AUDITORS' REPORT

TO
THE MEMBERS OF SETCO AUTOMOTIVE LIMITED

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

OPINION

We have audited the accompanying consolidated financial statements of Setco Automotive Limited (hereinafter referred to as the 'Holding Company") and its subsidiaries (Holding Company and its subsidiaries together referred to as "the Group"), which comprise the consolidated Balance Sheet as at March 31, 2021, and the consolidated statement of Profit and Loss (including other comprehensive income), the consolidated Statement of Changes in Equity and the consolidated Cash Flows Statement for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies (hereinafter referred to as "the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards specified under Section 133 of the Act and other accounting principles generally accepted in India, of the state of affairs of the Group as at 31st March, 2021 and its consolidated loss and its consolidated cash flows for the year ended on that date.

Basis for Opinion

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

EMPHASIS OF MATTER

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

a) The group management's assessment of the impact of COVID -19 pandemic on its liquidity position and the recoverability of its assets comprising property, plant and equipment, inventories, receivables and other current assets as at the balance sheet date and on the basis of evaluation, has concluded that no material adjustments are required in the financial statements. (Refer Note No. 47 of Consolidated Ind AS Financial Statements)

b) Trade receivables, Trade Payables and other debit/ credit balances are subject to reconciliation and confirmation. (Refer Note No. 40 of Consolidated Ind AS Financial Statements)

c) The Holding Company has made investment of Rs. 5860 Lakhs in 9% cumulative compulsorily redeemable preference shares of Setco Engineering Private Limited, a company in which directors have interest. SEPL, being an investment company, derives its major income from Holding company in form of dividend and sales commission. SEPL has incurred loss in current year and hence, the Holding Company has made impairment provision for loss of dividend. (Refer Notes No. 31(b) of Consolidated Ind AS Financial Statements).

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

e) Amount receivable of Rs. 426 Lakhs towards sharing of common expenses from SE Transstadia Pvt Ltd (SETPL), a company in which directors are interested. Considering current financial position of SETPL, the said amount has remained outstanding. The Holding company has made ECL provision of 20% of the outstanding amount. (Refer Notes No. 31 (e) of Consolidated Ind AS Financial Statements)

f) In FY 2017-18, the parent Company had recognised Rs. 398 lakhs as income being refund of IGST/CGST share of State for the Uttarakhand unit pending notification of incentives by the State Government. The parent Company believed, the issuance of notification for GST benefits by the State Government was certain based on the notification already issued by the Central Government. In absence of any notification in the said matter till date and based on legal opinion, the parent company has filed writ petition claiming refund of said amount & has continued to show this as asset recoverable in accounts. In absence of any tangible progress in the matter, the parent company has provided impairment @100% of the amount receivable from Government. (Refer Notes No. 31(c)of Consolidated Ind AS Financial Statements)

g) 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. 44 of Consolidated Ind AS Financial Statements)

h) On physical verification of stocks of the parent company, stock costing Rs. 1863.92 lakhs were found to be rusty, damaged and unfit for consumption and unretrievable without compromising the quality of finished products. Therefore, such items of stocks are written down in the accounts net of the existing provision and valued at NIL and the net effect is disclosed under the head "Exceptional Items". (Refer Notes No. 31(g) of Consolidated Ind AS Financial Statements).

i) Setco Automotive (UK) Limited, a subsidiary of the parent company, has entered into Sale and lease back transaction of its immovable properties (i.e. Land & Building) with Carlton Mill Company Limited (The) without the intention of the company to discontinue its operations. The sale proceeds have been used to reduce current liabilities. (Refer Notes No. 46 of Consolidated Ind AS Financial Statements).

j) The Holding company has obtained consent of members to transfer the clutch manufacturing business to a wholly owned subsidiary in EGM held on 22nd May 2021.

Further the Holding company has obtained member's consent to purchase trademark/ Brand "LIPE" owned by foreign subsidiaries (SAUL & SANAI) based on valuations done by approved valuers.

In absence of binding agreements/ documents till date in this regard, no effect relating to said proposals are given or recognised in accounts for the year. (Refer Notes No. 33 of Consolidated Ind AS Financial Statements)

k) In forming our opinion on the consolidated Ind AS financial statements, we have relied upon management's presentation & classification of amounts as per requirements of Schedule III of the Act in respect of wholly owned ultimate foreign subsidiaries.

Our opinion is not modified in respect of these matters.

KEY AUDIT MATTERS

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

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

OTHER MATTERS:

1. Attention is also invited to Note No. 45 of Consolidated Ind AS financial statements, which refers to the fact that the audited financial statements of the wholly owned ultimate foreign subsidiaries have been prepared in accordance with local laws of the countries in which they operate. The said audited financial statements have been restated/recompiled by the management to meet the requirements of Indian Accounting Standards after exercising necessary due diligence to ensure true & fair view of said subsidiaries' affairs. We have also relied upon the Holding company management's above assertion on restatement/recompilation of audited figures of wholly owned ultimate foreign subsidiaries to meet Ind AS requirements.

2. We did not audit the financial statements of wholly owned ultimate foreign subsidiaries prepared in accordance with local laws of countries in which they operate and which have been restated/recompiled by the Holding company's management to meet Ind As requirements as well as of Indian subsidiary, whose Ind AS financial statements reflect total assets of Rs. 30,394.51 lakhs as at 31st March, 2021, total revenues of Rs. 10,449.55 lakhs and net cash inflows amounting to Rs. 443.02 lakhs for the year ended on that date, as considered in the consolidated Ind AS financial statements. The consolidated financial statements also includes Setco MEA, Dubai (wholly owned subsidiary) share of net loss of Rs. 76.44 lakhs for the year ended 31st March 2021, as considered in the consolidated financial statements, in respect of one subsidiary, whose financial statements have not been audited and have been furnished to us by the management. Other than the financial statement of Setco MEA, Dubai, the financial statements of other wholly owned ultimate foreign subsidiaries & Ind AS financial statements of Indian subsidiary have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated Ind AS financial statements, in so far as it relates to the amounts and disclosures included in respect of these wholly owned ultimate foreign subsidiaries & Indian subsidiary, is based solely on the reports of the other auditors and Holding company's restatement/re-compilation of audited figures of wholly owned foreign subsidiaries to meet Ind AS requirements.

3. Auditor of Lava Cast Pvt Ltd, Indian Subsidiary Company, has reported that the company's current year loss and accumulated losses have eroded company's entire net worth that raised significant doubts on the company's ability to continue as a going concern. By tapping External market and support from Holding company, the company's management is reasonably confident of recovering accumulated losses and report better operating performance and will remain operational in coming years.

4. Auditor of Setco Automotive (UK) Limited, Foreign Subsidiary, has reported that the company has incurred a further significant loss during the year and had increased net liabilities at 31st March, 2021. Current year trading continues to be challenged by the impact of Covid-19 and the company is dependent on further working capital support from the parent company to be able to meet its obligations as they fall due. The financial statements have been prepared on a going concern basis due to the company having secured on-going parent company funding sufficient to enable the company to trade for the foreseeable future.

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

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

The Holding Company's Board of Directors is responsible for the preparation and presentation of these consolidated financial statements in term of the requirements of the Companies Act, 2013 that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act. The Holding Company's Board of Directors is responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

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

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

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

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

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

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

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

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

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

As required by Section 143(3) of the Act, we report, to the extent applicable, that:

(a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.

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

(c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including other comprehensive income), the consolidated Statement of change in equity and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.

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

(e) On the basis of the written representations received from the directors of the Group Companies incorporated in India as on 31st March 2021 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, 2021 from being appointed as a director in terms of Section 164 (2) of the Act.

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

(g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended, in our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.

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

i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group. (Refer Note No. 39 B to the consolidated Ind AS financial statements).

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

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

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

(Rasesh V. Parekh)
Partner
Membership No. 38615
UDIN: 21038615AAAAKM7195

Place : Nathdwara
Date : 8th August 2021

ANNEXURE TO INDEPENDENT AUDITORS' REPORT ON CONSOLIDATED IND AS FINANCIAL STATEMENTS

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

In conjunction with our audit of the consolidated Ind AS financial statements of the group as of and for the year ended 31st March 2021, 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 we are operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

AUDITOR'S RESPONSIBILITY

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

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

We believe that the audit evidence we have obtained and audit evidence obtained by the auditors of Indian subsidiary company in terms of their report referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the Companies' internal financial controls system over financial reporting.

MEANING OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

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

INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

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

OTHER MATTERS

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

Our opinion is not modified in respect of above matter.

OPINION

In our opinion, the Holding Company and its subsidiary company incorporated in India, have, in all material respects, a reasonably adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March, 2021, based on the internal control over financial reporting criteria established by the Companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. However, such internal financial controls over financial reporting need to be further improved and strengthened. The Group need to strengthen its internal control over inventory, fixed assets and receiving external balance confirmation on periodic basis.

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

(Rasesh V. Parekh)
Partner
Membership No. 38615
UDIN: 21038615AAAAKM7195

Place : Nathdwara
Date : 8th August 2021

Consolidated Balance Sheet as at 31st March 2021

(Rs. In Lakhs)

	Particulars	Note No.	As at 31st March, 2021	As at 31st March, 2020
	ASSETS :			
1.	**Non-current assets**			
	a. Property, plant and equipment	2	22,760.36	24,637.92
	b. Capital work-in-progress	2	15.10	845.96
	c. Right of use of assets	2	1,347.76	1,494.74
	c. Intangible assets	2	4,112.35	3,965.25
	d. Intangible Assets Under Development	2	593.97	1,316.17
	e. Financial assets			
	(i) Investments	3	5,611.87	5,121.70
	(ii) Loans Receivables		-	-
	(iii) Other financial assets	4	208.91	242.42
	f. Deferred tax assets (net)	5	4,138.91	3,847.42
	g. Other non-current assets	6	91.03	375.74
	Total non-current assets		**38,880.26**	**41,847.32**
2.	**Current assets**			
	a. Inventories	7	13,449.67	18,042.75
	b. Financial assets			
	(i) Trade Receivables	8	4,490.78	4,720.62
	(ii) Cash and cash equivalents	9	1,414.90	1,106.57
	(iii) Bank balances other than (ii) above	10	105.70	99.73
	(iv) Loans Receivables		-	-
	(v) Other financial assets		-	-
	c. Other current assets	11	1,642.93	2,429.81
	Total current assets		**21,103.98**	**26,399.48**
	Total assets		**59,984.25**	**68,246.80**
	EQUITY AND LIABILITIES :			
	EQUITY			
	Equity share capital	12	2,675.35	2,675.35
	Other equity		(5,390.61)	7,827.18
	Total Equity		**(2,715.26)**	**10,502.53**
	LIABILITIES			
1.	**Non-current liabilities**			
	a. Financial liabilities			
	(i) Borrowings	13	17,231.17	12,980.74
	(ii) Lease liability		645.38	882.37
	(iii) Other financial liabilities	14	68.14	88.38
	b. Provisions	15	450.80	326.24
	c. Deferred tax liabilities (net)		-	-
	d. Other non-current liabilities	16	1,672.33	12.60
	Total non-current liabilities		**20,067.82**	**14,290.33**
2.	**Current liabilities**			
	a. Financial liabilities			
	(i) Borrowings	17	25,031.36	20,963.75
	(ii) Lease liability		290.84	271.42
	(iii) Trade payables			
	(a) Dues of micro, small and medium enterprises	18	1,067.26	1,099.20
	(b) Dues of creditors other than micro, small and medium enterprises		8,938.77	11,029.88
	(iv) Other financial liabilities	19	4,330.32	7,042.91
	b. Other current liabilities	20	2,339.83	2,248.41
	c. Provisions	21	479.86	444.91
	d. Current tax liabilities (net)	22	153.45	353.45
	Total current liabilities		**42,631.69**	**43,453.94**
	Total liabilities		**62,699.50**	**57,744.27**
	Total equity and liabilities		**59,984.24**	**68,246.80**

Notes including Significant Accounting Policies are an integral part of the Consolidated Financial Statements : 1 To 50

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

(Rasesh V. Parekh)
Partner
Membership No. 038615

Place: Nathdwara
Date : 8th August, 2021

For and on behalf of the Board

Harish Sheth
Chairman & Managing Director

Udit Sheth
Vice Chairman

Urja Shah
Executive Director

Arun Arora
Independent Director

Ashok Jha
Independent Director

Suhasini Sathe
Independent Director

Rovinder Kumar Singla
Chief Financial Officer

Hiren Vala
Company Secretary

Place: Kalol
Date : 8th August, 2021

Consolidated Statement of Profit and Loss for the year ended on 31st March 2021

(Rs. In Lakhs)

	Particulars	Note No.	Year ended 31st March 2021	Year ended 31st March 2020
	INCOME :			
I.	Revenue from operations	23	35,925.66	47,031.55
II.	Other income	24	865.78	469.43
III.	**Total Revenue (I + II)**		**36,791.44**	**47,500.98**
IV.	**EXPENSES :**			
	Cost of materials consumed	25	19,342.46	23,200.48
	Changes in inventories of finished goods and work-in-progress	26	1,018.67	(659.84)
	Employee benefit expenses	27	7,368.94	8,137.85
	Finance costs	28	5,908.33	5,696.63
	Depreciation and amortization expenses	2	3,370.93	3,233.83
	Other expenses	29	9,201.86	12,752.25
	Total expenses (IV)		**46,211.19**	**52,361.21**
V.	**Profit/(loss) before exceptional items and tax (III - IV)**		**(9,419.76)**	**(4,860.23)**
VI.	Exceptional items		3,288.66	545.210
VII.	**Profit/(loss) before tax (V - VI)**		**(12,708.42)**	**(5,405.44)**
VIII.	**Tax expense/(credit)**			
	- Current tax		-	-
	- Deferred tax		(429.83)	(594.75)
	MAT credit entitlement			
	- Previous years		51.18	(20.71)
	- Current year		-	165.57
	Tax adjustment for earlier years		**-**	**-**
			(378.65)	**(449.89)**
IX.	**Profit/(loss) for the year from continuing operations (VII - VIII)**		**(12,329.77)**	**(4,955.55)**
X.	**Other comprehensive income/(loss)**			
	A. (i) Items that will not be reclassified to profit or loss			
	(a) Remeasurement of gain /(loss) on defined benefit plans		(50.56)	(52.60)
	(b) Gain / (loss) on FVTOCI Equity securities	31(f)	(1,074.50)	(153.50)
	(ii) Income tax relating to items that will not be reclassified to Profit or Loss		15.51	69.04
	B. (i) Items that will be reclassified to profit or loss		-	
	(a)Exchange differences in translating the financial statements of foreign operations		228.58	(149.51)
	(ii) Income tax relating to items that will be reclassified to profit or loss		-	
			(880.97)	**(286.57)**
XI.	**Total comprehensive income for the year (IX + X)**		**(13,210.74)**	**(5,242.12)**
	Profit for the year attributable to			
	Owners of the company		(12,007.64)	(4,456.79)
	Non-controlling Interest		(322.13)	(498.76)
	Other Comprehensive Income for the year attributable to			
	Owners of the company		(880.87)	(285.50)
	Non-controlling Interest		(0.10)	(1.07)
	Total Comprehensive Income for the year attributable to			
	Owners of the company		(12,888.51)	(4,742.29)
	Non-controlling Interest		(322.24)	(499.83)
XII.	**Earnings per equity share (face value of Rs. 2/- Each)**			
	- Basic (In Rs. per share) to the extent of profit attributable to the owners		(8.98)	(3.33)
	- Diluted (In Rs.per share) to the extent of profit attributable to owners		(8.98)	(3.33)

Notes including Significant Accounting Policies are an integral part of the Consolidated Financial Statements : 1 To 50

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

(Rasesh V. Parekh)
Partner
Membership No. 038615

Place: Nathdwara
Date : 8th August, 2021

For and on behalf of the Board

Harish Sheth
Chairman & Managing Director

Udit Sheth
Vice Chairman

Urja Shah
Executive Director

Arun Arora
Independent Director

Ashok Jha
Independent Director

Suhasini Sathe
Independent Director

Rovinder Kumar Singla
Chief Financial Officer

Hiren Vala
Company Secretary

Place: Kalol
Date : 8th August, 2021

SETCO AUTOMOTIVE LTD

Consolidated Cash Flow Statement for the year ended on 31st March 2021

Rs in lakhs

	Particulars	Year Ended March 31, 2021 Audited	Year Ended March 31, 2020 Audited
A.	**CASH FLOW FROM OPERATING ACTIVITIES**		
	Net Profit before tax	**(12,708.42)**	**(5,405.44)**
	Adjustment for :		
	Depreciation and amortisation expense	3,370.93	3,233.82
	(Profit)/loss on sale of property, plant and equipment	(236.55)	0.26
	Unrealized exchange loss/(gain)	227.08	25.06
	Impairment loss/(reversal) in the value of Investments	410.34	144.80
	Impairment loss allowance on advances/receivables	1,132.46	155.92
	Inventory Written off	1,750.59	-
	Loss on cancellation of Lease	-	244.49
	Interest expense	5,386.92	5,202.67
	Other Financial charges	521.41	493.96
	Interest income	(18.98)	(127.65)
	Rent Income	-	(32.52)
	Corporate tax / Deferred Tax	445.34	594.75
	MAT credit entitlement	(51.18)	(144.86)
	Employee stock options cost	(25.30)	(17.56)
	Employee Benefits Designated Through Other Comprehensive Income	(50.56)	(52.60)
	Government Grants - Cash Subsidy amortization	(1.26)	(1.26)
	Operating profit / (loss) before changes in working capital	**152.81**	**4,313.85**
	Trade receivables	258.06	5,904.80
	Inventories	2,842.49	534.78
	Other Financial Assets	33.51	(15.82)
	Other Current / Non-Current Assets	(250.38)	(529.76)
	Trade payables	(2,131.50)	1,361.62
	Provisions	(40.49)	4.41
	Other Current / Non-Current Liabilities	1,751.14	(2,357.89)
	Other Financial Liabilities	63.86	99.69
	Change in current assets/liabilities	**2,526.69**	**5,001.84**
	Net cash flow generated from operating activities before tax	**2,679.50**	**9,315.69**
	Direct taxes (tax deducted at source)	(101.98)	(84.02)
	Net cash flow from operating activities	**2,577.52**	**9,231.67**
B.	**CASH FLOW FROM INVESTING ACTIVITIES**		
	Purchase of property, plant and equipment	(547.22)	(1,766.09)
	Sale of property, plant and equipment	852.53	3.72
	Purchase of Intangible asset	(20.61)	(123.82)
	Rent Income	-	32.52

	Interest income	18.98	127.65
	Government Grants - Cash Subsidy amortization	1.26	1.26
	Investment in Preference Shares	(1,975.00)	(3,885.00)
	Net cash used in investing activities	**(1,670.06)**	**(5,609.76)**
C.	**CASH FLOW FROM FINANCING ACTIVITIES**		
	Proceeds from cash credit	(768.29)	(486.02)
	Proceeds from short term loans	4,878.55	-
	Proceeds from term loans	4,844.98	9,235.68
	Proceeds from lease	-	174.68
	Repayment of short term loans	(42.65)	(977.94)
	Repayment of term loans	(3,391.25)	(3,574.52)
	Repayment of lease	(217.57)	(250.98)
	Unclaimed Dividend	(5.97)	6.30
	Proceeds from shares issued including premium	-	28.76
	Dividend and dividend distribution tax	-	(1,612.63)
	Interest expense	(5,386.92)	(5,202.67)
	Other Financial charges	(521.41)	(493.96)
	Net cash used in financing activities	**(610.53)**	**(3,153.29)**
D.	**Net effect of exchange gain/(loss) on cash and cash equivalents**	**11.42**	**(491.98)**
	Net Increase in Cash and Cash Equivalents (A + B + C + D)	**308.36**	**(23.36)**
	Opening Cash and Cash Equivalents	**1,106.56**	**1,129.92**
	Closing Cash and Cash Equivalents	**1,414.92**	**1,106.56**

Note:

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

Notes including Significant Accounting Policies are an integral part of the Consolidated Financial Statements : 1 To 50

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

(Rasesh V. Parekh)
Partner
Membership No. 038615

Place: Nathdwara
Date : 8th August, 2021

For and on behalf of the Board

Harish Sheth
Chairman & Managing Director

Udit Sheth
Vice Chairman

Urja Shah
Executive Director

Arun Arora
Independent Director

Ashok Jha
Independent Director

Suhasini Sathe
Independent Director

Rovinder Kumar Singla
Chief Financial Officer

Hiren Vala
Company Secretary

Place: Kalol
Date : 8th August, 2021

Consolidated Statement of Changes in Equity for the year ended on 31st March, 2021

A. Equity share capital

Particulars	(Rs. In Lakhs)
Balance at the beginning of April 1, 2019	**2,673.55**
Changes in Equity Share Capital during the year	**1.80**
Balance as at 31st March, 2020	**2,675.35**
Changes in Equity Share Capital during the period	**-**
Balance as at 31st March, 2021	**2,675.35**

B. Other Equity

Rs. in Lakhs

Particulars	Capital Reserve	Reserves and Surplus General Reserve	Security Premium	Retained Earnings	Share option outstanding	Currency Translation reserve	Total	Non-Controlling Interest	Owners' Equity
Balance as at 1st April, 2019	**0.21**	**1,954.73**	**212.34**	**11,515.61**	**42.86**	**162.40**	**13,888.15**	**528.53**	**14,416.68**
Ind AS Adjustment	-	-		388.52		-	388.52	-	388.52
Share Premium on Shares issued for ESOP	-	-	26.96			-	26.96	-	26.96
Unrealised Profit Margin on Stock	-	-	-	(132.66)		-	(132.66)	-	(132.66)
Employee Stock Option granted during the year	-	-	-	-	(17.56)	-	(17.56)	-	(17.56)
Currency Translation Reserve for the year	-	-	-	-	-	(149.51)	(149.51)	-	(149.51)
Dividend (including tax on dividend) declared and paid during the year.	-	-	-	(1,612.63)	-	-	(1,612.63)	-	(1,612.63)
Profit for the year	-	-	-	(4,456.79)	-	-	(4,456.79)	(498.76)	(4,955.55)
Other Comprehensive Income (net of tax)	-	-	-	(135.99)	-		(135.99)	(1.07)	(137.06)
Total comprehensive income for the year ended 31 March 2020				**(4,592.78)**			**(4,592.78)**	**(499.83)**	**(5,092.61)**
Balance as at 31st March, 2020	**0.21**	**1,954.73**	**239.30**	**5,566.06**	**25.30**	**12.89**	**7,798.49**	**28.70**	**7,827.19**
Ind AS Adjustment	-	-		-	-	-	-	-	-
Share Premium on Shares issued for ESOP	-	-	-	-	-	-	-	-	-
Unrealised Profit Margin on Stock	-	-		20.78	-	-	20.78	-	20.78
Employee stock option cancelled during the year	-	-	-	-	(25.30)	-	(25.30)	-	(25.30)
Currency Translation Reserve for the year	-	-	-	-	-	228.58	228.58	-	228.58
Dividend (including tax on dividend) declared and paid during the year.	-	-	-	-	-	-	-	-	-
Profit for the year	-	-	-	(12,010.18)	-	-	(12,010.18)	(322.12)	(12,332.30)
Other Comprehensive Income (net of tax)	-	-	-	(1,109.45)	-		(1,109.45)	(0.10)	(1,109.55)
Total comprehensive income for the year ended 31 March 2021	**-**	**-**	**-**	**(13,119.63)**	**-**	**-**	**(13,119.63)**	**-**	**(13,119.63)**
Balance as at 31st March, 2021	**0.21**	**1,954.73**	**239.30**	**(7,532.78)**	**-**	**241.47**	**(5,097.08)**	**(293.53)**	**(5,390.60)**

Notes including Significant Accounting Policies are an integral part of the Consolidated Financial Statements : 1 To 50

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

(Rasesh V. Parekh)
Partner
Membership No. 038615

Place: Nathdwara
Date : 8th August, 2021

For and on behalf of the Board

Harish Sheth
Chairman & Managing Director

Udit Sheth
Vice Chairman

Urja Shah
Executive Director

Arun Arora
Independent Director

Ashok Jha
Independent Director

Suhasini Sathe
Independent Director

Rovinder Kumar Singla
Chief Financial Officer

Hiren Vala
Company Secretary

Place: Kalol
Date : 8th August, 2021

SETCO AUTOMOTIVE LTD

Notes Forming Part of the Consolidated Financial Statements for the year ended on 31st March, 2021

1 SIGNIFICANT ACCOUNTING POLICIES

1.1 The consolidated financial statements relate to Setco Automotive Limited ("the Company" / "Parent Company" / "Holding Company") and its subsidiary companies (referred to as "Group"). The group engagged in manufacturing and trading of clutches and other automotive component. The consolidated financial statements have been prepared on following basis :

1.2 These financial statements comply in all material aspects with Indian Accounting Standards (Ind AS) notified under section 133 of the Companies Act, 2013 (the Act) [Companies (Indian Accounting Standards) Rules, 2015], as amended and other relevant provisions of the Act. The consolidated Financial Statement has been approved by the board of directos in their meeting held on Aug. 8, 2021.

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

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

<u>New and amended standard adopted by the Parent Company and its Indian Subsidiary Company.</u>

Ministry of Corporate Affairs (MCA) has not notified any new standard or amendments to the existing standards which would have been applicable from April 1, 2020.

On March 24, 2021, the MCA through a notification, amended Schedule III of the Companies Act, 2013. Key amendments relating to Division II which relate to companies whose financial statements are required to comply with Companies (Indian Accounting Standards) Rules 2015 are:

- Lease liabilities should be separately disclosed under the head 'financial liabilities', duly distinguished as current or non current.
- Current maturities of long-term borrowings should be disclosed separately within borrowings instead of earlier disclosure requirement under Other Financial Liabilities.
- Certain additional disclosures in the statement of changes in equity due to prior period errors and restated balances at the beginning of the current reporting period.
- Specified format for disclosure of shareholding of promoters.
- Specified format for ageing schedule of trade receivables, trade payables, capital work-in progress and intangible asset under development.
- Additional disclosures relating to Corporate Social Responsibility, undisclosed income and crypto or virtual currency.
- Disclosure of specified ratios along with explanation for items included in numerator and denominator and explanation for change in any ratio is excess of 25% compared to preceding year.
- If a company has not used funds for the specific purpose for which it was borrowed from banks and financial institutions, then disclosure of details of where it has been used.
- Specific disclosure under 'additional regulatory requirement' such as compliance with approved schemes of arrangements, compliance with number of layers of companies, title deeds of immovable property not held in name of company, loans and advances to promoters, directors, key managerial personnel and related parties and details of benami property held.

These amendments are applicable from April 1, 2021. The Company is currently evaluating the impact of these amendment on the standalone financial statements.

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

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

Functional and presentation currency

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

1.3 PRINCIPLES OF CONSOLIDATION

a. The consolidated financial statements are based on the audited accounts of the company and the audited accounts of the subsidiaries of the same reporting date.

b. The financial statements of the company and its subsidiary companies are combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, incomes and expenses, after fully eliminating significant intra group balances and intra group transactions in accordance with Indian Accounting Standard (Ind AS) 110 – "Consolidated Financial Statements". Intergroup transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset.

c. In case of foreign subsidiaries, revenue items are converted at the average rate prevailing during the year. All assets and liabilities are converted at rates prevailing at the end of the year. Any exchange difference arising on consolidation is recognised in other comprehensive income and accumulated under "Foreign Currency Translation Reserve."

d. The consolidated financial statements have been prepared, as far as possible, using uniform accounting policies for all material like transactions and other events in similar circumstances and are presented to the extent possible in the same manner as the parent company's financial statements.

e. Profit or loss and each component of other comprehensive income are attributed to the owners of the Parent Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Parent Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

f. Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non- controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries.

1.4 PROPERTY, PLANT AND EQUIPMENT (PPE):

i. The Group has initially recognised property, plant & Equipment at Cost. The cost of Property, Plant & Equipment includes directly attributable expenses incurred for the purpose of acquiring / constructing these assets, net of GST credit if any, on qualifying assets. The Group has chosen Cost Model for Property, Plant & Equipment accounting. Press Tools and such type of machinery items developed in house are capitalised at direct cost plus directly attributable overheads. Capital Work in progress comprises of the cost of Property, Plant & Equipment that are not ready for their intended use at the reporting date.

ii. The ministry of corporate affairs has made the component accounting approach for fixed assets mandatory from 1ST April, 2015 vide notification dated 29TH August, 2014. As per the external technical expert's opinion, the Group's fixed assets are of such nature that separate components are not distinctly identifiable having different useful life and therefore, component level accounting and reporting is not practically feasible for the Group.

iii. Depreciation

Depreciation is provided on straight line method (SLM) and is based on useful lives of the assets as determined by external technical experts in accordance with requirement of Schedule II to the Companies Act, 2013. Depreciation on additions made during the year to Property, Plant & Equipment is charged on pro-rata basis.

Freehold land is not depreciated. The carrying value of long term leasehold land is amortized over a period of lease.

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

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

The useful lives of these assets are periodically reviewed.

v. De-recognition

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

1.5 INTANGIBLE ASSETS

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

ii. A mortization

Intangible Assets are amortized as follows:

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

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

1.6 RESEARCH AND DEVELOPMENT

a) Revenue expenses pertaining to research activities are charged to statement of profit and loss under the respective heads of expenses.

b) Expenditure incurred on fixed assets used for R & D is capitalized under the respective heads of PPE and Intangible Assets.

c) Expenditure incurred on development activities which do not qualify as Intangible Asset is charged to the statement of Profit and Loss in other cases it is capitalized.

1.7 GOODWILL

Goodwill appearing in one of the wholly owned ultimate foreign subsidiary's books is tested annually for impairment, if any event occurs or circumstances change that more likely than not would indicate the carrying amount may be impaired. As of 31st March, 2021, goodwill is not considered to be impaired.

1.8 IMPAIRMENT OF ASSETS

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

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

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

1.9 BORROWING COSTS

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

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

1.10 INVENTORIES

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

1.11 REVENUE RECOGNITION

(1) Sale of Goods

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

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

Contracts are subject to modification to account for changes in contract specification and requirements. The Group reviews modification to contract in conjunction with the original contract, on the basis of which the transaction price could be allocated to a new performance obligation, or transaction price of an existing obligation could undergo a change. In the event transaction price is revised for existing obligation, a cumulative adjustment is accounted for. Contract costs are expensed of as and when incurred. For each contract with customer, the group applies the below five steps process before revenue can be recognised:

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

(2) Other Operating Revenue:

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

(3) Rendering of Services :

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

1.12 LEASES

The Group has accounted Lease transactions on the same lines of that of the Parent Company in compliance with Ind As 116.

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

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

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

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

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

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

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

1.13 TAXES ON INCOME

A. CURRENT TAX

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

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

B. DEFERRED TAX

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

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

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

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

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

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

1.14 GOODWILL

Goodwill appearing in one of the wholly owned ultimate foreign subsidiary's books is tested annually for impairment, if any event occurs or circumstances change that more likely than not would indicate the carrying amount may be impaired. As of 31st March, 2021, goodwill is not considered to be impaired.

1.15 IMPAIRMENT OF ASSETS

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

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

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

1.16 FINANCIAL INSTRUMENTS

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

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

CLASSIFICATION OF FINANCIAL ASSETS

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

AFTER INITIAL RECOGNITION

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

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

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

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

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

I. Investment in Equity instruments of Related Entity:

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

II. Investment in Preferential instruments of Related Entity:

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

III. Other Financial assets which are not carried at amortised cost or FVTOCI are measured at fair value through P & L. Such financial assets are measured at fair value at the end of each reporting period, with any gains or losses arising on re-measurement recognised in profit or loss.

IMPAIRMENT OF FINANCIAL ASSETS

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

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

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

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

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

DE-RECOGNITION OF FINANCIAL ASSETS

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

FINANCIAL LIABILITIES AND EQUITY INSTRUMENTS CLASSIFICATION AS DEBT OR EQUITY

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

EQUITY INSTRUMENTS

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

FINANCIAL LIABILITIES

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

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

FINANCIAL GUARANTEE CONTRACTS

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

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

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

The Intra group financial guarantees are eliminated in consolidation.

DE-RECOGNITION OF FINANCIAL LIABILITIES

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

1.17 SEGMENT REPORTING

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

1.18 CASH FLOW STATEMENT

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

1.19 DIVIDENDS

Provision is made for the amount of any final dividend declared in the accounts on the date of its approval by the shareholders. Interim dividends, if any are recorded as a liability on the date of declaration by the board of directors.

1.20 EARNINGS PER SHARE

The earnings considered for ascertaining the Group's Earnings Per Share (EPS) comprises the net profit after tax. The number of shares used in computing Basic EPS is the weighted average number of shares outstanding during the year. The number of shares used in computing diluted EPS comprises the weighted average number of shares considered for deriving basic EPS, and also the weighted average number of equity shares that would be issued on the conversion of all dilutive potential equity shares. In case of dilutive potential equity shares, the difference between the number of shares issuable and the number of shares that would have been issued at fair value are treated as diluted potential equity shares. Dilutive potential equity shares are deemed converted as of the beginning of the period, unless issued at a later date.

1.21 EMPLOYEE BENEFITS

A. SHORT TERM EMPLOYEE BENEFITS

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

B. DEFINED CONTRIBUTION PLANS

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

C. DEFINED BENEFITS PLANS

The Parent Company has a defined benefit gratuity plan. Every employee who has completed five years or more of service gets a gratuity on post-employment at 15 days' salary (last drawn salary) for each completed year of services as per the rules of the Parent Company. The aforesaid liability is provided for on the basis of an actuarial valuation made using Projected Unit Credit Method at the end of financial year. The scheme is funded with an insurance Group in the form of a qualifying insurance policy. Remeasurement gains/losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur in Other Comprehensive Income. These gains/ losses which are recognised in Other Comprehensive Income are reflected in retained earnings and are not reclassified to profit or loss.

D. COMPENSATED ABSENCES

Employees are entitled to accumulate leave subject to certain limits for future encashment. The liability in respect of compensated absences is provided for on the basis of actuarial valuation made at the end of the financial year using Projected Unit Credit Method. The said liability is not funded.

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

On January 1, 2007 the Group's foreign subsidiary adopted identical safe-harbor 401K plans for union and non-union employees. All employees employed on January 1, 2007 are immediately eligible to participate. Employees hired after that date will be eligible the first day of the month following one year of employment if they worked at least 1,000 hours during that year. Employees are 100% vested in all accounts. Deferrals are permitted up to the maximum amount allowed by the Internal Revenue Code and Roth deferrals are also permitted. The plans permit hardship distributions under certain circumstances and in-service distributions are permitted from fully vested accounts once the participant reaches age 59 and half. The plans allow for a discretionary employer match contribution. There were no employer match contributions made to the plans for the years ended March 31, 2021 and 2020.

1.22 SHARE-BASED PAYMENTS:

EMPLOYEE STOCK OPTION SCHEME

Stock options granted to the employees under the stock option scheme established are evaluated as per the accounting treatment prescribed by Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 and Indian Accounting Standard (Ind AS)- 102 "Share-based Payments". The Parent Company follows the fair value method of accounting for the options and accordingly, the excess of market value of the stock options as on date of grant over the exercise price of the options, if any, is recognized as deferred employee compensation and is charged to the statement of profit and loss on graded vesting basis over the vesting period of the options. The unamortized portion of the deferred employee compensation is netted out against "Stock options Outstanding".

1.23 GOVERNMENT GRANTS

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

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

1.24 EXCEPTIONAL ITEMS

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

1.25 PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

A. PROVISIONS

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

B. CONTINGENT LIABILITIES

The Contingent Liabilities are disclosed by way of a note to the Financial Statements, after careful evaluation by the management of the facts and legal aspects of the matter involved.

Group has significant capital commitments in relation to various capital projects which are not recognized on the balance sheet. In the normal course of business, contingent liabilities may arise from litigation and other claims against the Group. Guarantees are also provided in the normal course of business. There are certain obligations which management has concluded, based on all available facts and circumstances, are not probable of payment or are very difficult to quantify reliably, and such obligations are treated as contingent liabilities and disclosed in the notes but are not reflected as liabilities in the financial statements. Although there can be no assurance regarding the final outcome of the legal proceedings in which the Group is involved, it is not expected that such contingencies will have a material effect on its financial position or profitability.

C. CONTINGENT ASSETS

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

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

1.26 SUMMARY CRITICAL ESTIMATES & JUDGMENTS

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. The management also needs to exercise judgment in applying the Group's accounting policies. This note provides an overview of the areas that involved a higher degree of judgment or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be different than those originally assessed.

Detailed information about each of these estimates and judgments is included below.

A. DEFERRED TAXES

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

B. INVENTORIES

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

C. CONTINGENT LIABILITIES

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

PROVISION FOR PRODUCT WARRANTY

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

FAIR VALUE MEASUREMENTS AND VALUATION PROCESSES

Some of the Group's assets and liabilities are measured at fair value for financial reporting purposes. The Management determines the appropriate valuation techniques and inputs for the fair value measurements. In estimating the fair value of an asset or a liability, the Group used market-observable data to the extent it is available. Where Level 1 inputs are not available, the Group engaged third party qualified valuers to perform the valuations in order to determine the fair values based on the appropriate valuation techniques and inputs to fair value measurements.

Notes Forming Part of the Consolidated Financial Statements for the year ended on 31st March 2021

Note - 2

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

SR. NO.	PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
		Cost as on 01.04.2020	Additions for the year	Adjustment for the year	Cost as on 31.03.2021	Up to 01.04.2020	Additions for the year	Adjustment for the year	Up to 31.03.2021	As on 31.03.2021	As on 31.03.2020
A	**Property, Plant & Equipment**										
01	Free Hold Land	4,231.17	-	(188.04)	4,043.13	-	-	-	-	4,043.13	4,231.17
	Previous year	4,211.15	-	20.02	4,231.17	-	-	-	-	4,231.17	4,211.15
02	Buildings	8,053.30	12.32	(658.79)	7,406.82	1,269.60	310.45	(219.89)	1,360.16	6,046.67	6,783.70
	Previous year	7,962.23	-	91.06	8,053.30	912.71	320.49	36.40	1,269.60	6,783.70	7,049.52
03	Plant & Machinery	18,801.90	1,363.99	0.84	20,166.73	7,303.98	1,930.20	1.82	9,236.00	10,930.73	11,497.92
	Previous year	17,946.23	787.63	68.04	18,801.90	5,352.01	1,839.15	112.82	7,303.98	11,497.92	12,594.22
04	Furniture & Fixtures	319.06	-	(1.36)	317.70	110.11	39.24	(0.54)	148.82	168.88	208.94
	Previous year	281.76	39.20	(1.91)	319.06	76.03	34.90	(0.81)	110.11	208.94	205.74
05	Office Equipments	140.61	3.47	(1.26)	142.82	114.04	11.31	(1.26)	124.09	18.73	26.57
	Previous year	129.99	6.46	4.16	140.61	95.60	14.29	4.15	114.04	26.57	34.39
06	Pollution Equipments	242.71	-	-	242.71	61.95	16.52	-	78.47	164.24	180.76
	Previous year	240.92	1.79	-	242.71	45.66	16.29	-	61.95	180.76	195.26
07	Computers	573.15	4.16	15.57	592.87	481.76	39.89	13.26	534.92	57.96	91.38
	Previous year	492.15	59.27	21.74	573.15	422.32	38.16	21.29	481.76	91.38	69.83
08	Electric Fittings	2,248.61	0.10	-	2,248.71	916.73	233.96	-	1,150.69	1,098.02	1,331.88
	Previous year	2,244.58	4.30	(0.27)	2,248.61	683.11	233.70	(0.08)	916.73	1,331.88	1,561.47
09	Vehicles	487.85	33.81	(61.91)	459.74	202.26	69.10	(43.63)	227.72	232.02	285.59
	Previous year	447.90	30.72	9.23	487.85	126.91	72.14	3.21	202.26	285.59	320.99
	Sub Total (Property, Plant & Equipment)	**35,098.35**	**1,417.85**	**(894.96)**	**35,621.24**	**10,460.43**	**2,650.68**	**(250.24)**	**12,860.87**	**22,760.36**	**24,637.91**
	Previous year	33,956.91	929.37	212.07	35,098.35	7,714.34	2,569.12	176.97	10,460.43	24,637.91	26,242.60
B	**Right of Use of Assets**										
01	Land	360.89	-	-	360.89	15.60	3.90	-	19.50	341.39	345.29
	Previous year	360.89	-	-	360.89	11.70	3.90	-	15.60	345.29	349.19
02	Plant & Machinery	1,152.21	-	-	1,152.21	4.33	142.77	-	147.09	1,005.13	1,147.88
	Previous year	1,317.46	1,322.20	(1,487.45)	1,152.21	45.60	120.24	(161.51)	4.33	1,147.88	1,271.86
03	Office Equipments	1.58	-	-	1.58	0.01	0.32	-	0.33	1.26	1.57
	Previous year	2.71	1.58	(2.71)	1.58	0.41	0.53	(0.93)	0.01	1.57	2.30
04	Factory Equipment	-	-	-	-	-	-	-	-	-	-
	Previous year	22.25	4.68	(26.93)	-	0.90	1.61	(2.51)	-	-	21.35
	Sub Total (Right of Use of Assets)	**1,514.68**	**-**	**-**	**1,514.68**	**19.94**	**146.98**	**-**	**166.90**	**1,347.77**	**1,494.74**
	Previous year	1,703.31	1,328.46	(1,517.09)	1,514.68	58.61	126.28	(164.95)	19.94	1,494.74	1,644.70

SR. NO.	PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
		Cost as on 01.04.2020	Additions for the year	Adjustment for the year	Cost as on 31.03.2021	Up to 01.04.2020	Additions for the year	Adjustment for the year	Up to 31.03.2021	As on 31.03.2021	As on 31.03.2020
C	**Intangible Assets**										
01	Goodwill	957.17	-	(22.44)	934.73	-	-	-	-	934.73	957.17
	Previous year	873.36	-	83.82	957.17	-	-	-	-	957.17	873.36
02	Product Development	3,911.54	742.80	-	4,654.34	1,291.75	496.74	-	1,788.49	2,865.85	2,619.79
	Previous year	3,288.78	622.76	-	3,911.54	858.61	433.14	-	1,291.75	2,619.79	2,430.17
03	Technical Know how	946.29	-	70.06	1,016.36	581.01	60.88	70.06	711.95	304.41	365.29
	Previous year	916.44	-	29.85	946.29	490.27	60.88	29.85	581.01	365.29	426.17
04	Computer Software	749.82	-	(36.14)	713.68	726.81	15.63	(36.14)	706.30	7.38	23.01
	Previous year	609.63	5.20	134.99	749.82	547.28	44.42	135.11	726.81	23.01	62.35
05	Web Site Development	-	-	-	-	-	-	-	-	-	-
	Previous year	-	-	-	-	-	-	-	-	-	-
	Sub Total (Intangible Assets)	6,564.83	742.80	11.48	7,319.11	2,599.57	573.25	33.92	3,206.74	4,112.36	3,965.26
	Previous year	5,688.20	627.96	248.66	6,564.83	1,896.16	538.44	164.96	2,599.57	3,965.25	3,792.03
D	**Intangible Asset Under Development (Product Development)**										
	Product Development	1,316.17	20.61	(742.80)	593.98	-	-	-	-	593.98	1,316.17
	Previous year	1,365.57	573.36	(622.76)	1,316.17	-	-	-	-	1,316.17	1,365.57
E	**Capital Work in Progress :**	-	-						-		
	Capital Work in Progress	845.96	15.10	(845.96)	15.10	-	-	-	-	15.10	845.96
	Previous year	221.01	845.96	(221.01)	845.96	-	-	-	-	845.96	221.01
	Grand Total (A + B + C + D + E)	45,339.99	2,196.36	(2,472.24)	45,064.11	13,079.94	3,370.91	(216.31)	16,234.51	28,829.58	32,260.05
	Previous year	42,935.01	4,305.11	(1,900.13)	45,339.99	9,669.12	3,233.85	176.98	13,079.94	32,260.04	33,265.91

Note :

(i) Adjustment for the year include net impact of foreign exchange fluctuation of Rs. 11.42 lakhs (Previous Year Rs. 491.98 lakhs)

(ii) Addition in gross block inludes Interest on borrowing of Rs. Nil (Previous year Rs. 81.81 lakhs) in accordance with Ind AS - 23 “Borrowing Costs”.

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

(iv) Adjustment in “Intangible Asset Under Development” represents transfer to “Product Development” under the head Intangible Assets, of those items whose commercial production has commenced during the year in respect of Parent Company.

Notes Forming Part of the Consolidated Financial Statements for the year ended on 31st March, 2021

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

Particulars	Refer Note No.	As at 31st March, 2021	As at 31st March, 2020
i) Investment in other related entities (At Fair Value Through Other Comprehensive Income) :			
30,70,000 (30,70,000) Equity Share @ Rs. 50/- each fully paid up of SE Transstadia Private Limited		1,535.00	1,535.00
Less : Impairment in Value of Investments	31(f)	(1,228.00)	(153.50)
Sub total (i)		**307.00**	**1,381.50**
ii) Investment in other related entities (At Amortised Cost) :			
3,88,50,000 (Nil) 9% Non Convertible Cumulative Compulsorily Redeemable Preference Share of Rs. 10/- each fully paid of Setco Engineering Private Limited		5,860.00	3,885.00
Less : Impairment in Value of Investments	31(b)	(555.13)	(144.80)
Sub total (ii)		**5,304.87**	**3,740.20**
iii) Non trade investment (unquoted) (at deemed cost) :			
10 (10) equity shares of Rs. 25/- each of Kalol Urban Co.op.Bank Limited (Rs.250/-)		-	-
Sub total (iii)		**-**	**-**
Total (non-current investments)		**5,611.87**	**5,121.70**

4. Other financial assets **(Rs. In Lakhs)**

Particulars	As at 31st March, 2021	As at 31st March, 2020
Considered Good, Unsecured		
Fixed deposit account (on margin account) (at amortised cost)	-	21.56
Other deposits (at amortised cost)	208.91	220.86
Total	**208.91**	**242.42**

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

Particulars	As at 31st March, 2021	As at 31st March, 2020
Deferred tax liabilities:		
Timing Differences related to Property, Plant & Equipment and Intangible Assets	4,680.39	5,443.92
Deferred tax assets :		
Timing differences related to Expenses	2,998.62	2,573.51
Timing differences related to unabsorbed depreciation	-	-
Timing differences related to unabsorbed business losses	-	-
Deferred Tax Asset (Liability)	1,954.71	1,612.03
MAT credit entitlement	2,184.20	2,235.39
Net Deferred Tax Assets	**4,138.91**	**3,847.42**
Total provision made in Statement of Profit and Loss	(429.83)	(594.75)

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

Particulars	As at 31st March, 2021	As at 31st March, 2020
Unsecured, considered good		
Other deposits	4.91	4.90
Capital advances	86.12	370.84
Total	**91.03**	**375.74**

7. **Inventories** (Rs. In Lakhs)

Particulars	As at 31st March, 2021	As at 31st March, 2020
Raw materials [Including Goods in transit Rs. 81.63 lakhs (Rs. 108.99 lakhs)]	5,801.16	7,999.68
Work-in-progress	4,130.48	4,165.33
Finished goods [Including Sales in transit Rs. 255.14 lakhs (Rs. 502.08 lakhs)]	2,948.13	4,658.23
Stores and Packing Materials	567.50	1,215.87
Scrap	2.40	3.64
Total	**13,449.67**	**18,042.75**

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

Particulars	As at 31st March, 2021	As at 31st March, 2020
Considered good	4,490.78	4,720.62
Considered doubtful	173.17	87.18
Less : Allowance for Credit Loss	173.17	87.18
	-	-
Total	**4,490.78**	**4,720.62**

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

Particulars	As at 31st March, 2021	As at 31st March, 2020
Opening	87.18	138.24
Add : Additions	85.99	164.99
Less: Utilisations / Reversals	-	216.05
Closing	**173.17**	**87.18**

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

Particulars	As at 31st March, 2021	As at 31st March, 2020
Cash balance	26.00	36.15
Bank balances	1,196.15	732.82
Fixed deposit account (lien-marked on margin account)	192.75	337.60
Cheques on hand	-	-
Total	**1,414.90**	**1,106.57**

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

Particulars	As at 31st March, 2021	As at 31st March, 2020
Other bank balance		
Unclaimed dividends	105.70	99.73
Total	**105.70**	**99.73**

11. Other current assets **(Rs. In Lakhs)**

Particulars	Refer Note No.	As at 31st March, 2021	As at 31st March, 2020
Advances to related parties			
i) Unsecured, Considered doubtful			
SE Transstadia Private Limited		426.49	426.49
Less : Impairment Loss Allowance	31(e)	85.30	42.65
Sub total		**341.19**	**383.84**
Pre-payments			
Prepaid expenses		220.55	393.52
Capital advances		237.07	288.12
Advances to suppliers		1,344.84	773.99
Less : Impairment Loss Allowance	31(d)	795.33	72.50
Sub total		**1,007.14**	**1,383.13**
Balance with Statutory / Government Authorities			
Balance with Income Tax	39(B)	143.03	143.03
Statutory dues receivable - Income Tax		116.69	102.50
GST/VAT refund receivables		440.70	441.66
Less : Impairment Loss Allowance	31(c)	407.76	40.78
Sub total		**292.66**	**646.41**
Other Loans And Advances			
Other advances		1.95	16.43
Total		**1,642.93**	**2,429.81**

12. Equity **(Rs. In Lakhs)**

	Particulars	As at 31st March, 2021	As at 31st March, 2020
(i)	**Authorised capital**		
	25,00,00,000 (25,00,00,000) Equity Shares of Rs. 2/- each	5,000.00	5,000.00
	Total	**5,000.00**	**5,000.00**
	Issued, subscribed and fully paid up share capital		
	13,37,67,275 (13,36,77,275) Equity Shares of Rs. 2 each	2,675.35	2,675.35
	Total	**2,675.35**	**2,675.35**

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

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

c) In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company after distribution of all preferential amounts, in proportion to their shareholding.

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

Particulars	As on 31-03-2021		As on 31-03-2020	
	Number	(Rs. In Lakhs)	Number	(Rs. In Lakhs)
Equity shares				
As at the beginning of the year	133,767,275	2,675.35	133,677,275	2,673.55
Add : Shares issued on exercise of employee stock options	-	-	90,000	1.80
	133,767,275	2,675.35	133,767,275	2,675.35
Less : Changes, if any during the year	-	-	-	-
Outstanding at the end of the year	133,767,275	2,675.35	133,767,275	2,675.35

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

Name of Shareholders	As on 31-03-2021		As on 31-03-2020	
	Number	% Holding	Number	% Holding
Equity shares of Rs. 2/- each fully paid				
Setco Engineering Private Limited *	64,063,845	47.89	64,063,845	47.89

13. Other Equity **(Rs. In Lakhs)**

	Particulars		As at 31st March, 2021	As at 31st March, 2020
(i)	**Capital Reserve (Opening & Closing Balance)**			
	On forfeiture of Shares		0.21	0.21
		Total	**0.21**	**0.21**
(ii)	**Securities Premium**			
	As per Last Balance Sheet		239.30	212.34
	Add : Received during the year on exercise of employee stock options		-	26.96
		Total	**239.30**	**239.30**
(iii)	**Employee Stock Options outstanding**			
	As per Last Balance Sheet		25.30	42.86
	Add : Amounts recorded on grants/modifications/ cancellations during the year		-25.30	-17.56
		Total	**-**	**25.30**
(iv)	**General Reserve**			
	As per Last Balance Sheet		1,954.73	1,954.73
		Total	**1,954.73**	**1,954.73**
(v)	**Retained Earnings**			
	As per Last Balance Sheet		5,566.06	11,515.61
	Less : Ind AS Adjustment		-	388.52
	Less : Unrealised Profit Margin on Stock		20.78	-132.66
	Add : Profit for the year *		-13,119.63	-4,592.78
	Less : Dividend		-	-1,337.67
	Less : Dividend Distribution Tax		-	-274.96
		Total	**-7,532.79**	**5,566.06**
(vi)	**Currency Translation reserve**			
	As per Last Balance Sheet		12.89	162.40
	Add : Currency Translation Reserve for the year		228.58	-149.51
		Total	**241.47**	**12.89**

	Particulars	As at 31st March, 2021	As at 31st March, 2020
(vii)	**Non-Controlling Interest**	(293.53)	28.70
	Total	**(293.53)**	**28.70**
	Total (i to vii)	**-5,390.61**	**7,827.18**

* Retained earnings balance is after considering post acquisition loss of Rs. 2.54 lakhs of the Indian subsidiary Setco Auto Systems Pvt Ltd. (formerly known as Trasstadia Sport Sciences Pvt Ltd).

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

Particulars	As at 31st March, 2021	As at 31st March, 2020
Term loans		
From banks		
Secured	6,676.51	5,961.46
Unsecured	-	-
From others		
Secured	5,174.59	4,977.61
Unsecured	1,239.34	2,000.00
Total (A)	**13,090.44**	**12,939.07**
Other loans		
From banks		
Secured	379.09	19.56
From others		
Secured	2,064.77	22.11
Unsecured	149.79	-
Total (B)	**2,593.65**	**41.67**
Debentures		
From banks		
0.01% Secured Optionally Convertible Debentures (SOCD)	3,208.00	-
(3,20,800 Debenture issued at face value of Rs. 1000)		
Less: Deferred Gain	1,660.92	-
Total (C)	**1,547.08**	**-**
Total (A+B+C)	**17,231.17**	**12,980.74**
Lease liability		
From others		
Secured	645.38	882.37
Total (D)	**645.38**	**882.37**
Total (A+B+C+D)	**17,876.55**	**13,863.11**
The above amount includes		
Secured borrowings	**16,487.42**	**11,863.11**
Unsecured borrowings	**1,389.13**	**2,000.00**

- Refer Note no. 20 for Current maturities of long term borrowing.
- Indian rupee term loan from Bank of Baroda is repayable in 16 quarterly instalments each of Rs. 141.00 lakhs to be repaid by December, 2021. The loan is secured by first pari passu charge on parent company's fixed assets (excluding cars/vehicles) along with Tata Motors Finance Solutions Limited and the second charge on pari passu basis on stocks and book debts as collateral security and personal guarantee of Chairman and Managing Director and Mr. Udit Sheth, Executive Vice Chairman of the Company.

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

Particulars	31-Mar-2021		31-Mar-2020	
	MLP	PV of MLP	MLP	PV of MLP
Payable within 1 years	290.84	277.63	316.95	285.79
Payable within between 1 to 5 years	645.38	407.87	836.84	686.52
Total Minimum Lease payment	**936.22**	**685.50**	**1,153.79**	**972.31**

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

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

- Indian rupee term loan obtained by parent company of Rs. 850 lakhs from Tata Motors Finance Solutions Limited is repayable as below :

Capex Term Loan	Amount (Rs.)	Nos	EMI (Rs.)	Repaid By
CAPEX - I	504.00 lakhs	72 EMI	11.53 lakhs	October, 2025
CAPEX - II	126.00 lakhs	72 EMI	2.78 lakhs	December, 2025
CAPEX - III	28.00 lakhs	72 EMI	0.62 lakh	January, 2026
CAPEX - IV	50.00 lakhs	72 EMI	1.12 lakhs	February, 2026
CAPEX - V	6.00 lakhs	72 EMI	0.14 lakh	June, 2026
CAPEX - VI	136.00 lakhs	72 EMI	3.01 lakhs	August, 2026

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

- Indian rupee vehicle loan taken by parent company from ICICI Bank is repayable in 60 EMI each of Rs. 1.01 Lakhs to be repaid by December, 2022. The loan is secured by hypothecation of particular vehicle.

- Indian rupee ECLGS loan of Rs. 369.00 lakhs from IDBI Bank is repayable in 48 monthly instalments each of Rs. 7.69 lakhs to be repaid by December, 2025. The loan is secured by first pari passu charge on parent company's present & future current assets & second pari passu charge on entire fixed assets both present and future along with consortium banks.

- Indian rupee ECLGS loan of Rs. 369.00 lakhs from IDBI Bank is repayable in 48 monthly instalments each of Rs. 7.69 lakhs to be repaid by December, 2025. The loan is secured by first pari passu charge on parent company's present & future current assets & second pari passu charge on entire fixed assets both present and future along with consortium banks.

- Indian rupee ECLGS loan of Rs. 357.00 lakhs from Tata Capital Financial Services Limited is repayable in 48 monthly instalments each of Rs. 7.44 lakhs to be repaid by March, 2026.

- Indian rupee BCECL loan of Rs. 1,050.00 lakhs from Bank of Baroda is repayable in 18 monthly instalments each of Rs. 58.30 lakhs to be repaid by July, 2022. The loan is secured by first pari passu charge on parent company's fixed assets (excluding cars/vehicles) along with Tata Motors Finance Solutions Limited and the second charge on pari passu basis on stocks and book debts as collateral security and personal guarantee of Chairman and Managing Director and Mr. Udit Sheth, Executive Vice Chairman of the Company.

- Indian rupee unsecured loan of Rs. 125.00 lakhs from RBD Engineers Pvt Ltd. is repayable in 18 Installments each of Rs. 6.94 lakhs to be repaid by February, 2022.

- Indian rupee unsecured loan of Rs. 150.00 lakhs from Jay Casting Co. is repayable in 12 Installments each of Rs. 12.50 lakhs to be repaid by June, 2022.

- Indian rupee unsecured loan of Rs. 200.00 lakhs from Rampra Steel Ind.P.Ltd is repayable in 12 Installments each of Rs. 16.67 lakhs to be repaid by June, 2022.

- Indian rupee unsecured loan of Rs. 700.00 lakhs from Ahmedabad Strips P. Ltd. is repayable in 12 Installments each of Rs. 58.33 lakhs to be repaid by April, 2022.

- Indian rupee vehicle loan from HDFC Bank is repayable in 84 EMI each of Rs. 0.38 lakhs to be repaid by March, 2028. The loan is secured by hypothecation of particular vehicle.

- Indian rupee Unsecured loan is from Tata Motors Finance Solutions Limited taken by parent company.

- Indian rupee vehicle loan taken by parent company from Toyota Financials Services India Pvt. Ltd. is repayable in 60 EMI each of Rs. 0.57 lakhs to be repaid by February, 2025. The loan is secured by hypothecation of particular vehicle.

- In case of Indian subsidiary company, Lava Cast Private Limited, on approval of restructuirng plan by Bank of Baroda on 23.10.2020, the subsidiary company has issued 0.01% secured optionally convertible debtenture (SOCD) by converting portion of outstanding Loan at following terms and conditions:

  Repayment: Repayment of SOCD is as under:

Due date of Redemption	% of SOCD	SOCD Redemption
31st March 2023	10%	320.80
31st March 2030	45%	1,443.60
31st March 2031	45%	1,443.60

Convertibility: Lender to have option to convert SOCD in to equity shares of the company upon occurance of event of default of within 60 days of redemption dates in case LCPL / promoters fail to redeem the SOCD due for redemption on respective due date.

Voting Right: Equity share of the Compnay issued upon conversion of SOCD shall carry the same voting rights as are available on the existing Equity shares of the company.

Coversion Price: The converison pirce of SOCD shall be determined at the time of conversion as per SEBI ICDR, RBI Regulations Companies Act and or any other regulation applicable at the time of conversion.

Security: SOCD are secured against pari passu charge against the securities charged in the term loan with lender. The SOCD shall be secured by way of exclusive charge in favour of the Debenture Trustee on sepcific present and/or future unencumbered recevibales of the Company.

The SOCDs has been intially recognised at fair value as per IND AS -109, the company derived fair value by discounting the cashflows attached to the OCDs at entity specific rate of 9%. Due to lack of sufficient information of market data and non-availability of observable data,the difference between fair value and transaction value is recognised over the life of SOCD. The SOCDs has been subsequently recognised at amortised cost.

Indian rupee Term Loan -1 of Rs. 4399 Lakhs & Term Loan - 2 of Rs. 769 Lakhs sanctioned from Bank of Baroda obtained by Indian subsidiary company, Lava Cast Private Limited is repayable in 35 structured quarterly installments each of repaid by January, 2030 starting from 01, July, 2021.

Indian rupee Funded Interest Term Loan of Rs. 1357 Lakhs sanctioned from Bank of Baroda obtained by Indian subsidiary company, Lava Cast Private Limited is repayable in 15 structured quarterly installments repaid by 01 January, 2025 starting from 01,July 2021.

India subsidiary, Lava Cast Private Limited's Loan is secured by first charge by way of Equitable Mortgage of Factory Land and Building & Hypothecation of Plant & Machinery & Other Movable Fixed Assets of the Company & Second Charge on Company's entire Current Assets. Loan is further Secured by Corporate Guarantee of Parent Company, M/s. Setco Automotive Limited. and Personal Guarantee of Mr. Udit Sheth.

These Loans are carried at Amortized Cost.

- US $ vehicle term loan obtained by wholly owned ultimate foreign subsidiary company, Setco Automotive (N.A.) INC. from Ally Financial is to be repaid in 72 EMI each of $ 424.09 to be repaid by February, 2024. The loan is secured by first pari passu charge on vehicle of the subsidiary company.

- US $ vehicle term loan obtained by wholly owned ultimate foreign subsidiary company, Setco Automotive (N.A.) INC. from Ally Financial is to be repaid in 72 EMI each of $ 436.31 to be repaid by February, 2024. The loan is secured by first pari passu charge on vehicle of the subsidiary company.

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

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

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

Particulars	As at 31st March, 2021	As at 31st March, 2020
Deposits	65.03	85.03
Finance lease obligation	3.11	3.35
Total	**68.14**	**88.38**

Particulars	As at 31st March, 2021		As at 31st March, 2020	
	MLP	PV of MLP	MLP	PV of MLP
Payable within 1 years	0.41	0.24	0.82	0.56
Payable within between 1 to 5 years	2.05	0.94	2.05	1.03
Payable after 5 years	29.27	2.17	29.68	2.32
Total Minimum Lease payment	**31.72**	**3.35**	**32.54**	**3.91**

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

Particulars	As at 31st March, 2021	As at 31st March, 2020
Provision for employee benefits		
Provision for gratuity	296.83	179.70
Provision for compensated absences	153.97	146.54
Total	**450.80**	**326.24**

17. Other non - current liabilities **(Rs. In Lakhs)**

Particulars	As at 31st March, 2021	As at 31st March, 2020
Deferred Gain on Financial Liability (OCDs)	1,660.99	-
Government Grants - Cash Subsidy	11.34	12.60
Total	**1,672.33**	**12.60**

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

Particulars	As at 31st March, 2021	As at 31st March, 2020
Loans repayable on demand from banks		
Secured	20,525.15	20,941.69
Unsecured	-	-
Total (A)	**20,525.15**	**20,941.69**
From other parties		
Unsecured	4,506.21	22.07
Total (B)	**4,506.21**	**22.07**
Total (A+B)	**25,031.36**	**20,963.75**
Lease liability		
From others		
Secured	290.84	271.42
Total (C)	**290.84**	**271.42**
Total (A+B+C)	**25,322.20**	**21,235.17**

- Indian rupee working capital loans obtained by parent company, Setco Automotive Limited are secured by first charge by way of hypothecation of current assets including stocks, book debts etc. and second charge on entire fixed assets of the parent company on pari passu basis.
- Indian rupee Unsecured loan is from Tata Capital Financial Services Limited & Tata Motors Finance Solutions Limited taken by parent company.
- Indian ruppe Lease liability (Current Maturity) is from Tata Capital Financial Services Limited taken by parent company.
- US $ working capital loans obtained by wholly owned ultimate foreign subsidiary company, Setco Automotive (N.A.) INC. sanctioned by Bank of Baroda (USA) is secured by first charge by way of hypothecation of current assets including stocks, book debts etc. and second charge on entire fixed assets of the parent company on pari passu basis and corporate guarantee of Setco Automotive Limited, parent company.
- Indian rupee working capital (cash credit) obtained by Indian subsidiary company, Lava Cast Private Limited is sanctioned by Bank of Baroda is secured by first charge by way of hypothecation of current assets including stocks, book debts etc. and second charge on entire fixed assets of the Indian subsidiary company. Working capital loan is further secured by corporate guarantee of parent company, Setco Automotive Limited.

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

Particulars	As at 31st March, 2021	As at 31st March, 2020
Dues of Micro, small and medium enterprises	1,067.26	1,099.20
Dues other than of Micro, small and medium enterprises	8,938.77	11,029.88
Total	**10,006.03**	**12,129.08**

This information as required to be disclosed under Micro Small and Medium Enterprise Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the parent Company and its Indian subsidiary .

Information in terms of Section 22 of Micro, Small and Medium enterprises Development Act, 2006 are given below :

Particulars	As at 31st March, 2021	As at 31st March, 2020
Principal amount remaining unpaid to any supplier at the end of each accounting year	1,067.26	1,099.20
Interest accrued & remaining unpaid	10.50	6.71

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

Particulars	Refer Note No.	As at 31st March, 2021	As at 31st March, 2020
Current maturities of long term loans	14	3,837.15	6,556.74
Interest accrued and but not due on borrowings		88.51	165.61
Unpaid/unclaimed dividend	20(a)	105.70	99.73
Creditors for Capital Expenditure		298.72	212.75
Financial Lease obligations		0.24	0.56
Other Payable		-	7.52
Total		**4,330.32**	**7,042.91**

a) There are no amounts due for payment to the investor education and protection fund u/s. 125 of Companies Act, 2013 at the year end.

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

Particulars	As at 31st March, 2021	As at 31st March, 2020
Payable towards statutory liabilities	1,284.48	1,388.47
Government Grants - Cash Subsidy	1.26	1.26
Final Dividend Payable	-	166.91
Corporate Tax on Dividend Payable	274.96	274.96
Payable to employees	542.75	144.16
Other Payables	236.37	272.66
Total	**2,339.83**	**2,248.41**

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

Particulars	Refer Note No.	As at 31st March, 2021	As at 31st March, 2020
Provision for gratuity		82.49	62.21
Provision for compensated absences		97.04	79.11
Provision For warranty	22(a)	288.88	295.69
Other Provision		11.45	7.90
Total		**479.86**	**444.91**

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

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

Particulars	As at 31st March, 2021	As at 31st March, 2020
Provision for taxation (net of advance tax paid) (A.Y. 2019-20)	528.45	528.45
Advance tax paid (A.Y. 2020-21)	(375.00)	(175.00)
Total	**153.45**	**353.45**

24. Revenue from operations (Rs. In Lakhs)

Particulars	As at 31st March, 2021	As at 31st March, 2020
Sales of products	35,925.66	47,031.55
Total	**35,925.66**	**47,031.55**

25. Other income (Rs. In Lakhs)

Particulars	As at 31st March, 2021	As at 31st March, 2020
Investment Income		
Interest Income	18.98	127.65
Other non-operating income		
Rent	-	32.52
Profit on sale of property, plant and equipment (net)	236.55	-
PPP Loan Forgiveness	346.00	-
Exchange gain (net)	157.14	273.88
Government Grants - Duty drawback	29.07	29.03
Others	78.04	6.35
Total	**865.78**	**469.43**

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

Particulars	As at 31st March, 2021	As at 31st March, 2020
Opening stock	7,999.68	9,211.28
Add : Purchases (net)	17,814.70	22,659.65
Less : Closing Stock	5,801.16	7,999.68
Less : Sales of manufacturing scrap	670.76	670.76
Total	**19,342.46**	**23,200.48**

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

Particulars	As at 31st March, 2021	As at 31st March, 2020
(Increase) /decrease in inventories	1,018.67	(659.84)
Total	**1,018.67**	**(659.84)**

28. Employee benefit expenses (Rs. In Lakhs)

Particulars	As at 31st March, 2021	As at 31st March, 2020
Salaries, wages and bonus	6,770.44	7,356.45
Contribution to employees welfare funds	474.33	557.18
Staff welfare expenses	124.17	224.22
Total	**7,368.94**	**8,137.85**

29. Finance cost (Rs. In Lakhs)

Particulars	As at 31st March, 2021	As at 31st March, 2020
Interest expense	5,386.92	5,202.67
Other financial charges	481.53	485.66
Finance expenses	39.88	8.30
Total	**5,908.33**	**5,696.63**

30. Other expenses

(Rs. In Lakhs)

Particulars	As at 31st March, 2021	As at 31st March, 2020
Stores and Tools Consumed	976.41	1,513.08
Carriage Inward	481.31	675.61
Power and fuel	1,742.37	2,156.98
Job work charge	544.67	874.20
Factory expenses	200.32	272.20
Repairs and maintenance to machineries	104.11	158.61
Repairs to building	63.28	67.50
Computer expenses	338.49	393.67
Printing and stationary	39.49	53.93
Rent, rates and taxes	205.39	289.55
Insurance	482.45	428.58
Travelling & conveyance expenses	252.95	570.69
Legal and professional charges	776.27	836.97
Communication expenses	54.70	64.35
Books, subscription and membership	2.79	17.69
General expenses	241.07	250.47
Marketing and sales promotion	309.56	524.82
Discount, commission and other expenses on sales	1,119.60	1,953.09
Bad Debts written off	-	216.05
Allowance for Doubtful Debts	86.15	(51.37)
Packing and forwarding expenses	958.20	1,222.55
Advertisement expenses	3.78	9.43
Directors' sitting fees	13.09	22.66
Corporate social responsibility expenses	59.62	84.00
Donation	10.14	27.54
Motor car running expenses	13.41	22.41
Office expenses	34.68	37.23
Auditors remuneration	85.33	59.50
Loss on sale of property ,plant & equipment (net)	2.24	0.26
Total	**9,201.86**	**12,752.25**

31. Exceptional Items

(Rs. In Lakhs)

Particulars	Refer Note No.	As at 31st March, 2021	As at 31st March, 2020
Provision for diminution in investment	31(b)	410.34	144.80
Provision for advance	31(c'),(d),(e)	1,132.46	155.92
Loss on Cancellation of Lease		-	244.49
Invenotry written off	31(g)	1,745.86	-
Total		**3,288.66**	**545.21**

a) In compliance with IND As provisions, the parent company has made appropriate provisions for impairment/ expected credit losses in respect of its investments , loans, receivables etc from its subsidiaries and associate concerns , based on review of the respective balance sheets and valuation reports obtained from approved valuers.

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

c) In FY 2017-18, the parent Company had recognised Rs. 398 lakhs as income being refund of IGST/CGST share of State for the Uttarakhand unit pending notification of incentives by the State Government. The parent Company believed, the issuance of notification for GST benefits by the State Government was certain based on the notification already issued by the Central Government. In absence of any notification in the said matter till date and based on legal opinion, the parent company has filed writ petition claiming refund of said amount & has continued to show this as asset recoverable in accounts. In absence of any tangible progress in the matter, the parent company has provided impairment @100% of the amount receivable from Government.

d) The parent Company has given capital advance for purchase of machinery to the supplier. The parent company charged and recovered 10.96% p.a interest upto last year. Due to COVID-19, the supplier is unable to serve interest to the parent Company and hence impairment is provided @ 100% advance.

e) This represents amount receivable towards sharing of common expenses from SE Transstadia Pvt. Ltd., (SETPL) a company in which directors have interest. Considering current financial position of SETPL, ECL provision of 20% is made on this amount.

f) Rs.1,535.00 lakhs (Rs. 1,535.00 lakhs) Invested in Equity shares of SE Transstadia Private Limited, a Unique and State of the Art Sports Infrastructure Project with the latest modern Technology, a first of its kind project in India. The said company has completed the project and has commenced commercial operations in March 2017. The company has accumulated loss of Rs. lakhs (Rs. 20,299.32 lakhs) as per latest audited Financial Statements as at 31.03.2020 and has eroded entire networth due to loses. Due to non payment of interest and instalments, company's accounts with bank have became NPA in December, 2018. The company has submitted restructuring proposal to bank on 17.06.2020 and the same is under consideration. The said company is confident of profitable operations post restructuring by banks as proposed and based on report of independent valuer as per DCF method, impairment has been provided.

g) On physical verification of stocks by parent company, stock costing Rs. 1863.92 lakhs were found to be rusty, damaged and unfit for consumption and unretrievable without compromising the quality of finished products. Therefore, such items of stocks are written down in the accounts net of the existing provision and valued at NIL and the net effect is disclosed under the head "Exceptional Items".

32. MAT CREDIT

During the year, the parent company has adjusted/(recognised) MAT Credit of Nil for current financial year (Previous year Rs. 165.67 lakhs) and same is shown as adjustment from the current tax amount in the statement of profit and loss. The parent company has also recognised/(reversed) Net MAT credit of Nil (Rs. 20.71 lakhs) in respect of previous periods.

33.

a) The parent company has obtained consent of members to transfer the clutch manufacturing business to a wholly owned subsidiary in EGM held on 22nd May 2021.

b) Further the parent compay has obtainde member's consent to purchase trademark/ Brand "LIPE" owned by foreign subsidiaries (SAUL & SANAI) based on valuations done by approved valuers.

In absence of binding agreements/ documents till date in this regard, no effect relating to said proposals are given or recognised in accounts for the year.

34. Earning per share

Particulars	2020-2021	2019-2020
Profit available to Equity Shareholders after tax (Rs. In Lakhs)	-12,007.64	-4,456.79
Weighted average number of equity shares of Rs. 2/- each		
Basic - No. of Shares	133,767,275	133,677,275
Diluted - No. of Shares	133,767,275	133,743,474
Earnings per share in Rs. :		
Basic in Rs.	(8.98)	-3.33
Diluted in Rs.	(8.98)	-3.33

SETCO AUTOMOTIVE LTD

35. SALES-IN-TRANSIT

The Products dispatched from the factory, which remained in transit in respect of which the control have not been transferred amounts to Rs. 258.35 lakhs (Rs. 572.94 lakhs). With a view to reflect true and correct position of revenue, the said amount is reduced from total sales of the year and the stock value there of Rs. 255.14 lakhs (Rs. 502.08 lakhs) is shown under the head “Finished Goods” in Note 7 under the head “Inventories”.

36. Related Party Disclosures as per Indian Accounting Standard - 24 “RELATED PARTY DISCLOSURES”

A. Names of Related Parties and Nature of Relationship :

Sr. No.	Name of the Related Party	Relationship
1	**Key Managerial Personnel ***	
	Shri Harish Sheth	Chairman and Managing Director
	Shri Udit Sheth	Whole time Director (w.e.f. 01.05.2020)
	Shri Shvetal Vakil	Executive Director (upto 31.03.2020)
	Smt. Urja Shah	Executive Director
	Shri Jitender Gujaral	Chief Executive Officer
	Shri Vinay Shahane	Chief Financial Officer (upto 23.11.2020)
	Shri Rovinder Kumar Singla	Chief Financial Officer (w.e.f. 02.08.2021)
	Shri Hiren Vala	Company Secretary (w.e.f 01.01.2021)
	Shri Chandra Kant Sharma	Company Secretary (upto 29.12.2020)
2	Setco Engineering Private Limited	Enterprises over which key managerial personnel are able to exercise significant influence
3	Western Engineering Works (Partnership)	
4	SE Transstadia Private Limited	
5	White River Entertainment Pvt. Ltd.	
6	Transstadia Technologies Private Limited	
7	Transstadia Play sport Private Limited	
8	Transstadia Capital Private Limited	
9	Transstadia Boxing India Private Limited	
10	Transstadia Holdings Private Limited	
11	Setco Holdings Private Limited	
12	Transstadia hospitality Private Limited	
13	Urdit Exports (Proprietory concern)	
14	Transstadia Education and Research Foundation	
15	Hrehan Venture Advisors Pvt. Ltd.	
16	Wingspun Funds Advisors LLP	
17	Transstadia Institute & Research Council	
18	Transstadia Education Services Pvt Ltd.	
19	Sportscom Industry Confederation	
20	Harish K. Sheth (HUF)	
21	Setco Foundation (Trust)	
22	Lingotes Especiales	Strategic Investor having significant influence / Technical Collabaroter
23	Smt. Sneha Sheth	Relatives of Key Managerial Personnel
24	Shri Harshal Shah	

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

B. Transactions with Related Parties : **(Rs. In Lakhs)**

Sr. No.	Nature of transaction	2020-2021	2019-2020
A)	**Transactions with enterprises over which key managerial personnel are able to exercise significant influence :**		
	Investment		
	- Setco Engineering Private Limited	1,975.00	3,885.00
	Office Rent		
	- Western Engineering Works	30.00	-
	Expenditure including capital items (Net)/ Recovery		
	- Transstadia Technologies Private Limited	46.04	88.71
	Marketing Expenses		
	- SE Transstadia Private Limited	-	6.56
	Marketing commission paid		
	- Setco Engineering Private Limited	620.24	834.09
	Purchase (gross)		
	- Pahadi Goodness Pvt. Ltd.	-	1.52
	Dividend paid		
	- Transstadia Capital Private Limited	-	16.50
	- Setco Engineering Private Limited	-	623.64
	CSR Activity		
	- Setco Foundation	**47.05**	**84.00**
	Outstanding at year end :		
	Investment		
	SE Transstadia Private Limited	1,535.00	1,535.00
	Setco Engineering Private Limited	5,860.00	3,885.00
	Amount receivable		
	- SE Transstadia Private Limited	426.49	426.49
	Amount payable		
	- Setco Engineering Private Limited	198.37	152.88
	- SE Transstadia Private Limited	2.73	2.76
	- Transstadia Technologies Private Limited	-	5.57
	- Pahadi Goodness Pvt. Ltd.	-	1.11
	- Western Engineering Works	22.79	22.79
B)	**Transactions with key managerial personnel and their relatives :**		
	Managerial remuneration (directors)		
	(Including provident fund and excluding commission to non-executive directors)		
	- Shri Harish Sheth*	201.60	159.60
	- Shri Udit Sheth	114.80	-
	- Shri Shvetal Vakil	-	131.52
	- Smt. Urja Shah	62.16	66.48
	Loan taken		
	- Smt. Sneha Sheth	90.00	
	Loan repaid		
	- Smt. Sneha Sheth	90.00	
	Dividend paid		
	- Shri Harish Sheth	-	29.59
	- Shri Udit Sheth	-	27.63
	- Smt. Urja Shah	-	42.85

Sr. No.	Nature of transaction	2020-2021	2019-2020
	- Smt. Sneha Sheth	-	34.03
	- Shri Shvetal Vakil	-	3.16
	- Shri Vinay Shahane	-	0.34
	- Shri Jitender Gujaral	-	0.20
	Remuneration of other Key Managerial Personnel	**153.44**	**202.84**
	Outstanding at year end :		
	Amount receivable		
	- Shri Harish Sheth (Excess remuneration since recovered)	29.28	210.00
	- Shri Shvetal Vakil (Excess remuneration to be recovered)	-	18.00
	Amount payable		
	- Shri Harish Sheth	0.01	-
	- Wingspun Funds Advisors LLP	5.40	5.40

* In pursuance of special resolutions passed by the members and in view of inadequacy of profits in F.Y. 2020-21, the Chairman & Managing Director has been paid remuneration of Rs. 201.60 Lakhs per annum, within the limits laid down under Part-II of Schedule V of the Companies Act, 2013.

37. Enterprises consolidated as subsidiary in accordance with IND-AS-110 "Consolidated Financial Statements"

Sr. No.	Names of Subsidiaries with country of incorporation	Percentage of Voting Power	Financial Year
i	Setco Automotive (UK) Limited – UK (SAUL)	32.19% by Setco Automotive Ltd. 67.81% by WEW Holding Ltd.	April to March
ii	Setco Automotive (N.A.) Inc. – U.S.A. (SANAI) (Wholly owned Subsidiary of Setco Automotive (UK) Ltd.)	100%	April to March
iii	WEW Holding Limited Mauritius - (WEW) (Wholly owned subsidiary of Setco Automotive Ltd. India)	100%	April to March
iv	Setco MEA DMCC (Wholly owned subsidiary of Setco Automotive Ltd. India)	100%	April to March
v	Lava Cast Private Limited - (India) * (Partly owned subsidiary of Setco Automotive Ltd. India)	89.68%	April to March
vi	Setco Auto Systems Private Limited (Wholly owned subsidiary of Setco Automotive Ltd. India)	100.00%	April to March

* The company has further subscribed equity share capital during the year of Rs. 2000.00 lakhs during the current financial year in view of this investment parent company's holding in Lava Cast Private limited has been increased from 87.82 % % to 89.68 %.

38. Additional Information, as required under Schedule III to the Companies Act, 2013

Sr. No.	Name of the Entity	Share of net assets As at 31st March, 2021		Share of profit or loss Year ended 31st March 2021	
		As % of consolidated net assets	Rs. in lakhs	As % of consolidated profit or loss	Rs. in lakhs
I	**Parent**				
	Setco Automotive Limited	-135.97%	3,691.84	72.70%	-8,963.28
II	**Subsidiaries**				
	a. Indian				
	Lava Cast Private Limited	1.05%	-28.48	22.32%	(2,751.43)
	Setco Auto Systems Private Limited	0.06%	-1.69	0.00%	(0.15)
	Less : Non-controlling interest	-0.12%	-3.28	-2.61%	(322.13)
		0.99%	-26.89	19.70%	(2,429.44)
	b. Foreign				
	1. Setco Automotive (UK) Limited	198.61%	-5,392.90	4.60%	(567.00)
	2. Setco Automotive (NA) Inc.	25.88%	-702.63	2.37%	(291.67)
	3. WEW Holdings Limited	0.40%	-10.99	0.02%	(1.94)
	4. SETCO MEA DMCC	10.08%	-273.68	0.62%	(76.44)
	Total	**100.00%**	**(2,715.26)**	**100.00%**	**(12,329.77)**

Sr. No.	Name of the Entity	Share of other comprehensive income Year ended 31st March 2021		Share of total comprehensive income Year ended 31st March 2021	
		As % of consolidated other comprehensive income	Rs. in lakhs	As % of consolidated total comprehensive income	Rs. in lakhs
I	**Parent**				
	Setco Automotive Limited	99.92%	-1,108.69	74.51%	-9,843.49
II	**Subsidiaries**				
	a. Indian				
	Lava Cast Private Limited	0.08%	(0.86)	20.83%	(2,752.29)
	Setco Auto Systems Private Limited	0.00%	-	0.00%	(0.15)
	Less : Non-controlling interest	-0.01%	(0.10)	-2.44%	(322.24)
		0.07%	(0.76)	18.40%	(2,430.20)
	b. Foreign				
	1. Setco Automotive (UK) Limited	-	-	4.29%	(567.00)
	2. Setco Automotive (NA) Inc.	-	-	2.21%	(291.67)
	3. WEW Holdings Limited	-	-	0.01%	(1.94)
	4. SETCO MEA DMCC	-	-	0.58%	(76.44)
	Total	**100.00%**	**(1,109.55)**	**100.00%**	**(13,210.74)**

39. CONTINGENT LIABILITIES & COMMITMENTS

A. Contingent liabilities :

i) Guarantees given by the bank on behalf of Parent Company, Setco Automotive Limited Rs.14.53 lakhs (Rs. 5.42 lakhs).

ii) Guarantee given for maximum $ 3.00 million ($ 3.00 million) to Bank of Baroda, New York, USA for wholly owned ultimate foreign subsidiary's credit facilities Rs. 2,220.30 lakhs (Rs. 2,278.80 lakhs). The carrying amounts of related financial guarantee contracts recognised in books of account are Rs. 20.57 lakhs as at 31.03.2021 (Rs. 22.54 lakhs).

iii) Guarantee given for maximum Rs. 18,326.00 lakhs (Rs. 18,326.00 lakhs) to Bank of Baroda, Mumbai, India, for subsidiary's credit facilities. The carrying amounts of related financial guarantee contracts are recognised in books of account are Rs. 688.85 lakhs as at 31.03.2021 (Rs. 744.30 lakhs).

iv) Guarantee given by bank on behalf of Lava Cast Pvt Ltd Rs. 574.85 lakhs (Rs. 735.57 lakhs).

B. NOTE ON PENDING LITIGATION :-

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

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

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

iii) The parent company has received order u/s 143(3) r.w.s 144C(3) with order received from TPO u/s 92CA(3) for AY 2016-17, making additions amounting to Rs. 2.80 lakhs pertaining to notional guarantee fees from SAUL in book profit u/s 115JB resulting to demand of Rs. 0.73 lakhs. Application for stay of demand has been filed along with rectification u/s 154 of Income Tax Act, 1961. In the same order, based on orders passed by CIT(A) -5 Baroda for AY 2013-14 and 2014-15, product development expense was allowed as revenue expenses and accordingly was treated as revenue expenses in the particular year but was rejected by AO. This matter is also covered by ITAT Ahmedabad in our own case for AY 2002-03, 2003-04, 2004-05, 2005-06, 2006-07 and 2007-08. The company has filed an appeal against CIT(A) Baroda for the matter. The company has further received notice u/s 274 r.w.s 271(1)(c) for the said matter for which application for keeping the proceedings in abeyance till the first appeal is decided has been filed.

iv) The parent company has received a notice u/s 92CA(1) and 92D(3) of Income Tax Act, 1961 from TPO for AY 2017-18, making additions of Rs. 20.33 lakhs for sales transactions of bought out items from non-eligible unit to eligible unit and disallowing product development expenses as revenue expenses. Due to the addition, demand of Rs. 0.35 lakhs has been raised for which the company has filed an appeal before CIT(A) Baroda. The company has also received notice u/s 274 r.w.s 270A for the additions made and the company has filed an application for keeping the proceedings in abeyance till the first appeal is decided.

v) The parent company has received order from A.O. Panchmahals, Godhra range for demand of Rs. 590.13 lakhs by way of adjustment of addition in book profit for calculation of tax under MAT which resulted into the above demand for Assessment Year 2011-2012. The company had preferred an appeal with CIT(A) - 4 Vadodara against such order but was dismissed by CIT(A) giving rise to demand of Rs. 472.10 lakhs. The company has prefered an appeal against the order of CIT(A)-4 Vadodara before ITAT Ahmedabad. The company is confident of receiving adjudication in its favour.

vi) The parent company as received notice of penalty proceedings u/s 271(c) for AY 2014-15 for late pament of PF. The parent company has submitted its replies to AO and is in process and not concluded till date.

vii) The parent company has received intimation u/s 143(1) of Income Tax Act,1961 from CPC, Bengaluru for A.Y. 2015-16 wherein demand of Rs. 2.00 lakhs have been raised mainly on account of non allowance of deduction u/s 80-IC. The company believes this is a mistake apparent from records and has filed rectification petition u/s 154 of Income Tax Act, 1961. The company is confident that the demand would be dropped in due course of time.

viii) The parent company has received intimation u/s 143(1) of Income Tax Act,1961 from CPC, Bengaluru for A.Y. 2015-16 wherein demand of Rs. 2.00 lakhs have been raised mainly on account of non allowance of deduction u/s 80-IC. Further product development expense for the year was disallowed as revenue expenses but based on the orders passed in prevoius years by CIT(A)-4 and ITAT, the parent company has filed a letter with DCIT, Anand Circle.The parent company believes this is a mistake apparent from records and has filed rectification petition u/s 154 of Income Tax Act, 1961. The parent company is confident that the demand would be dropped in due course of time.

ix) The Indian subsidiary company, Lava Cast Private Limited has received legal notices from 14 vendors for recovery of their outstanding overdues of Rs. 64.36 Lakhs along with interest. As the financial restructuring has provided enough financial stability, the company is surely paying all outstanding overdue amount without interest to the vendors in near future.

The parent company's management reasonably expects that these cases when ultimately concluded/adjudicated will not have any material or adverse effect on the company's results or the operations or financial condition.

C. Commitments : (For parent company and Indian subsidiary company)

Estimated amount of contracts remaining to be executed on capital account and not provided for Rs. 442.18 lakhs (Rs. 672.47 lakhs).

40. TRADE PAYABLES & RECEIVABLES

i) In Respect of parent company, trade payables' balances are under reconciliation process. Necessary adjustments, if any, will be accounted when the same is reconciled. In respect of trade receivables and other debit/credit balances, for which balance confirmations have been received, are under reconciliation process and necessary adjustments, if any, will be accounted when the same is reconciled. While others are subject to reconciliation and adjustment if any. Trade Payables, Creditors for Capital Expenditure and Capital Advances in respect of Indian Subsidiary Company Lava Cast Pvt. Ltd. are subject to reconciliation and / or confirmation.

ii) In the opinion of the management, current and non-current assets are recoverable in the normal course of business.

41. EMPLOYEE STOCK OPTION PLAN (ESOP) 2015- Share based payment. (In relation to parent company)

a. Opening ESOP of 1,51,700 have expired during the year. Outstanding ESOP at year end is NIL (1,51,700 shares).

42. Fair Value Measurements :

(i) Financial instruments by category :

The carrying amounts of financial instruments by class are as follows :

(Rs. In Lakhs)

Particulars	As at 31st March, 2021	As at 31st March, 2020
A. Financial assets		
I. Measured at amortised cost		
Trade Receivables	4,490.78	4,720.62
Cash and Cash Equivalents	192.75	337.60
Other Financial Assets	173.36	213.51
Investment in Preference Shares of Related Entity	5,304.87	3,740.20
II. Measured at fair value through profit and loss (FVTPL)		
Other Financial Assets	35.55	28.91
III. Measured at fair value through other comprehensive income (FVOCI)		
Investment in Equity Instruments of Related Entity	307.00	1,381.50
	10,504.31	**10,422.34**
A. Financial liabilities		
I. Measured at amortised cost		
Borrowings	21,068.32	19,537.48
Lease Liability	936.22	1,153.79
Unclaimed Dividend	105.70	99.73
Trade Payables	10,006.03	12,129.08
II. Measured at fair value through profit and loss (FVTPL)		
Finance lease obligation	3.35	3.91
	32,119.61	**32,923.99**

(ii) Fair value hierarchy :

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

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

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

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

(Rs. In Lakhs)

Particulars	Level 1	Level 2	Level 3
Measured at fair value through profit and loss (FVTPL)			
As at 31st March 2021			
Other Financial Assets	-	-	35.55
Finance lease obligation	-	-	3.35
As at 31st March 2020			
Other Financial Assets	-	-	28.91
Finance lease obligation	-	-	3.91

Particulars	Level 1	Level 2	Level 3
Measured at fair value through other comprehensive income (FVOCI)			
As at 31st March 2021			
Investment in Equity Instruments of Related Entity	-	-	307.00
	-	-	307.00
As at 31st March 2020			
Investment in Equity Instruments of Related Entity	-	-	1,381.50
	-	**-**	**1,381.50**

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

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

43. Research & Development

The Parent Company, Setco Automotive Limited has a set up of recognized research & development centre (R & D Centre) at its Kalol plant. During the current financial year, the R & D Centre has conducted activities mainly related to the product development, particularly development of new products for domestic & international markets. From previous financial year, the company has treated R & D expenditure as Revenue expenditure. Based on the Accounting Expert's opinion obtained by the company in preceding previous year, the accounting treatment referred to above is within the purview of Indian Accounting Standard - 38 "Intangible Assets".

The details of expenditure incurred during financial year 2020-2021 are as under : -1.00

Particulars	Approved (DSIR) R&D Expenditure	Other R & D Expenditure	Total
Capital Expenditure	-	-	-
Revenue Expenditure	-	-	-
Total R&D Expenditure incurred in 2020-2021	**-**	**-**	**-**
Total R&D Expenditure incurred in 2019-2020	**159.70**	**92.14**	**251.84**

44. 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.

45. The audited financial statements of the wholly owned ultimate foreign subsidiaries have been prepared in accordance with local laws of the country in which these subsidiaries operate. The said audited financial statements have been restated/recompiled by the management to meet the requirements of Indian Accounting Standards after exercising necessary due diligence to ensure true & fair view of said subsidiaries' affairs.

46. Setco Automotive (UK) Limited, a subsidiary of the parent company, has entered into Sale and lease back transaction of its immovable properties (i.e. Land & Building) with Carlton Mill Company Limited (The) without the intention of the company to discontinue its operations.

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

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

48. Other Notes specific to parent company have been mentioned in the Notes of Parent company' Standalone Financial Statement.

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

50. Previous year's figures have been regrouped/ reclassified wherever necessary to confirm with the current year's classification/ disclosure.

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

(Rasesh V. Parekh)
Partner
Membership No. 038615

Place: Nathdwara
Date : 8th August, 2021

For and on behalf of the Board

Harish Sheth
Chairman & Managing Director

Udit Sheth
Vice Chairman

Urja Shah
Executive Director

Arun Arora
Independent Director

Ashok Jha
Independent Director

Suhasini Sathe
Independent Director

Rovinder Kumar Singla
Chief Financial Officer

Hiren Vala
Company Secretary

Place: Kalol
Date : 8th August, 2021

To,
The Company Secretary
Setco Automotive Limited
Corporate Office: 2/A, Ground Floor,
Film Centre Building, 68, Tardeo Road,
Mumbai – 400 034, India.

NATIONAL ELECTRONIC CLEARING SERVICE (NECS)
MANDATE FORM

1. Shareholder's Name :
2. Folio No. :
3. No. of Shares :
4. Bank Name :
5. Branch Name :
   Address
   Telephone No. :
6. Bank Account Number : (10-Digit or more number only)
7. Ledger Folio No. of the Account :
   (if appearing on Cheque Book)
8. Account type [Please tick ✓] :

Savings	Current	Cash Credit

9. 9-Digit Code Number of the Bank & Branch appearing on the MICR Cheque issued by the Bank :
10. 11-Digit IFSC Code
    (Optional) :

I agree to avail the NECS introduced by RBI with respect to payment of dividend to me.

I hereby declare that the particulars given above are correct and complete. If the transaction is delayed or not effected at all for reasons beyond the control of the Company, I would not hold Setco Automotive Limited responsible.

Date

____
Signature of the Sole/First Shareholder

(Please attach (i) self-attested photocopies of any two of your Passport / PAN Card / Driving License / Voters Identity Card towards proof of identification & (ii) a blank cancelled cheque or photocopy of a cheque issued by your Bank for verification of the 9-digit code Number provided above).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