Subsidiaries Financial 2016-17

Sr. No.	Name of Subsidiaries
1	Lava Cast Private Limited
2	Setco Automotive (UK) Limited
3	Setco Automotive (NA) INC
4	WEW Holdings Limited

MANESH MEHTA & ASSOCIATES
CHARTERED ACCOUNTANTS

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SHRIPAL A. SHAH B.Com. F.C.A., D.I.S.A.(ICA)
SURENDER BAGARIA B.Com. F.C.A.
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INDEPENDENT AUDITORS' REPORT

TO
THE MEMBERS OF
LAVA CAST PRIVATE LIMITED

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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

Opinion

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

Emphasis of Matters

a) We draw attention to Note No. 6 of Financial Statements which refers to the fact that, by virtue of arrangement entered into by the Company with its Holding Company, the Company has secured binding & confirmed sales order from its Holding Company. Based on financial projections worked out by the Company on the strength of said confirmed order, the Company is virtually certain that there will be availability of future taxable profits. Therefore, the Company has recognised deferred tax asset on Unabsorbed Depreciation & carried forward Business Losses to the extent there exists virtual certainty

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of its realisation in future. The Deferred tax Asset recognised by the company during the F.Y. 2016-17 is Rs. 11,85,14,707/=.

In view of significance of this matter, we consider that it should be drawn to your attention.

b) We draw attention to Note No. 29(a) of Financial Statements which refers to the fact that Trade Payables, Creditors for Capital Expenditure and Capital Advances are subject to reconciliation and / or confirmation.

Our opinion is not modified in respect of these matters.

Report on other Legal and Regulatory Requirements

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

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

a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

b) In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.

c) The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.

d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 and Companies (Accounting Standards) Amendment Rules, 2016.

e) In our opinion, the matters described under the Emphasis of Matters paragraph above, prima facie, do not appear to have any adverse impact on the functioning of the Company.

MANESH MEHTA & ASSOCIATES MUMBAI BARODA DELHI CHARTERED ACCOUNTANTS

f) On the basis of written representations received from the directors as on 31ST March, 2017 and taken on record by the Board of Directors, none of the directors is disqualified as on 31ST March, 2017, from being appointed as a director in terms of Section 164(2) of the Act.

g) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in Annexure-B.

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

   i. The Company does not have any pending litigations as at 31st March, 2017 which would impact its financial position;

   ii. The Company did not have any long-term contracts including derivative contracts as at 31st March, 2017 for which there were any material foreseeable losses;

   iii. The Company has not declared dividend in any of preceding years and hence, there are no amounts which are required to be transferred to the Investor Education and Protection Fund by the Company.

   iv. The Company has provided requisite disclosures in the financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8th November, 2016 to 30th December, 2016. Based on our audit procedures and relying on the management representation, we report that the disclosures are in accordance with books of account maintained by the Company and as produced to us by the Management. (Refer Note No.44 of Financial Statements)

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

MANESH MEHTA & ASSOCIATES MUMBAI BARODA DELHI CHARTERED ACCOUNTANTS

Place : Mumbai
Date : 29TH May, 2017

(Manesh P. Mehta)
Partner
Membership No. 036032

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CHARTERED ACCOUNTANTS

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ANNEXURE A TO INDEPENDENT AUDITORS' REPORT

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

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) As per the information and explanations given to us, there is a phased program of physical verification of fixed assets as adopted by the Company, which in our opinion, is reasonable having regard to the size of the company and the nature of its assets. As informed to us, no material discrepancies were noticed on such verification.

   c) The title deeds of immovable properties (except self generated immovable properties) are held in the name of the Company.

2. According to the information and explanations given to us, inventories were physically verified during the year by the management at reasonable intervals and no discrepancies were noticed during such verification.

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 Act. Therefore, Clauses (iii)(a),(b) & (c) of the Companies (Auditors' Report) Order, 2016 are not applicable.

4. According to the information and explanations given to us, the Company has not advanced any loans or given any guarantee or provided any security or made any investment to the parties covered under section 185 and 186 of the Act.

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 Companies Act, 2013 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.

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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, except few days' delays in deposition of Provident Fund, Employees' State Insurance, Central Sales-Tax, Value Added Tax, Cess, Professional Tax, Service Tax and Tax Deducted at Source. According to the information and explanations given to us, there are no undisputed items outstanding as at 31st March,2017 for more than six months from the date they became payable.

   b) According to information and explanations given to us and records of the company examined by us, there were no disputed dues of income tax, sales tax, service tax, duty of customs, duty of excise or value added tax which have not been deposited as of 31st March, 2017.

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 bank, as the term Loan installments have not fallen due for repayment as at reporting date. The company has not availed any loan or borrowing from financial institutions and government. The company has not 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. To the best of our knowledge and belief and according to the information and explanations given to us, in our opinion the term loans raised during the year were applied for the purposes for which those were raised.

10. To the best of our knowledge and belief and according to the information and explanations given to us, no fraud by the Company or on the Company by its officers or employees were noticed or reported during the year.

11. In our opinion and as per the information and explanation given to us, in view of losses incurred by the company, managerial remuneration has been paid or provided within the limits laid down under Part – II of Schedule V of the Act.

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12. In our opinion and according the information and explanation given to us, the Company is not a Nidhi company. Accordingly, Para 3(xii) of the Order is not applicable.

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 financial statements as required under accounting standard (AS) 18, "Related Party Transactions" specified under section 133 of the Act, read with rule 7 of the Companies (Accounts) Rules 2014. (Refer Note No.27 of the 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. During the year, the Company has allotted Equity shares through right issue in accordance with provisions prescribed under section 62(1)(a) of the Act.

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

MANESH MEHTA & ASSOCIATES MUMBAI BARODA DELHI CHARTERED ACCOUNTANTS

(Manesh P. Mehta)
Partner
Membership No. 036032

Place : Mumbai
Date : 29TH May, 2017

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ANNEXURE B TO INDEPENDENT AUDITORS' REPORT

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

We have audited the internal financial controls over financial reporting of **Lava Cast Private Limited** ("the Company") as of 31ST March, 2017 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

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

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

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

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

Meaning of Internal Financial Controls Over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial 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.

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Opinion

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

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

MANESH MEHTA & ASSOCIATES CHARTERED ACCOUNTANTS MUMBAI BARODA DELHI

(Manesh P. Mehta)
Partner
Membership No. 036032

Place : Mumbai
Date : 29TH May, 2017

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LAVA CAST PRIVATE LIMITED

BALANCE SHEET AS AT 31st MARCH, 2017

Particulars	Note No.	As at 31st March, 2017 Rupees	As at 31st March, 2017 Rupees	As at 31st March, 2016 Rupees	As at 31st March, 2016 Rupees
I. EQUITY & LIABILITIES :					
1 Shareholders' Funds					
a. Share Capital	2	66,62,50,000		51,00,14,000	
b. Reserves & Surplus	3	(22,85,05,024)	43,77,44,976	(1,83,04,958)	49,17,09,042
2 Non-Current Liabilities					
a. Long Term Borrowings	4	1,18,48,82,925		1,26,97,91,007	
b. Long Term Provisions	5	7,69,041		6,68,626	
c. Deferred Tax Liabilites (Net)	6	-	1,18,56,51,966	3,03,709	1,27,07,63,342
3 Current Liabilities					
a. Short Term Borrowings	7	9,75,42,729		6,80,15,705	
b. Trade Payables	8	15,90,87,837		7,95,71,024	
c. Other Current Liabilities	9	13,76,97,591		4,01,32,112	
d. Short Term Provisions	10	49,681	39,43,77,838	36,077	18,77,54,918
TOTAL			2,01,77,74,780		1,95,02,27,302
II. ASSETS :					
1 Non-Current Assets					
a. Fixed Assets	11				
- Property, Plant & Equipment		1,54,25,69,270		20,61,95,162	
- Intangible Assets		6,56,20,825		5,54,99,818	
- Intangible Assets under Development		-		-	
- Capital Work-in-Progress		-		1,23,30,41,862	
- Pre-Operative Expenses		-	1,60,81,90,095	16,89,17,639	1,66,36,54,481
b. Non-Current Investments		-		-	
c. Deferred Tax Assets (Net)	6	11,82,10,998		-	
c. Long Term Loans & Advances	12	24,35,089		2,24,85,938	
d. Other Non Current Assets	13	1,79,68,139	13,86,14,226	37,92,878	2,62,78,816
2 Current Assets					
a. Current Investments		-		-	
b. Inventories	14	6,76,83,372		5,03,88,090	
c. Trade Receivables	15	17,18,82,626		15,28,32,720	
d. Cash and Cash Equivalents	16	38,90,635		1,38,10,209	
e. Short Term Loans & Advances	17	2,75,13,826		4,32,62,986	
f. Other Current Assets		-	27,09,70,459	-	26,02,94,005
TOTAL			2,01,77,74,780		1,95,02,27,302

Notes including Significant Accounting Policies are an integral part of the Financial Statements : 1 To 47

As per our Report of even date attached
For Manesh Mehta & Associates
Chartered Accountants
(Firm Registration No. : 115832W)

(Manesh P. Mehta)
Partner
Membership No. 036032

MANESH MEHTA & ASSOCIATES CHARTERED ACCOUNTANTS MUMBAI BARODA DELHI

Place : Mumbai
Date : 29th May, 2017

For and on behalf of the Board

Place : Mumbai
Date : 29th May, 2017

LAVA CAST PRIVATE LIMITED

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31st MARCH, 2017

Particulars	Note No.	Year ended 31st March, 2017 Rupees	Year ended 31st March, 2016 Rupees
REVENUE :			
Revenue From Operations (Net)	18	49,36,43,488	-
Other Income	19	19,23,348	35,26,664
		49,55,66,836	**35,26,664**
EXPENSES :			
Cost of Materials Consumed	20	18,82,73,531	-
Changes in Inventories of Finished Goods and Work-in-Progress	21	(61,87,584)	-
Employee Benefit Expenses	22	10,30,85,965	64,47,751
Finance Costs	23	17,05,32,308	4,89,964
Depreciation and Amortization Expenses	11	10,13,28,202	7,23,025
Other Expenses	24	26,72,49,187	78,31,635
		82,42,81,609	**1,54,92,375**
Profit / (Loss) Before Tax		**(32,87,14,773)**	**(1,19,65,711)**
Less : Tax Expense			
a. Current Tax		-	-
b. Deferred Tax	6	(11,85,14,707)	3,03,709
		(11,85,14,707)	3,03,709
Profit / (Loss) for the Year		**(21,02,00,066)**	**(1,22,69,420)**
Earnings Per Share (Face Value of Rs. 10/- each)	25		
a. Basic		**(3.67)**	**(0.35)**
b. Diluted		**(3.67)**	**(0.35)**

Notes including Significant Accounting Policies are an integral part of the Financial Statements : 1 To 47

As per our Report of even date attached
For Manesh Mehta & Associates
Chartered Accountants
(Firm Registration No. : 115832W)

(Manesh P. Mehta)
Partner
Membership No. 036032

MANESH MEHTA & ASSOCIATES MUMBAI BARODA DELHI CHARTERED ACCOUNTANTS

Place : Mumbai
Date : 29th May, 2017

For and on behalf of the Board

Place : Mumbai
Date : 29th May, 2017

LAVA CAST PRIVATE LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2017

Particulars	2016 - 2017 Rupees	2015 - 2016 Rupees
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit / (Loss) before Tax	**(32,87,14,773)**	**(1,19,65,711)**
Adjustments for :		
Depreciation	10,13,28,202	7,23,025
Interest Expenses	17,05,32,308	4,89,964
Interest Income	(13,93,530)	(14,63,305)
Unrealised Foreign Exchange Gain / (Loss)	(24,898)	(2,38,429)
Operating Profit / (Loss) before Working Capital Changes and Other Changes	**(5,82,72,691)**	**(1,24,54,456)**
Trade Receivables	(1,90,49,906)	(15,28,32,720)
Inventories	(1,72,95,282)	(5,03,88,090)
Loans & Advances	3,47,90,437	6,20,24,050
Trade Payables	7,95,16,813	7,41,81,885
Other Liabilities	(1,00,37,132)	1,13,37,917
Working Capital Changes and Other Changes	6,79,24,930	(5,56,76,958)
Cash Flow Generated From Operations	**96,52,239**	**(6,81,31,414)**
Direct Taxes (Tax Deducted at Sources & Tax Collected at Source)	10,34,470	5,27,172
Net Cash Flow From Operating Activities	**1,06,86,709**	**(6,76,04,242)**
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Property, Plant & Equipment	(3,58,28,656)	(72,47,74,550)
Intangible Assets	(1,00,35,160)	(26,73,309)
Interest Income	13,93,530	14,63,305
Margin Money With Bank	(12,54,217)	24,48,078
Net Cash Flow From Investing Activities	**(4,57,24,503)**	**(72,35,36,476)**
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Working Capital Loans	2,95,27,024	6,80,15,705
Proceeds from Term Loans	2,28,08,548	54,27,86,727
Proceeds from Issue of Equity Shares	15,62,36,000	16,45,00,000
Proceeds from Unsecured Loans	-	7,35,00,000
Repayment of Unsecured Loans	-	(7,35,00,000)
Interest Expenses	(17,05,32,308)	(4,89,964)
Net Cash Flow From Financing Activities	**3,80,39,264**	**77,48,12,468**
Net Increase / (Decrease) in Cash and Cash equivalents (A + B + C)	**30,01,470**	**(1,63,28,250)**
Opening Cash and Cash equivalents	2,69,572	1,65,97,822
Closing Cash and Cash equivalents	**32,71,042**	**2,69,572**

Notes :

1. The above Cash Flow Statement has been prepared under the "Indirect method" as set out in the Accounting Standard - 3 on Cash Flow Statements, as specified under section 133 of Companies Act, 2013, read with rule 7 of the Companies (Accounts) Rules, 2014.
2. Previous Year's figures have been regrouped / restated / reclassified whenever necessary.
3. Cash and Cash Equivalents excludes earmarked Margin Money held with Bank Rs. 1,85,87,732/- (Previous Year Rs. 1,73,33,515/-) for the purpose of Accounting Standard - 3 on "Cash Flow Statements".

Notes including Significant Accounting Policies are an integral part of the Financial Statements : 1 To 47

As per our Report of even date attached
For Manesh Mehta & Associates
Chartered Accountants
(Firm Registration No. : 115832W)

MANESH MEHTA & ASSOCIATES MUMBAI BARODA DELHI CHARTERED ACCOUNTANTS

(Manesh P. Mehta)
Partner
Membership No. 036032
Place : Mumbai
Date : 29th May, 2017

For and on behalf of the Board

Place : Mumbai
Date : 29th May, 2017

LAVA CAST PRIVATE LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2017

1 SIGNIFICANT ACCOUNTING POLICIES

1.1 General

The Financial Statements are prepared under historical cost convention on accrual basis and they are in consonance with generally accepted accounting principles in India and applicable Accounting Standards specified under section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014, Companies (Accounting Standards) Amendment Rules, 2016 and other pronouncements of Institute of Chartered Accountants of India.

1.2 Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

1.3 Fixed Assets / Intangible Assets

A. Property, Plant & Equipment

i. Property, Plant & Equipment are stated at cost of acquisition / construction less accumulated depreciation and impairment loss, if any. The cost of Property, Plant & Equipment includes directly attributable expenses incurred for the purpose of acquiring/constructing these assets, net of cenvat credit if any, on qualifying assets. 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 notifiction 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. The company estimates the useful lives of following assets as presented below; which are different from the useful lives as prescribed under Part C of Schedule II of the Companies Act, 2013. The company believes that useful lives as given below best represent the useful lives of these assets based on techincal opinion obtained from external technical expert:

Asset Classification	Useful Life
Buildings	10-60 Years
Plant & Machinery	5-25 Years
Furniture & Fixtures	10 Years
Office Equipments	5 Years
Electric Fittings	10 Years
Vehicle (As Prescribed under Schedule - II of the Companies Act, 2013)	8 Years
Factory Equipments	15 Years
Computers	3 Years

The Company has adopted Cost Model for its Fixed Assets.

B. Intangibe Assets

Intangible Assets are stated at their cost of acquisition, net of cenvat credit less accumulated amortization. An intangible asset is recognised where it is probable that the future economic benefits attributable to the asset will flow to the company and where its cost / value is identifiable & reliably measureable.

1.4 Depreciation / Amortisation

i. Depreciation is provided on SLM basis and is based on useful lives of the assets as specified in Schedule - II of the Companies Act, 2013 except in respect of Property, Plant & Equipment whose useful lives have been reassessed based on technical opinion obtained from external technical expert and depreciation on such assets is provided on reassessed useful lives as certified by technical expert. Depreciation on additions made during the year is charged on pro-rata basis.

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ii. Technical know how is amortised over a period of ten years after commencement of Commercial Production. Computer Software (including Licence Fees) is amortised over a period of 3 years.

1.5 Impairment of Assets

Impairment of assets is recognized when there is an indication of impairment. On such indication, the recoverable amount of asset is estimated and if such estimation is less than its book value, the book value is reduced to its recoverable amount.

1.6 Foreign Currency Transactions

Transactions in foreign currency are recorded at monthly exchange rates as notified by the concerned authorities. Monetary assets and liabilities denominated in foreign currency are restated at year end exchange rates. Non monetary items 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.

1.7 Provisions and Contingent Liabilities

i. Provisions in respect of present obligations arising out of past events are made in the accounts when reliable estimates can be made of the amount of the obligation.

ii. 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.

1.8 Segment Reporting

The Company is operating only in one business segment viz. Casting Manufacturing Foundry.

1.9 Revenue Recognition

i. Revenue is recognized when it is earned and no significant uncertainty exists as to its ultimate realization or collection.

ii. Revenue on Sale of Products is recognized on dispatch of products from the works on FOB Basis which coincides with transfer of risks & rewards of ownership to the customers.

iii. Revenue from services is recognised when the services are performed and when there is no uncertainty of its realisation or collection.

iv. Other income is accounted on accrual basis except when the realization of such income is uncertain.

1.10 Employee Benefits

A. Short Term Employee Benefits

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

B. Defined Contribution Plans

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

C. Defined Benefit 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. Actuarial gains/losses are recognized in statement of profit and loss in the year in which they arise.

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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.

1.11 Taxes on Income

i. No Provision for Current Tax has been made in view of Losses incurred by the company.

ii. Deferred Tax Liabilty is recognized on timing differences; being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred Tax Assets are recognised only to the extent there is virtual certainty of its realisation.

1.12 Cenvat Credit

Cenvat Credit available on the material inputs is adjusted against Consumption. Cenvat Credit available on Capital Goods is adjusted against Cost of Fixed Assets. Cenvat Credit remaining unutilized is shown as receivables in Short Term Loans and Advances.

1.13 Borrowing Costs

Borrowing Costs that are attributable to the acquisition, construction or production of qualifying assets are generally shown under the head Capital Work-in-Progress and are being capitalized as part of Fixed Assets when the assets are ready for their intended use. All Other Costs are recognised as expenses in the period in which they are incurred.

1.14 Inventories

Inventories are valued in accordance with Accounting Standard (AS) - 2 "Valuation of Inventories" at lower of Weighted Average Cost (Exclusive of Taxes and Cenvat Credits availed on inputs) and Net Realizable Value. Raw Material and Consumable Stock are valued at weighted average Cost basis. Finished Goods and Work-in-Progress are valued at aggregate cost determind comprising Material Cost and Manufacturing Overheads or Net Realizable Value, whichever is lower. Scrap is valued at Net Realizable Value. Finished Goods include Excise Duty.

1.15 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. For the Purpose of calculating Diluted Earnings per share, the Net Profit / Loss for the year attributable to Equity Shareholders and Weighted Average Number of Shares outstanding during the year are adjusted for the effects of all Dilutive Potential Equity Shares.

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LAVA CAST PRIVATE LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2017

2 SHARE CAPITAL

2.1 Authorised, issued, subscribed and fully paid - up :

Particulars	31-Mar-2017 (Rs.)	31-Mar-2016 (Rs.)
Authorised Share Capital :		
7,50,00,000 (6,00,00,000) Equity Shares of Rs. 10 each	75,00,00,000	60,00,00,000
Issued, Subscribed and Fully Paid up Share Capital :		
6,66,25,000 (5,10,01,400) Equity Shares of Rs. 10 each	66,62,50,000	51,00,14,000

a. During the year, Authorised Equity Share Capital of the Company was increased from Rs. 60,00,00,000/- to Rs. 75,00,00,000/- by creation of 1,50,00,000 Equity Shares of Rs. 10/- Each.

b. The Company has only one class of Equity Shares having a par value of Rs. 10 per Share. Each Shareholder of Equity Share is entitled to one vote per share. The Share Subscription and Shareholders' Agreement dated 01st May, 2014 entered into by the company with promoters Setco Automotive Limited & Lingotes Especiales defined their interse relationship. Voting Rights shall be held in ratio of 80:20 respectively by Setco Automotive Limited and Lingotes Especiales and Voting Rights in excess of 20% shall be exercised by Lingotes Especiales as per clause 3.3 of said agreement.

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.

d. Aggregate number of class of shares alloted as fully paid up pursuant to contract(s) without payment being received in cash, bonus shares and shares bought back for the period of 5 years immediately preceding 31st March, 2017 are NIL.

2.2 Reconciliation of number of shares outstanding at the beginning and at the end of the reporting period

Particulars	31-Mar-2017 Number	31-Mar-2017 (Rs.)	31-Mar-2016 Number	31-Mar-2016 (Rs.)
Equity Shares				
As at the beginning of the year	5,10,01,400	51,00,14,000	3,45,51,400	34,55,14,000
Add : Shares issued during the year	1,56,23,600	15,62,36,000	1,64,50,000	16,45,00,000
	6,66,25,000	66,62,50,000	5,10,01,400	51,00,14,000
Less : Changes, if any during the year	-	-	-	-
Outstanding at the end of the year	6,66,25,000	66,62,50,000	5,10,01,400	51,00,14,000

2.3 Shares in respect of each class in the company held by its Holding Company

Particulars	31-Mar-2017 Number	31-Mar-2017 (Rs.)	31-Mar-2016 Number	31-Mar-2016 (Rs.)
Equity Shares of Rs. 10 each fully paid				
Setco Automotive Limited	5,31,55,000	53,15,50,000	4,16,55,000	41,65,50,000

2.4 Details of Shareholders holding more than 5% shares in the company

Name of Shareholders	31-Mar-2017 Number of Equity shares	31-Mar-2017 % Holding	31-Mar-2016 Number of Equity shares	31-Mar-2016 % Holding
Equity Shares of Rs. 10 each fully paid				
a. Setco Automotive Limited	5,31,55,000	79.78	4,16,55,000	81.67
b. Lingotes Especiales	1,34,60,000	20.20	93,36,400	18.31

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NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2017

3 RESERVE & SURPLUS

Particulars	31-Mar-2017 (Rs.)	31-Mar-2016 (Rs.)
3.1 Surplus in Statement of Profit and Loss		
As per Last Balance Sheet	(1,83,04,958)	(60,35,538)
Add : Net Profit for the year	(21,02,00,066)	(1,22,69,420)
Total	**(22,85,05,024)**	**(1,83,04,958)**

4 LONG TERM BORROWINGS

Particulars	31-Mar-2017 (Rs.)	31-Mar-2016 (Rs.)
Term Loans		
From Banks		
- Secured	1,18,48,82,925	1,26,97,91,007
- Unsecured	-	-
From Other Parties	-	-
	1,18,48,82,925	**1,26,97,91,007**
The above amount includes		
Secured Borrowings	1,18,48,82,925	1,26,97,91,007
Unsecured Borrowings	-	-

Indian Rupee Term Loan of Rs. 110.05 Crores is sanctioned by Bank of Baroda. The Term Loan is repayable in 24 quarterly installments each of Rs. 458.54 Lacs, commencing from October, 2017 to be repaid by October, 2023. The Loan is secured by first charge by way of Equitable Mortgage of Factory Land and Building & Hypothecation of Plant & Machinery & Other Movable Fixed Assets of the Company & Second Charge on Company's entire Current Assets. Loan is further Secured by Corporate Guarantee of Parent Company, M/s. Setco Automotive Limited.

Indian Rupee Term Loan of Rs. 19.21 Crores is sanctioned by Bank of Baroda. The Term Loan is repayable in 24 quarterly installments each of Rs. 80.04 Lacs, commencing from October, 2017 to be repaid by October, 2023. The Loan is secured by first charge by way of Equitable Mortgage of Factory Land and Building & Hypothecation of Plant & Machinery & Other Movable Fixed Assets of the Company & & Second Charge on Company's entire Current Assets. Loan is further Secured by Corporate Guarantee of Parent Company, M/s. Setco Automotive Limited.

5 LONG TERM PROVISIONS

Particulars	31-Mar-2017 (Rs.)	31-Mar-2016 (Rs.)
Provision for Employee Benefits		
Provision for Compensated Absences	7,69,041	6,68,626
Total	**7,69,041**	**6,68,626**

6 DEFERRED TAX LIABILITIES / (ASSETS) (NET)

Particulars	31-Mar-2017 (Rs.)	31-Mar-2016 (Rs.)
Timing differences related to Fixed Assets	30,50,25,469	7,05,818
Timing differences related to Unabsorbed Depreciation	(23,94,42,945)	-
Timing differences related to Unabsorbed Business Loss	(40,71,56,432)	-
Net Deferred Tax Liability / (Assets)	**(11,82,10,998)**	**3,03,709**
Total Provision made in Statement of Profit & Loss	**(11,85,14,707)**	**3,03,709**

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By virtue of arrangement entered into by the Company with its Holding Company, the Company has secured binding & confirmed sales order from its Holding Company. Based on financial projections worked out by the Company on the strength of said confirmed order, the Company is virtually certain that there will be availability of future taxable profits. Therefore the Company has recognised deferred tax asset on Unabsorbed Depreciation & Carried Forward Business Losses to the extent there exists virtual certainty of its realisation in future.

7 SHORT TERM BORROWINGS

Particulars	31-Mar-2017 (Rs.)	31-Mar-2016 (Rs.)
Loan Repayable on Demand		
Working Capital (Cash Credit) From Bank		
- Secured	9,75,42,729	6,80,15,705
- Unsecured	-	-
Total	**9,75,42,729**	**6,80,15,705**

Working Capital (Cash Credit) 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 company. Working Capital Loan is further Secured by Corporate Guarantee of Parent Company, M/s. Setco Automotive Limited.

8 TRADE PAYABLES

Particulars	31-Mar-2017 (Rs.)	31-Mar-2016 (Rs.)
Micro, Small and Medium Enterprises (MSME)*	-	-
Others	15,90,87,837	7,95,71,024
Total	**15,90,87,837**	**7,95,71,024**

* The Company has not received information from suppliers or service providers, whether they are covered under Micro, Small and Medium Enterprises (Development) Act, 2006 and hence, it has not been possible to give the required information relating to such suppliers and amounts unpaid, if any, as at year end.

9 OTHER CURRENT LIABILITIES

Particulars	31-Mar-2017 (Rs.)	31-Mar-2016 (Rs.)
Other Liabilities		
Payable Towards Statutory Liabilities	90,82,219	80,82,359
Payable to Employees	60,31,362	50,12,319
Current Maturities of Term Loan	10,77,16,630	-
Interest Accrued & Due	-	-
Creditors for Capital Expenditure	1,48,67,380	2,70,37,434
Total	13,76,97,591	4,01,32,112

10 SHORT TERM PROVISIONS

Particulars	31-Mar-2017 (Rs.)	31-Mar-2016 (Rs.)
Provision for Employee Benefits		
Provision for Compensated Absences	49,681	36,077
Total	**49,681**	**36,077**

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NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2017

12 LONG TERM LOANS AND ADVANCES

Particulars	31-Mar-2017 (Rs.)	31-Mar-2016 (Rs.)
Unsecured, Considered Good		
Capital Advances	14,97,890	2,22,97,938
Others Deposit	1,88,000	1,88,000
Advance Paid to Gratuity Fund	7,49,199	-
Loans & Advances to Related Parties		
Unsecured, Considered Good	-	-
Total	**24,35,089**	**2,24,85,938**

13 OTHER NON CURRENT ASSETS

Particulars	31-Mar-2017 (Rs.)	31-Mar-2016 (Rs.)
Fixed Deposit Account (On Margin Account)	1,79,68,139	37,92,878
Total	**1,79,68,139**	**37,92,878**

14 INVENTORIES

Particulars	31-Mar-2017 (Rs.)	31-Mar-2016 (Rs.)
Raw Materials	1,54,53,013	1,51,59,943
Consumable Stock	1,58,65,627	50,50,999
Work-in-Progress	3,32,64,555	2,63,90,451
Finished Goods	31,00,177	37,86,697
Total	**6,76,83,372**	**5,03,88,090**

15 TRADE RECEIVABLES

Particulars	31-Mar-2017 (Rs.)	31-Mar-2016 (Rs.)
Unsecured, Considered Good		
Outstanding for a period exceeding six months from the date they are due for payment	-	-
Other Debts	17,18,82,626	15,28,32,720
Total	**17,18,82,626**	**15,28,32,720**

16 CASH AND CASH EQUIVALENTS

Particulars	31-Mar-2017 (Rs.)	31-Mar-2016 (Rs.)
Cash and Cash Equivalents		
- Cash Balance	18,345	3,633
- Bank Balances (Current Accounts)	32,52,697	2,65,939
	32,71,042	**2,69,572**
Other		
Fixed Deposit Account (On Margin Account)	6,19,593	1,35,40,637
Total	**38,90,635**	**1,38,10,209**

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NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2017

17 SHORT TERM LOANS AND ADVANCES

Particulars	31-Mar-2017 (Rs.)	31-Mar-2016 (Rs.)
Loans & Advances to Related Parties		
(Unsecured, Considered Good)		
Advance for Goods & Services		
Transstadia Technologies Private Limited	46,36,247	-
Advances Recoverable in Cash or Kind		
(Unsecured, Considered Good)		
Advance for Goods & Services	20,18,583	8,41,070
Prepaid Expenses	34,12,465	4,54,001
Advance Paid to Gratuity Fund	9,39,984	2,94,482
Ohers Loans & Advances		
Balance with Central Excise	1,28,47,318	3,21,29,694
Statutory Dues Receivable		
- VAT	3,82,533	-
- Excise	17,46,151	84,68,313
- Service Tax	4,96,075	5,48,254
- Income Tax	10,34,470	5,27,172
Total	**2,75,13,826**	**4,32,62,986**

MANESH MEHTA & ASSOCIATES * CHARTERED ACCOUNTANTS * MUMBAI BARODA DELHI

LAVA CAST PRIVATE LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2017

11 FIXED ASSETS

		GROSS BLOCK				DEPRECIATION				Net Block	
Sr. No.	Particulars	Balance as on 01.04.2016	Additions	Adjustment	Balance as on 31.03.2017	Balance as on 01.04.2016	For The Year	Adjustment	Balance as on 31.03.2017	Balance as on 31.03.2017	Balance as on 31.03.2016
1.	**Property, Plant & Equipment**										
	Land	18,11,05,410	16,28,302	-	18,27,33,712	-	-	-	-	18,27,33,712	18,11,05,410
	Buildings	-	28,11,29,306	-	28,11,29,306	-	1,13,59,798	-	1,13,59,798	26,97,69,508	-
	Plant & Machinery	-	94,88,43,496	-	94,88,43,496	-	5,46,48,889	-	5,46,48,889	89,41,94,607	-
	Furniture & Fixtures	-	15,87,997	-	15,87,997	-	1,36,508	-	1,36,508	14,51,489	-
	Office Equitments	-	7,60,897	-	7,60,897	-	1,30,980	-	1,30,980	6,29,917	-
	Electric Fittings	-	17,28,98,300	-	17,28,98,300	-	1,72,41,393	-	1,72,41,393	15,56,56,907	-
	Vehicle	14,59,319	-	-	14,59,319	2,08,882	1,82,416	-	3,91,298	10,68,021	12,50,437
	Factory Equitment	-	2,23,68,725	-	2,23,68,725	-	14,50,157	-	14,50,157	2,09,18,568	-
	Computers	2,43,40,240	5,55,720	-	2,48,95,960	5,00,925	82,48,494	-	87,49,419	1,61,46,541	2,38,39,315
	Sub Total (A)	**20,69,04,969**	**1,42,97,72,743**	**-**	**1,63,66,77,712**	**7,09,807**	**9,33,98,635**	**-**	**9,41,08,442**	**1,54,25,69,270**	**20,61,95,162**
2.	**Intangible Assets**										
	Technical Know How	5,28,65,460	80,15,414	-	6,08,80,874	-	60,88,087	-	60,88,087	5,47,92,787	5,28,65,460
	Computer Software	27,27,309	1,00,35,160	-	1,27,62,469	92,951	18,41,480	-	19,34,431	1,08,28,038	26,34,358
	Sub Total (B)	**5,55,92,769**	**1,80,50,574**	**-**	**7,36,43,343**	**92,951**	**79,29,567**	**-**	**80,22,518**	**6,56,20,825**	**5,54,99,818**
3.	**Intangible Assets under Developement**										
	Computer Software	-	61,70,910	61,70,910	-	-	-	-	-	-	-
	Sub Total (C)	**-**	**61,70,910**	**61,70,910**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
4.	**Capital Work-In-Progress**										
	Capital Work-in-Progress	1,23,30,41,862	-	1,23,30,41,862	-	-	-	-	-	-	1,23,30,41,862
	Sub Total (D)	**1,23,30,41,862**	**-**	**1,23,30,41,862**	**-**	**-**	**-**	**-**	**-**	**-**	**1,23,30,41,862**
5.	Pre-Operative Expenses Pending Allocation	16,89,17,639		16,89,17,639	-	-	-	-	-	-	16,89,17,639
	Sub Total (E)	**16,89,17,639**	**-**	**16,89,17,639**	**-**	**-**	**-**	**-**	**-**	**-**	**16,89,17,639**
	Total (A+B+C+D+E)	**1,66,44,57,239**	**1,45,39,94,227**	**1,40,81,30,411**	**1,71,03,21,055**	**8,02,758**	**10,13,28,202**	**-**	**10,21,30,960**	**1,60,81,90,095**	**1,66,36,54,481**
	PREVIOUS YEAR :	**93,70,09,380**	**72,74,47,859**	**-**	**1,66,44,57,239**	**79,733**	**7,23,025**	**-**	**8,02,758**	**1,66,36,54,481**	**93,69,29,647**

Notes :

1. During the F.Y. 2016-17, the Company based on External Technical Evaluation, reassessed the remaining useful lives of Property, Plant & Equipments. W.e.f. 01st April, 2016 the company has charged depreciation based on revised useful lives of Property, Plant & Equipments. The estimated lives of Property, Plant & Equipments adopted (except vehicles) are different from those prescribed under Schedule - II of the Act and have been determined based on technical opinion obtained from External Experts. This being first year of capitalisation (except vehicles & computers), there is no change on depreciation charge for the year on account of said change in estimate.
2. Depreciation has been charged on prorata basis on assets which have been put to use during the year. Depreciation is charged on Double Shift Basis on Machineries installed & used in "Machine Shop".
3. The Company has allocated interest / charges on borrowing of Rs. 17,81,48,438/- and pre-operative expenses of Rs. 16,89,17,639/- over qualifying fixed assets during the year in accordance with Accounting Standard - 16 "Borrowing Costs" and Accounting Standard - 10 "Property, Plant & Equipment" respectively.
4. The Gross Block of Plant & Machinery includes Continuous Process Plant amounting to Rs. 4,98,19,275/-.

MANESH MEHTA & ASSOCIATES * CHARTERED ACCOUNTANTS * MUMBAI BARODA DELHI

18 REVENUE FROM OPERATIONS (NET)

Particulars	Year Ended 31-Mar-2017 (Rs.)	Year Ended 31-Mar-2016 (Rs.)
Sales of Finished Goods	60,93,65,893	-
Revenues From Job Work Services	3,65,933	-
	60,97,31,826	-
Less : Sales Taxes & VAT	5,38,10,975	-
Total	55,59,20,851	-
Less : Excise Duty	6,22,77,363	-
Total	**49,36,43,488**	-

19 OTHER INCOME

Particulars	Year Ended 31-Mar-2017 (Rs.)	Year Ended 31-Mar-2016 (Rs.)
Interest Income	13,93,530	14,63,305
Foreign Exchange Fluctuation Gain	3,93,702	20,36,194
Miscellaneous Income	1,27,012	27,165
Sundry Balance Written Back	9,104	-
Total	**19,23,348**	**35,26,664**

20 COST OF MATERIALS CONSUMED

Particulars	Year Ended 31-Mar-2017 (Rs.)	Year Ended 31-Mar-2016 (Rs.)
Opening Stock	1,51,59,943	-
Add : Purchases (Net)	18,85,66,601	-
Less : Closing Stock	1,54,53,013	-
Total	**18,82,73,531**	-

21 CHANGES IN INVENTORIES OF FINISHED GOODS AND WORK IN-PROGRESS

Particulars	Year Ended 31-Mar-2017 (Rs.)	Year Ended 31-Mar-2016 (Rs.)
Opening Stock :		
Work-in-Progress	2,63,90,451	-
Finished Goods	37,86,697	-
	3,01,77,148	-
Closing Stock :		
Work-in-Progress	3,32,64,555	-
Finished Goods	31,00,177	-
	3,63,64,732	-
Decrease / (Increase) in Inventories **Total**	**(61,87,584)**	-

MEHTA & ASSOCIATES MANESH CHARTERED ACCOUNTANTS MUMBAI BARODA DELHI

22 EMPLOYEE BENEFIT EXPENSES

Particulars	Year Ended 31-Mar-2017 (Rs.)	Year Ended 31-Mar-2016 (Rs.)
Salaries & Wages	9,67,54,832	61,91,778
Contribution to Employees Welfare Funds	44,86,694	2,55,973
Staff Walfare Expenses	18,44,439	-
Total	**10,30,85,965**	**64,47,751**

23 FINANCE COST

Particulars	Year Ended 31-Mar-2017 (Rs.)	Year Ended 31-Mar-2016 (Rs.)
Interest Expenses	16,72,19,701	4,89,964
Other Financial Charges	33,12,607	-
Total	**17,05,32,308**	**4,89,964**

24 OTHER EXPENSES

Particulars	Year Ended 31-Mar-2017 (Rs.)	Year Ended 31-Mar-2016 (Rs.)
Stores & Tools consumed	5,97,74,525	-
Carraige Inward	54,04,720	-
Power & Fuel Charges	14,05,49,215	-
Job Work Charges	3,41,57,010	-
Repair & Maintenace	27,41,980	-
Factory Expenses	37,89,791	-
Other Repairs	10,18,757	7,71,008
Rent	-	7,00,000
Rates & Taxes	5,00,620	1,06,333
Insurance Premium	6,07,929	9,969
Conveyance Expenses	19,75,355	1,68,230
Travelling Expenses	22,18,093	2,00,631
Professional Fees	31,49,061	7,33,556
Fees & legal Expenses	18,64,421	24,84,815
Statutory Auditors' Remuneration	7,62,500	3,50,000
Printing & Stationery	2,67,222	2,99,001
Communication Expenses	5,51,907	3,87,470
Security Expenses	42,79,416	7,28,990
General Expenses	36,46,367	4,91,632
Marketing Expenses	66,578	4,00,000
Excise duty on Finished Goods Stock *	(76,280)	-
Total	**26,72,49,187**	**78,31,635**

* Indicates difference between Excise Duty on Opening and Closing Stock of Finished Goods.

MANESH MEHTA & ASSOCIATES * CHARTERED ACCOUNTANTS * MUMBAI BARODA DELHI

25 EARNING PER SHARE

Particulars	Current Year (Rs.)	Previous Year (Rs.)
Profit Available to Equity Shareholders After Tax	(21,02,00,066)	(1,22,69,420)
Weighted Average Number of Equity Shares of Rs. 10/- each		
Basic	5,72,65,080	3,50,55,089
Diluted	5,72,65,080	3,50,55,089
Earnings Per Share in Rs. :		
Basic	(3.67)	(0.35)
Diluted	(3.67)	(0.35)

26 M/s. Setco Automotive Limited has entered into a Joint Venture Agreement with Lingotes Especiales, Spain to establish a Foundry Project in the Company.

By virtue of subscription of majority shares, M/s. Setco Automotive Limited has acquired controlling stake in the Company and therefore, the Company (which is Joint Venture Company) is treated as subsidiary of M/s. Setco Automotive Limited w.e.f. 22.05.2014. The Holding Company being Public Company, Lava Cast Private Limited is treated as deemed Public Company for the purposes of Companies Act, 2013.

27 RELATED PARTY DISCLOSURES AS PER ACCOUNTING STANDARD - 18 "RELATED PARTY TRANSACTIONS"

A. Names of Related Parties and Nature of Relationship :

Sr. No.	Name of the Related Party	Relationship
1	Setco Engineering Private Limited	Ultimate Holding Company
2	Setco Automotive Limited	Holding Company
3	Setco Automotive (UK) Limited UK	Fellow Subsidiaries
4	Setco Automotive N.A. Inc. (USA)	
5	WEW Holdings Limited, Mauritius	
6	Setco MEA DMCC, UAE	
		Key Managerial Personnel
7	Mr. Ronobir K. Ghosh	Managing Director
8	Mr. Vinay V. Shahane	Chief Financial Officer
9	Mr. Bhautesh A. Shah	Company Secretary
10	Mr. Udit H. Sheth	Director & Joint Managing Director in Holding Co.
11	Mr. Harish K. Sheth	Related Party of Promoter / Holding Company
12	Mr. N. S. Virani	Director
13	Mr. Pedro Martin Garrido	Nominee Director
14	Transstadia Technologies Private Limited	Mr.Udit H. Sheth & Mr.N. S. Virani are Directors in Co.
15	R. K. S. Innovation	Mr. Ronobir K. Ghosh is a Partner in the Firm
16	Lingotes Especiales	Strategic Investor having significant influence / Technical Collaborator

MANESH MEHTA & ASSOCIATES * CHARTERED ACCOUNTANTS * MUMBAI BARODA DELHI

LAVA CAST PRIVATE LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2017

17	Western Engineering Works	Enterprises over which Key Managerial Personnel are able to exercise significant influence
18	SETransstadia Private Limited	
19	White River Entertainment Private Limited (Formerly Known as Transstadia (Ahmedabad) Pvt. Ltd.)	
20	Transstadia Play Sport Private Limited	
21	Transstadia Sport Sciences Private Limited	
22	Transstadia Capital Private Limited	
23	Transstadia Boxing India Private Limited	
24	Transstadia Holdings Private Limited	
25	Setco Holdings Private Limited	
26	Transstadia Hospitality Private Limited	
27	Urdit Exports	
28	Setco Foundation	

B. Transactions with Related Parties :

Sr. No.	Nature of Transaction	Current Year (Rs.)	Previous Year (Rs.)
I.	**Transactions with Holding Company, M/s. Setco Automotive Limtied :**		
	Gross Sales (Net of Returns)	60,93,36,007	22,32,89,356
	Jobwork Charges	3,65,933	19,67,897
	Gross Purchases	3,49,32,725	2,81,13,442
	Expenditure including Capital Items	36,28,080	3,57,74,738
	Gratuity Transferred (Net)	-	2,24,380
	Compensated Absences Transferred	-	2,79,020
	Issue of Equity Shares	11,50,00,000	16,45,00,000
	Outstanding At Year End :		
	Equity Share Capital	53,15,50,000	41,65,50,000
	Amount Receivable	17,18,82,626	15,28,32,720
	Amount Payable	1,40,09,776	51,92,816
II.	**Transactions with Key Managerial Personnel & Related Parties :**		
	Transstadia Technologies Pvt. Ltd.		
	- Expenditure including Capital Items	2,99,251	2,10,44,389
	- Gross Sales	29,886	-
	- Trade Advance given	47,50,000	-
	Professional Fees Paid		
	- M/s. R. K. S. Innovations	-	75,60,000
	- N. S. Virani & Co.	-	25,000
	Managerial Remuneration (Managing Director) *		
	- Shri Ronobir K. Ghosh	49,50,000	-
	Short Term Loan Taken		
	- Shri Harish K. Sheth	-	5,05,00,000
	- Shri Udit H. Sheth	-	2,30,00,000
	Short Term Loan Repaid		
	- Shri Harish K. Sheth	-	5,05,00,000
	- Shri Udit H. Sheth	-	2,30,00,000
	Issue of Equity Shares		
	- Lingotes Especiales (J/V Partner)	4,12,36,000	-
	Outstanding At Year End :		
	Equity Share Capital		
	- Lingotes Especiales (J/V Partner)	13,46,00,000	9,33,64,000
	Amount Receivable		
	- Transstadia Technologies Pvt. Ltd.	46,36,247	1,55,611
	Amount Payable		
	- Shri Ronobir K. Ghosh	3,10,811	-

* In View of Losses, Remuneration to Managing Director has been provided within the limits laid down under Part - II of Schedule V of the Companies Act, 2013

MANESH MEHTA & ASSOCIATES
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LAVA CAST PRIVATE LIMITED

28 CONTINGENT LIABILITIES & CAPITAL COMMITMENTS

A. Contingent Liabilities :

Guarantee given by bank on behalf of the Company Rs. 7,38,03,387/- (Previous Year Rs. 7,40,03,387/-).

B. Capital Commitments :

Estimated Amount of Contracts remaining to be executed on Capital Account and not provided for Rs. 99,54,710/- (Previous Year Rs. 51,50,000/-).

29 SUNDRY CREDIT & DEBIT BALANCES

a. Trade Payables, Creditors for Capital Expenditure and Capital Advances are subject to reconciliation and / or confirmation.

b. In the opinion of the Management, Current and Non-Current Assets are recoverable in the normal course of business.

30 SEGMENT INFORMATION

The Company is operating only in one business segment viz. Casting Manufacturing Foundry.

31 PAYMENT TO AUDITORS

Sr. No.	Particulars	Current Year (Rs.)	Previous Year (Rs.)
a.	As Auditors		
	Statutory Audit Fees	7,62,500	3,50,000
	Tax Audit Fees	75,000	-
	Certification Fees	18,000	89,000
	Total	**8,55,500**	**4,39,000**

32 During the year, the company has recognised revenue from sale of products on dispatch of products from works on FOB Basis which coincides with transfer of risks & rewards of ownership to the customers. Hitherto, the company was recognising revenue from sale of products on delivery of products to the customers, when all significant risks & rewards of ownership have been transferred to the buyer. This change is adopted with a view to consider commercial prudence and to present realistic position of revenue. There is no impact on loss for the year on account of this change.

33 During the year, valuation of inventories is carried out on lower of weighted average cost or Net realisable value on account of implementation of SAP computerized system. Hitherto, the valuation of inventories was carried out by the company at lower of cost or net realisable value on FIFO basis. Loss for the year is higher by Rs. 2,42,928/- on account of this change.

34 The company has commenced commercial production with effect from 1st April, 2016.

35 The Company has incurred Cash Losses of Rs. 2,273.89 Lacs during the year and has Accumulated Cash Losses of Rs. 2,445.88 Lacs as at 31.03.2017. With the utilization of spare production capacity from F.Y. 2017-18 onwards, the Company is reasonably confident to wipe out accumulated losses and report better operating performance.

MEHTA & ASSOCIATES MANESH CHARTERED ACCOUNTANTS MUMBAI BARODA DELHI

36 EMPLOYEE BENEFITS

Disclosure Pursuant to AS – 15 (Revised) "Employee Benefits"

i) Defined Contribution Plans

a. Provident Fund & ESIC amounts of Rs. Nil /- (Previous Year Rs. 29,96,323/-) is recognised as Pre-Operative Expenses and is included in Note No. 11 under the head "Fixed Assets".

b. Provident Fund & ESIC amounts of Rs. 44,86,694/- (Previous Year Rs. 2,55,973/-) is recognised as an Expense in the Statement of Profit & Loss and is included in Note No. 22 under the head "Employee Benefit Expenses".

ii) Defined Benefit Plans

Contribution to Gratuity Fund

CHANGES IN DEFINED BENEFIT OBLIGATION

Particulars	Current Year (Rs.)	Previous Year (Rs.)
Opening Defined Benefits Obligation	17,09,015	-
Transfer in / (out) Obligation	-	9,11,930
Current Service Cost	8,64,831	6,56,652
Interest Cost	1,28,139	17,527
Benefit Paid	(98,308)	-
Actuarial (Gain) / Loss on Obligation	(13,23,619)	1,22,906
Closing Defined Benefit Obligation	**12,80,058**	**17,09,015**

FAIR VALUE OF PLAN ASSETS

Particulars	Current Year (Rs.)	Previous Year (Rs.)
Opening Fair Value of Plan Assets	20,03,497	-
Transfer in / (out) of Plan Assets	-	11,36,310
Expected Return on Plan Assets	1,27,709	22,400
Contributions made by the Employer during the year	9,66,269	8,08,128
Benefit Paid	(98,308)	-
Actuarial Gain / (Loss) on Plan Assets	69,834	71,849
Expenses Deducted From Fund	(99,760)	(35,190)
Closing Fair Value of Plan Assets	**29,69,241**	**20,03,497**

Note : The Plan Assets comprise insurer managed funds for which details of Portfolio are not available.

AMOUNT RECOGNISED IN THE BALANCE SHEET

Particulars	Current Year (Rs.)	Previous Year (Rs.)
Defined Benefit Plan - Gratuity (Funded)		
Present Value of Funded Obligation	(12,80,058)	(17,09,015)
Present Value of Non-Funded Obligation	-	-
Total Obligation	(12,80,058)	(17,09,015)
Fair Value of Plan Assets at the end of the year	29,69,241	20,03,497
Net Asset / (Liability) included under the head Long Term Loans & Advances (Note 12) & Short Term Loans & Advances (Note 17)	**16,89,183**	**2,94,482**

MANESH MEHTA & ASSOCIATES * CHARTERED ACCOUNTANTS * MUMBAI BARODA DELHI

LAVA CAST PRIVATE LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2017

EXPENSES RECOGNISED IN THE STATEMENT OF PROFIT & LOSS

Particulars	Current Year (Rs.)	Previous Year (Rs.)
Current Service Cost	8,64,831	6,56,652
Interest Cost on Benefit Obligation	1,28,139	17,527
Expected Return on Plan Assets	(1,27,709)	(22,400)
Net Actuarial (Gain) / Loss recognized during the year	(13,93,453)	51,057
Expenses Deducted From Fund	99,760	35,190
Amount Included in Note 22 – "Employee Benefits"	**(4,28,432)**	**7,38,026**

BALANCE SHEET RECONCILIATION

Particulars	Current Year (Rs.)	Previous Year (Rs.)
Opening Net Liability	(2,94,482)	-
Transfer in / (out) Obligation	-	9,11,930
Transfer in / (out) of Plan Assets	-	(11,36,310)
Expenses as Above	(4,28,432)	7,38,026
Contributions made during the year	(9,66,269)	(8,08,128)
Assets Recognized in Balance Sheet	**(16,89,183)**	**(2,94,482)**

The Principal Acturial Assumption used in determining Gratuity & Long Term Compensated Absences :

	Current Year	Previous Year
Mortality Table	2006-08 (Ultimate) - Indian Assured Lives Mortality	2006-08 (Ultimate) - Indian Assured Lives Mortality
Discount rate	7.40%	7.80%
Estimated Future Salary Growth	6.00%	6.00%
Expected Rate of Return on Plan Assets (Applicable to Gratuity only)	7.40%	7.80%
Attrition Rate	5% at younger ages reducing to 1% at older ages	5% at younger ages reducing to 1% at older ages
Valuation Method	Projected Unit Credit Method	Projected Unit Credit Method

Note : The estimates of future salary increase considered in actuarial valuation, takes account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

Amounts of the Current and Previous Year in respect of Gratuity are as follows :

Particulars	Current Year (Rs.)	Previous Year (Rs.)
Defined Benefit Obligation	12,80,058	17,09,015
Plan Assets	29,69,241	20,03,497
Surplus / (Deficit)	**16,89,183**	**2,94,482**

Table of Experience Adjustments *

Particulars	Current Year (Rs.)	Previous Year (Rs.)
Defined Benefit Obligation	12,80,058	17,09,015
Plan Assets	29,69,241	20,03,497
Surplus / (Deficit)	16,89,183	2,94,482
Experience Adjustments on Plan Liabilities	(13,94,179)	1,22,906
Actuarial Loss /(Gain) due to change in Assumptions	70,560	-
Experience Adjustments on Plan Assets	(69,834)	(71,849)
Net Actuarial Loss / (Gain) for the year	(13,93,453)	51,057

MANESH MEHTA & ASSOCIATES * CHARTERED ACCOUNTANTS * MUMBAI BARODA DELHI

LAVA CAST PRIVATE LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2017

37 RAW MATERIALS & COMPONENTS CONSUMED

Sr. No.	Particulars	Current Year (Rs.)	Previous Year (Rs.)
1	Scraps	13,22,58,821	-
2	Ferro Alloys	5,60,14,710	-
	Total	**18,82,73,531**	**-**

38 STOCK OF WORK-IN-PROCESS

Sr. No.	Particulars	Current Year (Rs.)	Previous Year (Rs.)
1	Pressure Plates	1,85,14,819	-
2	Covers	1,31,12,077	-
3	Others	16,37,659	-
	Total	**3,32,64,555**	**-**

39 STOCK AND TURNOVER

Sr. No.	Particulars	Opening Stock (Rs.)	Closing Stock (Rs.)	Sales (Rs.)
1	Pressure Plates	17,52,358	27,67,196	24,28,77,502
		-	(17,52,358)	-
2	Covers	20,34,339	2,42,618	24,19,28,050
		-	(20,34,339)	-
3	Others	-	90,363	84,72,004
		-	-	-
	Total	**37,86,697**	**31,00,177**	**49,32,77,556**
		-	**(37,86,697)**	-

40 CIF VALUE OF IMPORTS

Sr. No.	Particulars	Current Year (Rs.)	Previous Year (Rs.)
a.	Capital Goods	1,75,37,000	14,56,58,401
b.	Consumable Items	46,41,577	12,99,104
	Total	**2,21,78,577**	**14,69,57,505**

41 EXPENDITURE IN FOREIGN CURRENCY

Sr. No.	Particulars	Current Year (Rs.)	Previous Year (Rs.)
a.	Pre Operative Expenses (Foreign Travelling)	-	88,404
b.	Foreign Travelling Expenses	3,66,952	-
	Total	**3,66,952**	**88,404**

42 Earnings in Foreign Currency is NIL.

43 RAW MATERIAL & STORES & TOOLS CONSUMED

The Consumption of Stores & Tools Consumed includes consumption of Imported Tools of Rs. 26,49,515/- which is 4.43% in Total Stores & Tools Consumption. There were no Imported Raw Materials consumed during the year.

MANESH MEHTA & ASSOCIATES
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LAVA CAST PRIVATE LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2017

44 SPECIFIED BANK NOTES HELD AND TRANSACTED DURING THE PERIOD FROM 08.11.2016 TO 30.12.2016

		SBNs	Other Denomination Notes	Total
	Closing Cash in Hand as on 08.11.2016	20,500	15,721	36,221
	Add : Permitted Receipts	-	1,31,000	1,31,000
	Less : Permitted Payments	-	1,35,835	1,35,835
	Less : Amount Deposited in Banks	20,500	-	20,500
	Closing Cash in Hand as on 30.12.2016	-	**10,886**	**10,886**

45 Prior Period Expenses of Rs. 14,596/- (Previous Year Rs. NIL/-) has been recognized under relevant heads in Statement of Profit & Loss.

46 Figures in brackets represent Previous Year's figures.

47 Previous Year's figures have been regrouped / reclassfied wherever necessary to correspond with current year's classification / disclosure. Previous Year's comparative data are given to the extent applicable.

As per our Report of even date attached
For Manesh Mehta & Associates
Chartered Accountants
(Firm Registration No. : 115832W)

(Manesh P. Mehta)
Partner
Membership No. 036032

Place : Mumbai
Date : 29th May, 2017

MANESH MEHTA & ASSOCIATES * CHARTERED ACCOUNTANTS * MUMBAI BARODA DELHI

For and on behalf of the Board

Place : Mumbai
Date : 29th May, 2017

COMPANY REGISTRATION NUMBER: 5628324

Setco Automotive (UK) Limited

Financial Statements

31 March 2017

Setco Automotive (UK) Limited

Financial Statements

Year ended 31 March 2017

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Setco Automotive (UK) Limited

Officers and Professional Advisers

The board of directors	S Haworth U H Sheth
Company secretary	J C Wibberley
Registered office	York Avenue Haslingden Rossendale Lancashire BB4 4HU
Auditor	Wheawill & Sudworth Limited Chartered accountant & statutory auditor 35 Westgate Huddersfield HD1 1PA
Bankers	ICICI Bank UK plc 25 / 31 Cheetham Hill Road Manchester M4 4FY
Solicitors	AEA Associates Limited 3 The Quadrant Warwick Road Coventry CV1 2DY

The directors present their report for the financial year ended 31 March 2017.

Principal activity and business review

The principal activity of the company during the year was the assembly and distribution of clutches and associated products within the commercial vehicle sector.

Performance and developments during the year

The company made a loss of £1,066,143 compared with £779,294 in 2016. This loss included a group interest charge of £696,807 (2016: £482,676). The UK operation is also dependent on supply from the parent company on an arms-length pricing formula. At the operational EBITDA level excluding irrecoverable overseas taxes the company achieved an approximate breakeven result.

In the 2017 financial year, turnover was £3,768,464, a decrease of 4.3% over the previous year as a result of inter-group sales not recurring. The Group strategy of maximising export sales is beginning to bear fruit and now accounts for a significant proportion of overall revenue. However margins are lower than home trade and this impacts on the UK site profitability. Balancing this to the overall group strategy is the fact that this export growth consumes a higher proportion of internally manufactured product.

Behind the overall operational results, the principal focus of the UK operation remains to develop for the parent company new product groups and individual series product designs. The UK operation is tasked with identifying and delivering a sustainable market development strategy in its areas of responsibility, utilising the world class manufacturing facilities in India backed by a quality product.

Principal risks and uncertainties

The company maintains strong relationships with each of its customers and has established credit control parameters. Foreign currency exposure is managed through various hedging arrangements.

Financial instruments

The company's principal financial instruments comprise bank balances, bank loans, trade creditors, trade debtors and loans from the parent company. The main purpose of these instruments is to raise funds for the company's operations and to finance the company's operations.

Price risk is managed by monitoring and reacting to changes in market rates. The company's approach to managing other risks applicable to the financial instruments concerned is shown below.

In respect of bank balances the liquidity risk is managed by maintaining a balance between the continuity of funding and flexibility through the use of short term loans secured through corporate guarantee by the parent company.

In respect of loans these comprise loans from the parent company and loans from financial institutions. The company manages the liquidity risk by ensuring there are sufficient funds to meet the payments. The loans from the parent company over 180 days carry an interest charge of 11.85%. The parent company has provided a corporate guarantee in support of the company's bank loan.

Trade debtors are managed in respect of credit and cash flow by policies concerning the credit offered to customers and the regular monitoring of amounts outstanding for both time and credit limits. Credit insurance arrangements are also in place.

Trade creditors liquidity risk is managed by ensuring sufficient funds are available to meet amounts due.

Research and development

The company continues to take advantage of technical advances as they arise and strives to develop new processes that increase efficiency in all aspects of the company's operations. The focus for the dedicated R&D team is to further develop the product range, improve the engineering facilities and enhance the technical knowledge required to meet the expectations of the major European OEMs.

Financial key performance indicators

The directors use a range of key performance indicators to aid management of the company. These include measures on orders received and outstanding, gross margin achieved, cash generation and stock turnover.

Outlook

The directors continue to examine opportunities for further development of the business and its efficiencies. The directors have considered the results of the current financial year up to the date of this report and are reasonably confident the company can continue to trade for at the least the next twelve months from the date of approval of these financial statements. They have received assurances from the parent company that, if necessary, the parent company will provide additional working capital facilities and subordinate amounts owed to it in favour of amounts owed to external creditors.

This report was approved by the board of directors on 23 May 2017 and signed on behalf of the board by:

S Haworth
Director

Directors' Report

Year ended 31 March 2017

The directors present their report and the financial statements of the company for the year ended 31 March 2017.

Directors

The directors who served the company during the year were as follows:

S Haworth
U H Sheth
T D Liggins

T D Liggins resigned as a director on 30 April 2017.

None of the directors hold any shares in the company. U H Sheth and S Haworth hold 4,917,400 and 14,990 shares respectively, in the parent company, Setco Automotive Limited.

Dividends

The directors do not recommend the payment of a dividend.

Disclosure of information in the strategic report

In accordance with Section 414C(11), Companies Act 2006, the following information required to be contained in this report is set out in the company's Strategic Report on page 2: principal activities, business review, future developments, financial risks and research and development.

Directors' responsibilities statement

The directors are responsible for preparing the strategic report, directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the profit or loss of the company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditor

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as they are aware, there is no relevant audit information of which the company's auditor is unaware; and
- they have taken all steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

The auditor is deemed to have been re-appointed in accordance with section 487 of the Companies Act 2006.

This report was approved by the board of directors on 23 May 2017 and signed on behalf of the board by:

S Haworth
Director

Independent Auditor's Report to the Members of Setco Automotive (UK) Limited

Year ended 31 March 2017

We have audited the financial statements of Setco Automotive (UK) Limited for the year ended 31 March 2017, on pages 8 to 20. The financial reporting framework that has been applied in their preparation is applicable law and the United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

This report is made solely to the company's members, as a body, in accordance with chapter 3 of part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the strategic report and the directors' report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2017 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Emphasis of matter

In forming our opinion we have considered the adequacy of the disclosure made in note 3 of the financial statements regarding the solvency of the company. The financial statements have been prepared on a going concern basis, the appropriateness of this basis is supported by the company having secured long term parent company funding sufficient to enable the company to trade for the foreseeable future. In view of the significance of this matter we consider that it should be drawn to your attention but our opinion is not qualified in this respect.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Wheawill + Sudworth Limited

David M Butterworth (Senior Statutory Auditor)

For and on behalf of
Wheawill & Sudworth Limited
Chartered accountant & statutory auditor
35 Westgate
Huddersfield
HD1 1PA

23 May 2017

Setco Automotive (UK) Limited

Statement of Comprehensive Income

Year ended 31 March 2017

	Note	2017 £	2016 £
Turnover	**4**	**3,768,464**	*3,937,753*
Cost of sales		**(2,418,093)**	*(2,421,781)*
Gross profit		**1,350,371**	*1,515,972*
Distribution costs		**(209,235)**	*(210,848)*
Administrative expenses		**(1,404,913)**	*(1,523,976)*
Operating loss	**5**	**(263,777)**	*(218,852)*
Interest payable and similar expenses	**9**	**(802,366)**	*(560,442)*
Loss before taxation		**(1,066,143)**	*(779,294)*
Tax on loss		**–**	*–*
Loss for the financial year		**(1,066,143)**	*(779,294)*
Revaluation of tangible assets		**144,662**	*–*
Total comprehensive income for the year		**(921,481)**	*(779,294)*

All the activities of the company are from continuing operations.

The notes on pages 12 to 20 form part of these financial statements.

Setco Automotive (UK) Limited

Statement of Financial Position

31 March 2017

	Note	2017 £	2016 £
Fixed assets			
Intangible assets	**10**	**255,828**	*383,628*
Tangible assets	**11**	**848,785**	*702,369*
Investments	**12**	**1,669,230**	*769,230*
		2,773,843	*1,855,227*
Current assets			
Stocks	**13**	**2,952,629**	*3,401,415*
Debtors	**14**	**1,602,864**	*2,227,816*
Cash at bank and in hand		**150,732**	*121,040*
		4,706,225	*5,750,271*
Creditors: amounts falling due within one year	**15**	**5,578,980**	*5,877,198*
Net current liabilities		**872,755**	*126,927*
Total assets less current liabilities		**1,901,088**	*1,728,300*
Creditors: amounts falling due after more than one year	**16**	**1,000,000**	*1,200,000*
Net assets		**901,088**	*528,300*
Capital and reserves			
Called up share capital	**19**	**2,734,269**	*1,440,000*
Revaluation reserve	**20**	**301,759**	*164,005*
Profit and loss account	**20**	**(2,134,940)**	*(1,075,705)*
Members funds		**901,088**	*528,300*

These financial statements were approved by the board of directors and authorised for issue on 23 May 2017, and are signed on behalf of the board by:

S Haworth
Director

Company registration number: 5628324

The notes on pages 12 to 20 form part of these financial statements.

Setco Automotive (UK) Limited

Statement of Changes in Equity

Year ended 31 March 2017

	Note	Called up share capital £	Revaluation reserve £	Profit and loss account £	**Total £**
At 1 April 2015 (as previously reported)		1,440,000	167,297	(340,618)	*1,266,679*
Prior period adjustments		–	–	40,915	*40,915*
At 1 April 2015 (restated)		1,440,000	167,297	(299,703)	*1,307,594*
Loss for the year				(779,294)	*(779,294)*
Other comprehensive income for the year:					
Reclassification from revaluation reserve to profit and loss account		–	(3,292)	3,292	–
Total comprehensive income for the year		–	(3,292)	(776,002)	*(779,294)*
At 31 March 2016		1,440,000	164,005	(1,075,705)	**528,300**
Loss for the year				(1,066,143)	**(1,066,143)**
Other comprehensive income for the year:					
Revaluation of tangible assets	**11**	–	144,662	–	**144,662**
Reclassification from revaluation reserve to profit and loss account		–	(6,908)	6,908	**–**
Total comprehensive income for the year		–	137,754	(1,059,235)	**(921,481)**
Conversion of debt to equity		1,294,269	–	–	**1,294,269**
Total investments by and distributions to owners		1,294,269	–	–	**1,294,269**
At 31 March 2017		2,734,269	301,759	(2,134,940)	**901,088**

The notes on pages 12 to 20 form part of these financial statements.

Setco Automotive (UK) Limited

Statement of Cash Flows

Year ended 31 March 2017

	2017	2016
	£	£
Cash flows from operating activities		
Loss for the financial year	**(1,066,143)**	*(779,294)*
Adjustments for:		
Depreciation of tangible assets	**37,319**	*30,346*
Amortisation of intangible assets	**127,800**	*126,792*
Interest payable and similar expenses	**802,366**	*560,442*
Gains on disposal of tangible assets	**(150)**	*(600)*
Changes in:		
Stocks	**448,786**	*(150,723)*
Trade and other debtors	**624,952**	*231,422*
Trade and other creditors	**(149,158)**	*108,578*
Cash generated from operations	**825,772**	*126,963*
Interest paid	**(802,366)**	*(560,442)*
Net cash from/(used in) operating activities	**23,406**	*(433,479)*
Cash flows from investing activities		
Purchase of tangible assets	**(39,073)**	*(33,745)*
Proceeds from sale of tangible assets	**150**	*600*
Acquisition of subsidiaries	**(900,000)**	–
Net cash used in investing activities	**(938,923)**	*(33,145)*
Cash flows from financing activities		
Proceeds from issue of ordinary shares	**1,294,269**	–
Repayments of borrowings	**(160,442)**	*(433,003)*
Proceeds from loans from group undertakings	**–**	*958,736*
Repayment of loans from group undertakings	**(188,618)**	–
Net cash from financing activities	**945,209**	*525,733*
Net increase in cash and cash equivalents	**29,692**	*59,109*
Cash and cash equivalents at beginning of year	**121,040**	*61,931*
Cash and cash equivalents at end of year	**150,732**	*121,040*

The notes on pages 12 to 20 form part of these financial statements.

1. General information

The company is a private company limited by shares, registered in England and Wales. The address of the registered office is York Avenue, Haslingden, Rossendale, Lancashire, BB4 4HU.

2. Statement of compliance

These financial statements have been prepared in compliance with FRS 102, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland'.

3. Accounting policies

Basis of preparation
The parent company, Setco Automotive Limited, has confirmed that it will provide adequate working capital facilities to enable the company to trade and meet its obligations as they fall due until at least 30 June 2018. It has also provided guarantees in support of the company's bank facilities. Consequently, the directors consider it appropriate to prepare these financial statements on a going concern basis. The financial statements do not include any adjustments that would result from a withdrawal of of this support.

Consolidated financial statements
The financial statements present information about the company as an individual undertaking. The company has taken advantage of the exemption in S401 Companies Act 2006 from the obligation to prepare and deliver consolidated financial statements as the results are included in the accounts of a larger group.

Debtors and creditors receivable/payable within one year

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the profit and loss account in other administrative expenses.

Judgements and key sources of estimation uncertainty
The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. These estimates and judgements are continually reviewed and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Accounting estimates and assumptions are made concerning the future and, by their nature, will rarely equal the related actual outcome.

Revenue recognition
Turnover comprises the value of sales excluding value added tax and trade discounts.

Revenue is recognised at the date of invoicing to the customers.

Foreign currencies
Transactions in foreign currencies are translated at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities in foreign currencies are translated at the rates of exchange ruling at the balance sheet date. Where exchange differences result from the translation of foreign currency borrowings raised to acquire foreign assets they are taken to reserves and offset against the differences arising from the translation of those assets. All other exchange differences are dealt with through the profit and loss account.

3. Accounting policies ***(continued)***

Operating leases
Lease payments are recognised as an expense over the lease term on a straight-line basis. The aggregate benefit of lease incentives is recognised as a reduction to expense over the lease term, on a straight-line basis.

Intangible assets
Intangible assets are initially recorded at cost, and are subsequently stated at cost less any accumulated amortisation and impairment losses. Any intangible assets carried at revalued amounts, are recorded at the fair value at the date of revaluation, as determined by reference to an active market, less any subsequent accumulated amortisation and subsequent accumulated impairment losses.

Intangible assets acquired as part of a business combination are recorded at the fair value at the acquisition date.

Amortisation
Amortisation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful life of that asset as follows:

Development costs	-	Five years commencing when sales begin.

If there is an indication that there has been a significant change in the revenue generation, useful life or residual value of an intangible asset, the amortisation rate is revised accordingly to reflect the new estimates.

Research and development
Development expenditure incurred on clearly defined projects whose outcome can be assessed with reasonable certainty is carried forward and amortisation is charged over five years commencing when sales begin.
Other research and development expenditure is written off in the year in which it is incurred.

Tangible assets
Tangible assets are initially recorded at cost, and subsequently stated at cost less any accumulated depreciation and impairment losses. Any tangible assets carried at revalued amounts are recorded at the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

An increase in the carrying amount of an asset as a result of a revaluation, is recognised in other comprehensive income and accumulated in equity, except to the extent it reverses a revaluation decrease of the same asset previously recognised in profit or loss. A decrease in the carrying amount of an asset as a result of revaluation, is recognised in other comprehensive income to the extent of any previously recognised revaluation increase accumulated in equity in respect of that asset. Where a revaluation decrease exceeds the accumulated revaluation gains accumulated in equity in respect of that asset, the excess shall be recognised in profit or loss.

Depreciation
Depreciation is calculated so as to write off the cost or valuation of an asset, less its residual value, over the useful economic life of that asset as follows:

Freehold property	-	25-40 years straight line
Plant & machinery	-	4-7 years straight line
Computer equipment	-	3 years straight line

Freehold land is not depreciated.

The part of the annual depreciation charge of revalued assets which relates to the surplus over cost is transferred from the revaluation reserve to the profit and loss account.

3. Accounting policies *(continued)*

Investments
Investments are initially recorded at cost and are subject to an annual impairment review. Profits or losses arising from disposals of fixed asset investments are treated as part of the results from ordinary activities.

Impairment of fixed assets
A review for indicators of impairment is carried out at each reporting date, with the recoverable amount being estimated where such indicators exist. Where the carrying value exceeds the recoverable amount, the asset is impaired accordingly. Prior impairments are also reviewed for possible reversal at each reporting date.

For the purposes of impairment testing, when it is not possible to estimate the recoverable amount of an individual asset, an estimate is made of the recoverable amount of the cash-generating unit to which the asset belongs. The cash-generating unit is the smallest identifiable group of assets that includes the asset and generates cash inflows that largely independent of the cash inflows from other assets or groups of assets.

Stocks
Stocks are stated at the lower of cost and net realisable value.

Financial instruments
Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as either financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Defined contribution plans
The company operates a defined contribution pension scheme. The amount charged to the profit and loss account in respect of pension costs is the contributions payable in the year.

4. Turnover

Turnover arises from:

	2017	2016
	£	£
Sale of goods	**3,768,464**	*3,937,753*

The percentage of turnover attributable to overseas markets was 53% (2016: 53%).

5. Operating profit

Operating profit or loss is stated after charging:

	2017	2016
	£	£
Amortisation of intangible assets	**127,800**	*126,792*
Depreciation of tangible assets	**37,319**	*30,346*
Gains on disposal of tangible assets	**(150)**	*(600)*
Impairment of trade debtors	**3,668**	*6,012*
Foreign exchange differences	**22,146**	*146,462*

6. Auditor's remuneration

	2017	2016
	£	£
Fees payable for the audit of the financial statements	**8,500**	*8,500*

Fees payable to the company's auditor and its associates for other services:

Other non-audit services	**2,500**	*2,000*

7. Staff costs

The average number of persons employed by the company during the year, including the directors, amounted to:

	2017	2016
	No.	No.
Production staff	**10**	*8*
Distribution staff	**1**	*1*
Administrative staff	**18**	*20*
	29	*29*

The aggregate payroll costs incurred during the year, relating to the above, were:

	2017	2016
	£	£
Wages and salaries	**566,501**	*538,891*
Social security costs	**123,613**	*133,648*
Other pension costs	**53,068**	*52,979*
	743,182	*725,518*

8. Directors' remuneration

The directors aggregate remuneration in respect of qualifying services was:

	2017	2016
	£	£
Remuneration	**57,863**	*68,631*
Company contributions to defined contribution pension plans	**14,707**	*21,562*
	72,570	*90,193*

The number of directors who accrued benefits under company pension plans was as follows:

	2017	2016
	No.	No.
Defined contribution plans	**1**	*1*

9. Interest payable and similar expenses

	2017	2016
	£	£
Interest on banks loans and overdrafts	**105,559**	*77,766*
Other interest payable and similar charges	**696,807**	*482,676*
	802,366	*560,442*

10. Intangible assets

	Development costs £
Cost	
At 1 Apr 2016 and 31 Mar 2017	**878,000**
Amortisation	
At 1 April 2016	**494,372**
Charge for the year	**127,800**
At 31 March 2017	**622,172**
Carrying amount	
At 31 March 2017	**255,828**
At 31 March 2016	*383,628*

11. Tangible assets

	Land and buildings £	Plant and machinery £	Equipment £	**Total £**
Cost or valuation				
At 1 April 2016	770,757	390,201	211,814	**1,372,772**
Additions	–	29,656	9,417	**39,073**
Disposals	–	(7,140)	–	**(7,140)**
Revaluations	144,662	–	–	**144,662**
At 31 March 2017	915,419	412,717	221,231	**1,549,367**
Depreciation				
At 1 April 2016	162,608	317,226	190,569	**670,403**
Charge for the year	14,811	9,605	12,903	**37,319**
Disposals	–	(7,140)	–	**(7,140)**
At 31 March 2017	177,419	319,691	203,472	**700,582**
Carrying amount				
At 31 March 2017	738,000	93,026	17,759	**848,785**
At 31 March 2016	608,149	72,975	21,245	*702,369*

Certain fixed assets were included at independent professional valuations undertaken in January 2006.

An updated independent professional valuation of the freehold land and property was undertaken in October 2016 by Parkinson Chartered Surveyors who are a qualified valuer as defined within the RICS Valuation Professional Standards Manual. This indicated that the aggregate market value was £738,000 compared to the net book value of £593,338 which resulted in a revaluation surplus of £144,662 which has been recognised in these financial statements. Given the availability of indexation allowance and losses generally no deferred tax liability has been recognised.

12. Investments

	Shares in group undertakings £
Cost	
At 1 April 2016	**769,230**
Additions	**900,000**
At 31 March 2017	**1,669,230**
Impairment	
At 1 Apr 2016 and 31 Mar 2017	**–**
Carrying amount	
At 31 March 2017	**1,669,230**
At 31 March 2016	*769,230*

Subsidiaries, associates and other investments

The company's subsidiary undertakings are as follows:

	Details of investments	Proportion held by company	Nature of business
Setco Automotive (NA) Inc	2,625 (2016: 1,500) shares of $1000 each	100%	Manufacturing and distribution of clutches, compressors, hydraulic pressure converters and miscellaneous parts.

This company is incorporated and based in the USA.

The capital and reserves and profit/(loss) for the subsidiary company as at 31 March 2017 was as follows:

	Loss for the year £	Capital and reserves £
Setco Automotive (NA) Inc	(291,999)	1,613,394

13. Stocks

	2017 £	2016 £
Goods for re-sale and consumables	**2,952,629**	*3,401,415*

14. Debtors

	2017	2016
	£	*£*
Trade debtors	**696,274**	*764,898*
Amounts owed by group undertakings	**871,304**	*1,436,445*
Prepayments and accrued income	**25,543**	*26,323*
Other debtors	**9,743**	*150*
	1,602,864	*2,227,816*

Amounts due from group undertakings are repayable on demand but are not wholly recoverable within one year.

15. Creditors: amounts falling due within one year

	2017	2016
	£	*£*
Bank loans and overdrafts	**600,696**	*761,138*
Trade creditors	**101,007**	*186,103*
Amounts owed to group undertakings	**4,770,262**	*4,758,880*
Accruals and deferred income	**78,628**	*103,332*
Social security and other taxes	**25,494**	*64,549*
Other creditors	**2,893**	*3,196*
	5,578,980	*5,877,198*

16. Creditors: amounts falling due after more than one year

	2017	2016
	£	*£*
Amounts owed to group undertakings	**1,000,000**	*1,200,000*

17. Secured indebtedness

	2017	*2016*
	£	*£*
Aggregate amount of secured liabilities	**600,696**	*761,138*

18. Employee benefits

Defined contribution plans

The amount recognised in profit or loss as an expense in relation to defined contribution plans was £53,068 (2016: £52,979).

19. Called up share capital

Authorised share capital

	2017		2016	
	No.	**£**	No.	£
Ordinary shares of £1 each	**1,000,000**	**1,000,000**	*1,000,000*	*1,000,000*
Ordinary "A" shares of £1 each	**1,000,000**	**1,000,000**	*1,000,000*	*1,000,000*
Ordinary Unclassified shares of £1 each	**250,000**	**250,000**	*250,000*	*250,000*
5 1/2% Redeemable Preference Shares shares of £1 each	**750,000**	**750,000**	*750,000*	*750,000*
	3,000,000	**3,000,000**	*3,000,000*	*3,000,000*

Issued, called up and fully paid

	2017		2016	
	No.	**£**	No.	£
Ordinary shares of £1 each	**2,014,269**	**2,014,269**	*720,000*	*720,000*
Ordinary "A" shares of £1 each	**720,000**	**720,000**	*720,000*	*720,000*
	2,734,269	**2,734,269**	*1,440,000*	*1,440,000*

Share movements

	No.	**£**
Ordinary		
At 1 April 2016	**720,000**	**720,000**
Issue of shares	**1,294,269**	**1,294,269**
At 31 March 2017	**2,014,269**	**2,014,269**

The number of shares outstanding at the year end date for all other classes of shares is consistent with the prior year.

The various classes of shares rank pari passu except in certain respects, the principal ones being as follows:

1. In a general meeting of the company, the ordinary shares carry one vote per share, the "A" ordinary shares carry nine votes per share and the preference shares generally carry no voting rights.

2. Any preference shares in issue have certain preferential rights in relation to dividends and return of capital on a winding up of the company.

WEW Holdings Limited owns 640,000 (88.89%) of the "A" ordinary shares and Setco Automotive Limited owns 80,000 (11.11%) of the "A" ordinary shares.

Setco Automotive Limited owns 2,014,269 ordinary shares which represents 100% of the ordinary shares. During the year a debt of £1,294,269 owed to Setco Automotive Limited was converted into equity by way of issue of a further 1,294,269 ordinary shares of £1 each at par.

20. Reserves

Revaluation reserve - This reserve records the value of asset revaluations and fair value movements on assets recognised in other comprehensive income.

Profit and loss account - This reserve records retained earnings and accumulated losses.

21. Operating leases

The total future minimum lease payments under non-cancellable operating leases are as follows:

	2017	2016
	£	£
Not later than 1 year	**3,569**	*4,668*
Later than 1 year and not later than 5 years	**19,755**	*26,138*
	23,324	*30,806*

22. Related party transactions

During the year the company had sales of £1,634 (2016: £22,921) and purchases of £3,101 (2016: £129,671) with Setco Automotive (NA) Inc and the amount due from that company at the balance sheet date is £871,304 (2016: £1,436,445). During the year the company invested a further £900,000 in the equity of this subsidiary company by way of a debt for equity conversion.

During the year the company made purchases of £917,164 (2016: £1,272,604) and made sales of £2,885 (2016: £1,110) with the parent company, Setco Automotive Limited. The amount owed to that company at 31 March 2017 within one year was £4,770,262 (2016: £4,758,880) and after more than one year £1,000,000 (2016: £1,200,000).

Amounts due to the parent company over 180 days carry an interest charge of 11.85%. The interest charge for the year amounted to £696,807 (2016: £482,676).

The parent company has provided a corporate guarantee in support of the company's bank facilities. It has also confirmed that, if necessary, it will provide adequate working capital facilities to enable the company to continue to trade for at the least the next twelve months from the date of approval of these financial statements. In addition, the parent company has agreed to subordinate amounts owed to it in favour of amounts owed to external creditors.

23. Controlling party

The company's ultimate controlling parent company is Setco Automotive Limited, a company which is registered in India. There is no one controlling party of this company.

The following pages do not form part of the financial statements.

Setco Automotive (UK) Limited

Detailed Income Statement

Year ended 31 March 2017

	2017	2016
	£	£
Turnover	**3,768,464**	*3,937,753*
Cost of sales		
Purchases	**2,418,093**	*2,421,781*
Gross profit	**1,350,371**	*1,515,972*
Overheads		
Distribution costs	**209,235**	*210,848*
Administrative expenses	**1,404,913**	*1,523,976*
	1,614,148	*1,734,824*
Operating loss	**(263,777)**	*(218,852)*
Interest payable and similar expenses	**802,366**	*560,442*
Loss before taxation	**(1,066,143)**	*(779,294)*

Setco Automotive (UK) Limited

Notes to the Detailed Income Statement

Year ended 31 March 2017

	2017	2016
	£	£
Distribution costs		
Packaging materials	**15,084**	*17,496*
Motor vehicle expenses	**12,511**	*11,904*
Freight and carriage	**181,640**	*181,448*
	209,235	*210,848*
Administrative expenses		
Directors salaries	**54,502**	*65,731*
Directors pensions	**14,707**	*21,562*
Wages and salaries	**474,641**	*471,119*
Agency labour	**1,255**	*2,041*
Redundancy costs	**36,103**	*–*
Social security	**123,613**	*133,648*
Staff pension contributions	**38,361**	*31,417*
Rates and water	**28,812**	*27,899*
Light and heat	**28,851**	*30,995*
Insurance	**22,020**	*22,776*
Repairs and maintenance	**33,075**	*28,266*
Production consumables	**14,207**	*13,762*
Factory expenses	**32,807**	*34,956*
Motor expenses	**38,974**	*42,210*
Travel and subsistence	**–**	*3,982*
Printing postage and stationery	**5,817**	*5,196*
Staff training	**5,023**	*2,373*
Staff welfare	**2,475**	*1,592*
Sundry expenses	**3,431**	*2,554*
Communication expenses	**12,995**	*13,663*
Computer expenses	**19,015**	*16,970*
Advertising	**2,420**	*316*
Marketing and sales expenses	**177,726**	*202,750*
Entertaining	**154**	*155*
Legal and professional fees	**27,753**	*24,683*
Auditors remuneration	**11,000**	*10,500*
Amortisation of intangible assets	**127,800**	*126,792*
Depreciation of tangible assets	**37,319**	*30,346*
Gain on disposal of tangible assets	**(150)**	*(600)*
Bad debts written off	**3,668**	*6,012*
Bank charges	**4,393**	*3,848*
Foreign currency losses	**22,146**	*146,462*
	1,404,913	*1,523,976*
Interest payable and similar expenses		
Interest on banks loans and overdrafts	**105,559**	*77,766*
Other interest payable and similar charges	**696,807**	*482,676*
	802,366	*560,442*

SETCO AUTOMOTIVE (NA), INC.

FINANCIAL STATEMENTS

March 31, 2017 and 2016

SETCO AUTOMOTIVE (NA), INC.
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Alexander Thompson Arnold PLLC
165 Peppers Drive, Paris, TN 38242
Ⓟ 731.642.0771 Ⓕ 731.642.9795
www.atacpa.net

Independent Auditor's Report

To the Board of Directors and Stockholders
Setco Automotive (NA), Inc.
Paris, Tennessee

We have audited the accompanying financial statements of Setco Automotive (NA), Inc. (a Delaware corporation), which comprise the balance sheets as of March 31, 2017 and 2016, and the related statements of operations, changes in retained earnings, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Basis for Qualified Opinion

As more fully described in Note 1, E, accounting principles generally accepted in the United States of America require that research and development expenses be expensed when incurred. Management has informed us that these expenses are being amortized over three years in order to comply with generally accepted accounting principles in the United Kingdom. If accounting principles generally accepted in the United States of America had been followed for the year ended March 31, 2017, net income would increase by $177,949 and assets as of March 31, 2017 would decrease by $163,474. For the year ended March 31, 2016, net income would increase by $240,820 and assets as of March 31, 2016 would decrease by $355,898.

Qualified Opinion

In our opinion, except for the effects of amortizing research and development costs as discussed in the Basis for Qualified Opinion paragraph, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of Setco Automotive (NA), Inc. as of March 31, 2017 and 2016, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Sincerely,

Alexander Thompson Arnold PLLC

Alexander Thompson Arnold PLLC
Paris, Tennessee

May 17, 2017

SETCO AUTOMOTIVE (NA), INC.
BALANCE SHEETS
March 31, 2017 and 2016

	2017	2016
ASSETS		
Current assets		
Cash	$ 93,227	$ 148,070
Accounts receivable	1,155,189	842,085
Inventory	4,102,048	4,289,580
Other current assets	81,436	67,630
Total current assets	5,431,900	5,347,365
Property and equipment		
Land and buildings	1,159,390	1,159,390
Machinery and equipment	1,551,212	1,511,967
Total property and equipment	2,710,602	2,671,357
Less: accumulated depreciation	(1,666,286)	(1,553,270)
Net property and equipment	1,044,316	1,118,087
Other assets		
Deferred research and development costs	163,474	355,898
Deferred income tax asset	642,554	329,157
Goodwill	1,281,000	1,281,000
Total other assets	2,087,028	1,966,055
Total assets	**$ 8,563,244**	**$ 8,431,507**
LIABILITIES		
Current liabilities		
Accounts payable	$ 1,276,903	$ 770,948
Notes payable, current portion	3,221,582	3,493,518
Accrued and withheld payroll taxes	27,648	29,383
Accrued expenses	70,810	138,115
Accrued warranty	15,000	15,000
Total current liabilities	4,611,943	4,446,964
Long-term liabilities		
Notes payable, net of current portion	48,213	51,078
Due to affiliates	1,885,216	2,675,390
Total long-term liabilities	1,933,429	2,726,468
Total liabilities	6,545,372	7,173,432
STOCKHOLDERS' EQUITY		
Common stock	2,625,000	1,500,000
Retained earnings (deficit)	(607,128)	(241,925)
Total stockholders' equity	2,017,872	1,258,075
Total liabilities and stockholders' equity	**$ 8,563,244**	**$ 8,431,507**

The accompanying notes are an integral part of these financial statements.

SETCO AUTOMOTIVE (NA), INC.
STATEMENTS OF OPERATIONS
For the years ended March 31, 2017 and 2016

	2017		2016	
		%		%
Sales	**$ 5,278,764**	**100.00**	**$ 5,547,201**	**100.00**
Cost of sales				
Material cost	2,080,678	39.42	2,177,375	39.25
Labor cost	677,267	12.83	663,876	11.97
Other manufacturing costs	311,518	5.90	374,117	6.74
Total cost of sales	3,069,463	58.15	3,215,368	57.96
Gross profit	**2,209,301**	**41.85**	**2,331,833**	**42.04**
Operating expenses				
Salaries and wages	1,065,388	20.18	916,554	16.52
Employee benefits	340,932	6.46	354,594	6.39
Payroll taxes	93,656	1.77	140,411	2.53
Depreciation	118,540	2.25	114,958	2.07
Amortization	177,949	3.37	240,820	4.34
Rent	8,737	0.17	8,057	0.15
Communications	24,233	0.46	28,074	0.51
Advertising	49,015	0.93	103,221	1.86
Shipping	41,748	0.79	52,935	0.95
Taxes and licenses	51,596	0.98	83,168	1.50
Supplies	23,787	0.45	29,205	0.53
Travel	132,264	2.51	166,428	3.00
Insurance	71,297	1.35	56,186	1.01
Professional fees and outside services	179,319	3.40	135,156	2.44
Other operating expenses	(58,763)	(1.11)	85,613	1.54
Total operating expenses	2,319,698	43.96	2,515,380	45.34
Loss from operations	(110,397)	(2.11)	(183,547)	(3.30)
Other income (expense)				
Foreign exchange gain	(11,356)	(0.22)	75,511	1.36
Other income	10,074	0.19	3,308	0.06
Gain on sale of property and equipment	-	-	3,251	0.06
Bad debts	1,718	0.03	(1,457)	(0.03)
Interest expense	(568,639)	(10.77)	(554,006)	(9.99)
Total other expense	(568,203)	(10.77)	(473,393)	(8.54)
Loss before provision for income taxes	(678,600)	(12.88)	(656,940)	(11.84)
Benefit for income taxes	(313,397)	(5.94)	(300,376)	(5.41)
Net loss	**$ (365,203)**	**(6.94)**	**$ (356,564)**	**(6.43)**

The accompanying notes are an integral part of these financial statements

SETCO AUTOMOTIVE (NA), INC.
STATEMENTS OF CHANGES IN RETAINED EARNINGS
For the years ended March 31, 2017 and 2016

	2017	2016
Retained earnings - beginning (deficit)	$ (241,925)	$ 114,639
Net loss	(365,203)	(356,564)
Retained earnings - ending (deficit)	**$ (607,128)**	**$ (241,925)**

The accompanying notes are an integral part of these financial statements

SETCO AUTOMOTIVE (NA), INC.
STATEMENTS OF CASH FLOWS
For the years ended March 31, 2017 and 2016

	2017	2016
Cash Flows from Operating Activities		
Net loss	(365,203)	$ (356,564)
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation	118,540	114,958
Amortization	177,949	240,820
Bad (debts) recoveries	(1,718)	1,457
Deferred income taxes	(313,397)	(326,397)
(Increase) decrease in assets		
Accounts receivable	(311,386)	306,146
Inventory	187,532	304,775
Other current assets	(13,806)	(37,403)
Increase (decrease) in liabilities		
Accounts payable	505,955	(163,394)
Accrued and withheld payroll taxes	(1,735)	16,785
Other accrued expenses	(67,305)	43,094
Net cash provided (used) by operating activities	(84,574)	144,277
Cash Flows from Investing Activities		
Purchase of property and equipment	(44,769)	(94,075)
Deferred research and development costs	14,475	-
Net cash used by investing activities	(30,294)	(94,075)
Cash Flows from Financing Activities		
Amount borrowed - notes payable	22,925	2,233,138
Payments on notes payable and line of credit	(297,726)	(2,053,612)
Amount borrowed from affiliates	340,099	301,775
Payments on debt	(5,273)	(646,107)
Net cash provided (used) by financing activities	60,025	(164,806)
Decrease in cash	**(54,843)**	**(114,604)**
Cash - beginning	148,070	262,674
Cash - ending	$ 93,227	$ 148,070
Supplementary information		
Interest paid	$ 568,639	$ 554,006
Income taxes paid	-	-

The accompanying notes are an integral part of these financial statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity and Basis of Accounting

The Company sells clutches and other automotive parts throughout the world with the majority of sales in North America.

The financial statements are prepared on the accrual method of accounting in that revenues are recognized when earned and expenses are recognized when incurred.

B. Allowance for Doubtful Accounts

An allowance for doubtful accounts has not been accrued at this financial statement date. The direct write-off of bad accounts is made at the end of each fiscal year. Although this practice is not in accordance with generally accepted accounting principles it does not distort the presentation by a material amount. For the year ended March 31, 2017, bad debts charged off were $1,718. For the year ended March 31, 2016 bad debt recoveries were $1,457.

C. Inventory

Inventories include raw material and finished goods and are stated at the lower of cost (weighted average) or market. Manufactured finish goods inventory includes all direct costs such as labor and materials, indirect costs related to production and a capacity charge reflecting other costs incurred at the facility. Purchased finished goods inventory consists of clutch parts. Inventory has a salability and obsolescence allowance based upon a historical disposal percentage. Inventory is written off in the period in which disposal occurs.

D. Depreciation

Depreciation is charged against income at an amount equal to the estimated cost of usage over the estimated life of the asset. The Company uses the straight-line method of depreciation. The estimated lives of the classes of assets are:

Class	Estimated Life
Buildings	39 Years
Machinery and equipment	5 - 10 Years

E. Amortization

Research and development costs are amortized over three years beginning on April 1, 2014. The amortization of research and development costs is not in accordance with generally accepted accounting principles in the United State of America. The Company is in the process of developing products for customers in Mexico and South America. For the year ended March 31, 2014 development costs of $288,635 were deferred and will be amortized over three years beginning with the year ended March 31, 2015. For the year ended March 31, 2015 development costs of $245,212 were deferred and will be amortized over the next three years. No new development costs were incurred for the years ended March 31, 2017 or 2016.

F. Goodwill

Goodwill is the excess of the purchase price of the Haldex Brake Products, Inc. non-core lines over the amounts assigned to assets acquired and liabilities assumed in that purchase. Goodwill is tested annually for impairment during the fourth quarter and will be tested for impairment between annual tests if an event occurs or circumstances change that more likely than not would indicate the carrying amount may be impaired. As of March 31, 2017 and 2016 goodwill is not considered to be impaired.

G. Income Taxes

Income taxes are provided for the tax effects of transactions reported in the financial statements and consist of state and federal taxes currently due plus deferred taxes related primarily to differences in the methods of accounting for depreciation and amortization. Different lives and methods of depreciating and amortizing certain assets are used for tax purposes than are used for financial statement purposes.

Management has determined that the Company does not have any uncertain tax positions and associated unrecognized benefits that materially impact the financial statements or related disclosures. Since tax matters are subject to some degree of uncertainty, there can be no assurance that the Company's tax returns will not be challenged by the taxing authorities and that the Company or its stockholders will not be subject to additional tax, penalties, and interest as a result of such challenge.

H. Concentration of Credit Risk

The Company maintains cash balances in multiple accounts at two banks. Any loss that would have resulted from that risk at March 31, 2017 for the excess of the deposit liabilities reported by the banks over the amounts that would have been covered by federal insurance. Concentrations of credit with respect to trade receivables are limited due to the large number of customers comprising the Company's customer base. However, one customer accounted for 53% of the total accounts receivable balance at March 31, 2017 and 49% of the total accounts receivable balance at March 31, 2016. Credit losses, when realized, have been within the range of the Company's expectations and, historically, have not been significant.

I. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

J. Advertising

The Company expenses the cost of advertising and other promotional costs as incurred. None of the expenses included any direct-response advertising.

K. Warranty Reserve

The Company' policy is to record a liability for estimated warranty expense based on the last two year's historical cost of warranty work.

L. Subsequent Events

Management has evaluated subsequent events through May 10, 2017, the date the financial statements were available to be issued.

NOTE 2 - INVENTORY

The following are year-end inventories valued at the lower of cost or market:

	2017	2016
Raw material and bought out component inventory	$ 3,263,622	$ 3,160,703
Semi-finished component stock	378,958	413,398
Store and packing material	110,321	128,453
Finished goods	424,439	662,318
Less reserve for obsolescence	(75,292)	(75,292)
Total	$ 4,102,048	$ 4,289,580

NOTE 3 – NOTES PAYABLE

Notes payable at March 31, 2017 are as follows:

Lender	Principal Balance	Interest Rate	Maturity Date	Collateral
Bank of Baroda	$ 3,200,207	7.50%	1/31/2018	Accounts receivable, inventory equipment, real estate, corporate guarantee of Parent, personal guarantee of stockholder of Setco, India
Ally Financial	23,473	6.34%	2/27/2022	2016 Jeep Cherokee
Ford Motor Credit	19,459	1.90%	6/04/2022	Ford Fusion
Ford Motor Credit	26,656	0.00%	4/08/2019	3 Ford vehicles
Total	$ 3,269,795			

Notes payable at March 31, 2016 are as follows:

Lender	Principal Balance	Interest Rate	Maturity Date	Collateral
Bank of Baroda	$ 3,476,206	7.50%	1/31/2017	Accounts receivable, inventory, equipment, real estate, corporate guarantee of Parent, personal guarantee of stockholder of Setco, India
Ally Financial	28,940	6.34%	2/27/2022	2016 Jeep Cherokee
Ford Motor Credit	39,450	0.00%	4/08/2019	3 Ford vehicles
Total	$ 3,544,596			

The Company has a $3,200,000 revolving line of credit with the Bank of Baroda. The maximum borrowing on these notes at any time may not exceed 75% of total inventory plus trade accounts receivable less trade accounts payable.

The following is the aggregate maturities of all long-term borrowings for the next five years:

2018	$ 3,221,582
2019	21,743
2020	9,603
2021	9,481
2022	7,386
Total	$ 3,269,795

NOTE 4 – INCOME TAXES

Provision (benefit) for income taxes consists of the following:

	2017	2016
Current federal income tax	$ -	$ -
Deferred federal income tax	(263,745)	(252,787)
Tennessee excise tax	-	-
Deferred Tennessee excise tax	(49,652)	(47,589)
Total	($ 313,397)	($ 300,376)

The income tax provision is reconciled to that computed by applying statutory rates to income before income taxes, as shown below

	2017	2016
Income (loss) before income taxes	($ 678,600)	($ 656,940)
Expected federal income tax rate	34.00%	32.42%
Expected federal income tax	(230,724)	(212,980)
Effect of non-deductible expenses	4,233	3,307
Effect of goodwill amortization	(27,687)	(27,687)
Other adjustments	(9,567)	(15,427)
State income taxes	(49,652)	(47,589)
Total	($ 313,397)	($ 300,376)

Deferred tax liabilities have been provided on taxable temporary differences related to accumulated depreciation. Deferred tax assets have been provided on taxable temporary differences related to net operating loss carryovers. Deferred tax liabilities and assets consist of the following and have been netted on the balance sheets:

	2017	2016
Deferred tax liability - depreciation	$ 81,328	$ 83,904
Deferred tax liability – research and development	71,126	150,320
Deferred tax asset - net operating loss	(795,008)	(563,381)
	($ 642,554)	($ 329,157)

The following is a schedule of federal and state net operating loss carryovers to March 31, 2018:

Year Expiring	Federal	Tennessee
2029	$ 680,397	$ 621,571
2028	599,764	527,196
2027	281,596	88,789
2026	367,982	577,239
Total	$ 1,929,739	$ 1,814,795

NOTE 5 – CAPITAL STOCK

As of March 31, 2017 2,625 shares of common stock had been issued at a par value of $2,625,000. At March 31, 2016 1,500 shares of common stock had been issued for a total par value of $1,500,000. During the year ended March 31, 2017 an additional 1,125 shares were issued to Setco Automotive (UK) Ltd. In exchange for the retirement of $1,125,000 of debt owed to Setco Automotive (UK) Ltd.

NOTE 6 – RETIREMENT PLANS

On January 1, 2007 the Company 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 ½. 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, 2017 and 2016.

NOTE 7 – RELATED PARTIES

Setco Automotive (NA), Inc. is a wholly owned subsidiary of Setco Automotive (UK), LTD. Setco Automotive (UK), LTD is a subsidiary jointly owned by Setco Automotive, LTD (20%) and WEW Holdings, Ltd., Mauritius (80%). As of March 31, 2017 and 2016 the Company owed the following balances to these affiliates:

	2017	2016
Setco Automotive (UK), LTD	$ 1,156,360	$ 2,108,758
Setco Automotive, LTD	728,856	566,632
Total	$ 1,885,216	$ 2,675,390

The liabilities are the result of cash advances from the related companies and the purchase of inventory. No repayment terms have been set as of March 31, 2017, and thus are considered to be long-term. Interest is paid on these notes at 11.85% per annum.

For the year ended March 31, 2017 the Company purchased $361,954 of inventory from Setco Automotive, LTD. For the year ended March 31, 2016 the Company purchased $463,481 of inventory from Setco Automotive, LTD. At March 31, 2017 accounts payable included $549,198 owed to Setco Automotive, LTD. At March 31, 2016 accounts payable included $391,231 owed to Setco Automotive, LTD.

NOTE 8 – CONCENTRATIONS

For the year ended March 31, 2017 the Company had sales to Caterpillar, Inc. and its affiliates of $2,167,972. For the year ended March 31, 2016 the Company had sales to Caterpillar, Inc. and its affiliates of $2,045,141.

NOTE 9 – FAIR MARKET VALUE OF REAL ESTATE

As of March 31, 2017 the real estate owned by Setco Automotive (NA), Inc. was valued at $1,950,000. That is $1,146,485 more than book value.

NOTE 10 – NON-CASH TRANSACTIONS

The exchange of $1,125,000 of common stock for debt referenced in Note 5 is a non-cash transaction.

WEW Holding Limited

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 MARCH 2017

WEW Holding Limited

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

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WEW Holding Limited

GENERAL INFORMATION

		Date of appointment	Date of resignation
DIRECTORS	: Nisar Husein Sharif Virani	19 March 2007	-
	Udit Harish Sheth	1 April 2009	-
	Zakir Hussein Niamut *(Permanent alternate director to NisarHusein Sharif Virani and Udit Harish Sheth)*	11 May 2011	-
	Panir Pushpom Soobiah	10 March 2014	-
	Jihane Muhamodsaroar	10 March 2014	21 September 2016
	Parwatee Iyer	21 September 2016	-

ADMINISTRATOR, SECRETARY AND TAX AGENT : **International Financial Services Limited**
IFS Court
Bank Street
TwentyEight
Cybercity
Ebene 72201
Mauritius

REGISTERED OFFICE : IFS Court
Bank Street
TwentyEight
Cybercity
Ebene 72201
Mauritius

AUDITORS : **Nexia Baker & Arenson**
Chartered Accountants
5th Floor, C&R Court
49, Labourdonnais Street
Port Louis
Mauritius

BANKER : **HSBC Bank (Mauritius) Limited (up to 4 May 2016)**
6th Floor, HSBC Centre
18, Cybercity
Ebene
Mauritius

WEW Holding Limited

ANNUAL REPORT

The directors have the pleasure in submitting the Annual Report of **WEW Holding Limited** (the "Company") together with the audited financial statements for the year ended 31 March 2017.

1. INCORPORATION

The Company was incorporated in Mauritius on 2 February 2007 as a private company limited by shares.

2. ACTIVITY

The principal activity of the Company is that of investment holding.

3. RESULTS

The Company's loss for the year ended 31 March 2017 was **GBP1,270** (2016: GBP548) and is set out on page 10.

4. DIRECTORS

The names of directors holding office during the year ended 31 March 2017 are as follows:

a) Nisar Husein Sharif Virani
b) Udit Harish Sheth
c) Panir Pushpom Soobiah
d) Zakir Hussein Niamut
(Permanent alternate director to Nisar Husein Sharif Virani and Udit Harish Sheth)
e) Parwatee Iyer

5. DIRECTORS INTERESTS IN THE COMPANY

The directors did not have any interests in the stated capital of the Company as at 31 March 2017.

6. DIRECTORS SERVICE CONTRACTS

The directors do not have any service contract with the Company.

7. DIRECTORS RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

Company law requires the directors to prepare financial statements for each financial year that reflect fairly the financial position, financial performance and the cash flow of the Company. The directors are also responsible for keeping accounting records which:

- correctly record and explain the transactions of the Company;
- disclose with reasonable accuracy at any time the financial position of the Company, and
- would enable them to ensure that the financial statements comply with the Mauritius Companies Act 2001.

The directors confirm that they have complied with the above requirements in preparing the financial statements.

8. EVENTS AFTER THE REPORTING PERIOD

The directors are not aware of any matter or circumstances arising since the end of the reporting period, not dealt with in this report or the financial statements that would affect significantly the operations of the Company or the results of those operations.

9. DONATIONS

The Company did not make any donations during the year.

10. AUDITORS

The audit fee payable to the auditors, **Nexia Baker & Arenson**, amounted to GBP800 (including VAT).

The auditors have not provided other services, hence did not receive any other fees. They have expressed their willingness to continue in office.

Approved by the Board of Directors on 18 May 2017 and signed on its behalf by:

Ms Panir Pushpom Soobiah	**Mr Zakir Hussein Niamut**
Director	Permanent Alternate Director

CERTIFICATE FROM THE SECRETARY
UNDER SECTION 166 (d) OF THE MAURITIUS COMPANIES ACT 2001

We certify to the best of our knowledge and belief that we have filed with the Registrar of Companies all such returns as are required of **WEW Holding Limited** under Section 166(d) of the Mauritius Companies Act 2001, during the year ended 31 March 2017.

For International Financial Services Limited
Secretary

IFS Court
Bank Street
TwentyEight
Cybercity
Ebene 72201
Mauritius

Date: 18 May 2017

Nexia Baker & Arenson

5th Floor, C&R Court
49 Labourdonnais Street
Port Louis
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INDEPENDENT AUDITORS' REPORT

To the member of WEW Holding Limited

Report on the Financial Statements

Qualified Opinion

We have audited the financial statements of **WEW Holding Limited** (the Company), set out on pages 9 to 24 which comprise the statement of financial position as at 31 March 2017, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the failure to prepare consolidated financial statements referred to in the Basis for Qualified Opinion paragraph, the financial statements give a true and fair view of the financial position of the Company as at 31 March 2017, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) and comply with the Mauritius Companies Act 2001.

Basis for Qualified Opinion

As stated in note 4 to the financial statements, Setco Automotive (UK) Limited is a subsidiary of the Company. Consolidated financial statements have not been prepared as required by International Financial Reporting Standards (IFRS) 10, Consolidated Financial Statements. In our opinion, consolidated financial statements are necessary for a proper understanding of the Group's state of affairs.

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with International Ethics Standards Board for Accountants (IESBA Code), Code of Ethics for Professional Accountants, and we have fulfilled our other ethical responsibilities in accordance with IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Other Information

The directors are responsible for the other information. The other information comprises the Annual Report and Certificate from the Secretary. The other information does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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INDEPENDENT AUDITORS' REPORT

Report on the Financial Statements (continued)

Directors' Responsibility for the financial statements

The directors are responsible for the preparation and fair presentation of these financial statements in accordance with IFRSs and in compliance with the requirements of the Mauritius Companies Act 2001, and for such internal control as the directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are 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 the directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 ISAs 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 financial statements.

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

- Identify and assess the risks of material misstatement of the 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, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

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INDEPENDENT AUDITORS' REPORT

Report on the Financial Statements (continued)

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

- Conclude on the appropriateness of the director'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 auditors' report to the related disclosures in the 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 auditors' 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 financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors 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.

Other Matter

This report is made solely to the Company's member, as a body, in accordance with Section 205 of the Mauritius Companies Act. Our audit work has been undertaken so that we might state to the Company's member, as a body, those matters that we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's member, as a body, for our audit work, for this report, or for the opinions we have formed.

Report on Other Legal and Regulatory Requirements

Mauritius Companies Act 2001

We have no relationship with or interests in the Company other than in our capacity as auditors.

We have obtained all information and explanations we have required.

In our opinion, proper accounting records have been kept by the Company as far as it appears from our examination of those records.

Nexia Baker & Arenson

Nexia Baker & Arenson
Chartered Accountants

Nitin Kumar Sobnack FCCA
Licensed by FRC

Date:......18 MAY 2017....

WEW Holding Limited

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2017

	Notes	2017 GBP	2016 GBP
ASSETS			
Non-current asset			
Investment in subsidiary company	4	**640,000**	640,000
Current assets			
Prepayments		**61**	52
Cash and cash equivalents		**-**	363
		61	415
TOTAL ASSETS		**640,061**	640,415
EQUITY AND LIABILITY			
Capital and reserves			
Stated capital	5	**637,840**	637,840
(Revenue deficit)/retained earnings		**(416)**	854
		637,424	638,694
Current liability			
Accruals		**2,637**	1,721
TOTAL EQUITY AND LIABILITY		**640,061**	640,415

Approved by the Board of Directors on 18 May 2017 and signed on its behalf by:

Ms Panir Pushpom Soobiah
Director

Mr Zakir Hussein Niamut
Permanent Alternate Director

The notes on pages 13 to 24 form an integral part of these financial statements.
Independent auditors' report on pages 6 to 8.

WEW Holding Limited

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2017

	Notes	2017	2016
		GBP	GBP
Income			
Other income	6	**10,696**	10,243
Expenses written back		-	115
Exchange gain		-	25
		10,696	10,383
Expenses			
Professional fees		**10,807**	9,439
Audit fee		**800**	754
Foreign exchange loss		**91**	-
Bank charges		**73**	357
Registrar of Companies fees		**73**	191
Disbursement		**122**	190
		11,966	10,931
Loss before taxation		**(1,270)**	(548)
Taxation	7	-	-
Loss for the year		**(1,270)**	(548)
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss		-	-
Items that may be classified subsequently to profit or loss		-	-
Total comprehensive loss for the year		**(1,270)**	(548)

The notes on pages 13 to 24 form an integral part of these financial statements.
Independent auditors' report on pages 6 to 8.

WEW Holding Limited

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2017

	Stated capital	Retained earnings/ (revenue deficit)	Total
	GBP	GBP	GBP
At 1 April 2015	637,840	1,402	639,242
Total comprehensive loss for the year	-	(548)	(548)
At 31 March 2016	637,840	854	638,694
Total comprehensive loss for the year	-	(1,270)	(1,270)
At 31 March 2017	**637,840**	**(416)**	**637,424**

The notes on pages 13 to 24 form an integral part of these financial statements.
Independent auditors' report on pages 6 to 8.

WEW Holding Limited

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2017

	2017	2016
	GBP	GBP
Cash flows from operating activities		
Loss before taxation	(1,270)	(548)
Operating loss before working capital changes	(1,270)	(548)
(Increase)/decrease in prepayments	(9)	120
Increase in accruals	916	845
Net cash (used in)/from operating activities	(363)	302
Net (decrease)/increase in cash and cash equivalents	(363)	302
Cash and cash equivalents at beginning of the year	363	61
Cash and cash equivalents at end of the year	-	363

The notes on pages 13 to 24 form an integral part of these financial statements.
Independent auditors' report on pages 6 to 8.

1. General information

The Company was incorporated in Mauritius on 2 February 2007 under the Companies Act 2001 as a domestic private company limited by shares. It has its registered office at IFS Court, Bank Street, TwentyEight, Cybercity, Ebene 72201, Mauritius.

The principal activity of the Company is investment holding.

The financial statements of the Company are expressed in GBP. The Company's functional currency is the GBP, the currency of the primary economic environment in which the Company operates.

2. Accounting policies

The principal accounting policies adopted in the preparation of these financial statements, which have been applied consistently, are set out below:

(a) Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") except that the Company has not compiled with IFRS 10 – Consolidated Financial Statements.

The financial statements have been prepared under the historical cost convention except for fair valuation of financial instruments.

The preparation of financial statements in accordance with IFRS requires the directors to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of curren events and actions, actual results may ultimately differ from these estimates.

The Company's management has made an assessment of the Company's ability to continue as a going concern and is satisfied that the Company has the resources to continue in business for the foreseeable future. Furthermore, the management is not aware of any material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on a going concern basis.

2. Accounting policies (continued)

(b) Adoption of new and revised International Financial Reporting Standards

Amendments to published Standards and Interpretations effective in the reporting period

IFRS 14 Regulatory Deferral Accounts provides relief for first-adopters of IFRS in relation to accounting for certain balances that arise from rate-regulated activities ('regulatory deferral accounts'). IFRS 14 permits these entities to apply their previous accounting policies for the recognition, measurement, impairment and derecognition of regulatory deferral accounts. The standard is not expected to have any impact on the Company's financial statements.

Accounting for Acquisitions of Interests in Joint Operations (Amendments to IFRS 11). The amendments clarify the accounting for the acquisition of an interest in a joint operation where the activities of the operation constitute a business. They require an investor to apply the principles of business combination accounting when it acquires an interest in a joint operation that constitutes a business. Existing interests in the joint operation are not remeasured on acquisition of an additional interest, provided joint control is maintained. The amendments also apply when a joint operation is formed and an existing business is contributed. The amendment has no impact on the Company's financial statements.

Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to IAS 16 and IAS 38). The amendments clarify that a revenue-based method of depreciation or amortisation is generally not appropriate. Amendments clarify that a revenue-based method should not be used to calculate the depreciation of items of property, plant and equipment. IAS 38 now includes a rebuttable presumption that the amortisation of intangible assets based on revenue is inappropriate. This presumption can be overcome under specific conditions. The amendment has no impact on the Company's financial statements.

Equity method in separate financial statements (Amendments to IAS 27). The amendments allow entities to use the equity method in their separate financial statements to measure investments in subsidiaries, joint ventures and associates. IAS 27 currently allows entities to measure their investments in subsidiaries, joint ventures and associates either at cost or at fair value in their separate FS. The amendments introduce the equity method as a third option. The election can be made independently for each category of investment (subsidiaries, joint ventures and associates). Entities wishing to change to the equity method must do so retrospectively. The amendment has no impact on the Company's financial statements.

Agriculture: Bearer Plants (Amendments to IAS 16 and IAS 41). IAS 41 now distinguishes between bearer plants and other biological asset. Bearer plants must be accounted for as property plant and equipment and measured either at cost or revalued amounts, less accumulated depreciation and impairment losses. The amendment has no impact on the Company's financial statements.

2. Accounting policies (continued)

(b) Adoption of new and revised International Financial Reporting Standards (continued)

Annual Improvements to IFRSs 2012-2014 cycle

IFRS 5 is amended to clarify that when an asset (or disposal group) is reclassified from 'held for sale' to 'held for distribution' or vice versa, this does not constitute a change to a plan of sale or distribution and does not have to be accounted for as such. The amendment has no impact on the Company's financial statements.

IFRS 7 amendment provides specific guidance for transferred financial assets to help management determine whether the terms of a servicing arrangement constitute 'continuing involvement' and, therefore, whether the asset qualifies for derecognition. The amendment has no impact on the Company's financial statements.

IFRS 7 is amended to clarify that the additional disclosures relating to the offsetting of financial assets and financial liabilities only need to be included in interim reports if required by IAS 34. The amendment has no impact on the Company's financial statements.

IAS 19 amendment clarifies that when determining the discount rate for post-employment benefit obligations, it is the currency that the liabilities are denominated in that is important and not the country where they arise. The amendment has no impact on the Company's financial statements.

IAS 34 amendment clarifies what is meant by the reference in the standard to 'information disclosed elsewhere in the interim financial report' and adds a requirement to cross-reference from the interim financial statements to the location of that information. The amendment has no impact on the Company's financial statements.

Disclosure Initiative (Amendments to IAS 1). The amendments to IAS 1 provide clarifications on a number of issues. An entity should not aggregate or disaggregate information in a manner that obscures useful information. Where items are material, sufficient information must be provided to explain the impact on the financial position or performance. Line items specified in IAS 1 may need to be disaggregated where this is relevant to an understanding of the entity's financial position or performance. There is also new guidance on the use of subtotals. Confirmation that the notes do not need to be presented in a particular order. The share of OCI arising from equity-accounted investments is grouped based on whether the items will or will not subsequently be reclassified to profit or loss. Each group should then be presented as a single line item in the statement of other comprehensive income.

2. Accounting policies (continued)

(b) Adoption of new and revised International Financial Reporting Standards (continued)

Annual Improvements to IFRSs 2012-2014 cycle (continued)

Investment entities: Applying the consolidation exception (Amendments to IFRS 10, IFRS 12 and IAS 28). The amendments clarify that the exception from preparing consolidated financial statements is also available to intermediate parent entities which are subsidiaries of investment entities. An investment entity should consolidate a subsidiary which is not an investment entity and whose main purpose and activity is to provide services in support of the investment entity's investment activities. Entities which are not investment entities but have an interest in an associate or joint venture which is an investment entity have a policy choice when applying the equity method of accounting. The fair value measurement applied by the investment entity associate or joint venture can either be retained, or a consolidation may be performed at the level of the associate or joint venture, which would then unwind the fair value measurement. The amendment has no impact on the Company's financial statements.

Standards, Amendments to published Standards and Interpretations issued but not yet effective

Certain standards, amendments to published standards and interpretations have been issued that are mandatory for accounting periods beginning on or after 1 January 2017 or later periods, but which the Company has not early adopted.

At the end of the reporting period, the following were in issue but not yet effective:

IFRS 9 Financial Instruments
IFRS 15 Revenue from Contract with Customers
Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)
IFRS 16 Leases
Recognition of Deferred Tax Assets for Unrealised Losses (Amendments to IAS 12)
Amendments to IAS 7 Statement of Cash Flows
Clarifications to IFRS 15 Revenue from Contracts with Customers
Classification and Measurement of Share-based Payment Transactions (Amendments to IFRS 2)
Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts (Amendments to IFRS 4)
Annual Improvements to IFRSs 2014-2016 Cycle
IFRIC 22 Foreign Currency Transactions and Advance Consideration
Transfers of Investment Property (Amendments to IAS 40)

Where relevant, the Company is still evaluating the effect of these Standards, amendments to published Standards and Interpretations issued but not yet effective, on the presentation of its financial statements.

2. **Accounting policies (continued)**

(c) Investment in subsidiary company

Investment in subsidiary company is shown at cost. Where an indication for impairment exists, the recoverable amount of the investment is estimated. Whenever, the carrying amount of the investment is greater than the estimated recoverable amount, it is written down immediately to its recoverable amount and the difference is charged to the statement of profit or loss and other comprehensive income.

On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited in the statement of profit or loss and other comprehensive income.

(d) Financial instruments

Financial instrument carried on the statement of financial position include accruals. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

(e) Stated capital

Ordinary shares and redeemable preference shares are classified as equity.

(f) Revenue recognition

Interest income is recognised on a time proportion basis unless collectibility is in doubt.

(g) Expense recognition

All expenses are recognised for in the statement of profit or loss and other comprehensive income on the accruals basis.

(h) Foreign currency translation

(i) *Functional and presentation currency*

Items included in the financial statements of the Company are measured using the currency of the primary economic environment of the shareholder (the "functional currency"). The financial statements of the Company are presented in GBP, which is the Company's functional currency and presentation currency.

Management has determined the functional currency of the Company to be GBP. In making this judgement, management evaluates among other factors, the regulatory and competitive environment and the fee structure as well as the economic environment in which the financial assets are invested and in particular, the economic environment of the shareholder.

2. **Accounting policies (continued)**

(h) Foreign currency translation (continued)

(ii) Transactions and balances

Transactions denominated in foreign currencies are translated in GBP at the rate of exchange ruling at the dates of the transactions. Monetary assets and liabilities are translated at the rate of exchange ruling at the end of the reporting period.

Exchange differences arising on translation and realised gains and losses on disposals or settlement of monetary assets and liabilities are recognised in the statement of profit or loss and other comprehensive income.

(i) Income tax

Income taxes currently payable are provided for in accordance with the existing legislation, in which the Company operates.

(j) Deferred income tax

Deferred income tax is provided, using the liability method, for full temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. Deferred income tax is determined using tax rates that have been enacted by the end of the reporting period and are expected to apply when the related deferred income tax liability is settled.

The principal temporary differences arise from tax losses carried forward. Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

(k) Impairment of assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

(l) Cash and cash equivalents

Cash comprises cash at bank. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

2. Accounting policies (continued)

(m) Borrowings

Borrowings are recognised at the value of proceeds received, less any transaction costs incurred.

(n) Provisions

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

3. Critical accounting estimates and judgements in applying accounting policies

The Company makes estimates and judgements that affect the reported amounts of assets and liabilities within the next year. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations future events that are believed to be reasonable under the circumstances.

There are no significant estimates or judgements made by the Company for the financial year ended 31 March 2017.

4. Investment in subsidiary company

	2017	2016
	GBP	GBP
At beginning and end of the year	**640,000**	640,000

The details of the investment in subsidiary company as at 31 March 2017 are as follows:

Name of subsidiary company	**Type and number of shares (unquoted)**	**Country of incorporation**	**% holding**	**Cost 2017**	**Cost 2016**
				GBP	GBP
Setco Automotive (UK) Limited	640,000 A Ordinary shares	UK	88.9%	**640,000**	640,000

The directors are of the opinion that there is no impairment on the investment in Setco Automotive (UK) Limited and that its fair value approximates its cost.

4. Investment in subsidiary company (continued)

Consolidated financial statements should have been prepared in accordance with International Financial Reporting Standards 10, *Consolidated Financial Statements*. However, no consolidated financial statements have been presented for the year ended 31 March 2017 as this will involve additional costs and the consolidated financial statements would not add value to the shareholder.

5. Stated capital

	2017		2016	
	Number of shares	**Amount**	Number of shares	Amount
		GBP		GBP
(a) Ordinary shares				
Issued and fully paid up				
At beginning and end of the year	**128,778**	**242,840**	128,778	242,840
(b) Redeemable preference shares				
At beginning and end of the year	**215,014**	**395,000**	215,014	395,000
Total	**343,792**	**637,840**	343,792	637,840

The rights attached to the ordinary shares are as follows:

(i) the right to vote;
(ii) the right for distributions; and
(iii) the right set out in the constitution in a winding up of the Company.

The Redeemable preference shares ("RPS") are of no par value and redeemable at the option of the Company. The RPS carry the following rights to:

(i) vote on matters affecting their rights at separate class meetings;
(ii) proceeds on redemption;
(iii) such rate of dividend as may be declared by the Company from time to time; and
(iv) return of capital on a winding up or such other amount as decided by the Board depending upon the availability of funds.

6. Other income

Other income relates to expenses which were reimbursed by the holding company.

7. Taxation

(a) The Company is subject to income tax in Mauritius on its assessable income at the rate of 15%. The tax on the Company's loss before taxation differs from the theoretical amount that would arise using the basic tax rate of the Company as follows:

		2017	2016
		GBP	GBP
(i)	Loss before taxation	**(1,270)**	(548)
	Tax at statutory rate of 15%	**(190)**	(82)
	Effect of:		
	Income not taxable	**(1)**	(20)
	Deferred tax assets not provided for	**191**	102
	Tax charge	-	-

		2017	2016
		GBP	GBP
(ii)	Tax liability		
	At beginning of the year	-	(115)
	Over provision	-	115
	At end of the year	-	-

For the year under review, the Company had accumulated tax losses of **GBP2,493** (2016: GBP1,229) and therefore no provision has been made. The tax loss can be carried forward and offset against taxable income as follows:

Up to income year ending 31 March 2020	GBP541
Up to income year ending 31 March 2021	GBP688
Up to income year ending 31 March 2022	GBP1,264

(b) Corporate Social Responsibility ("CSR")

Under the Mauritius Income Tax Act 1995, every company shall, in every year, set up a Corporate Social Responsibility Fund equivalent to 2 per cent of its chargeable income derived during the preceding year to finance:

(a) implement an approved programme;
(b) implement an approved programme under the National Empowerment Foundation; and
(c) finance an approved NGO.

CSR is a concept whereby companies act to balance their own economic growth with the sustainable social and environment development of their areas of operation. The effective application date for the CSR is 1 July 2009.

8. Financial risk management

The Company is exposed to various types of risks that are associated with the financial instruments. The most important types of financial risk to which the Company is exposed are market risk, credit risk and liquidity risk.

The nature and extent of the financial instruments outstanding at the end of the reporting period and the risk management policies employed by the Company are discussed below.

(a) Market risk

Market risk represents the potential loss that can be caused by a change in the market value of financial instruments. The Company's exposure to market risk is determined by a number of factors, including foreign currency exchange rates, interest rates and market volatility.

(i) Currency risk

The Company may enter into transactions denominated in currencies other than its functional currency. Consequently, the Company is exposed to risks that the exchange rate of its currency relative to other foreign currencies may change in a manner that has an effect on the value of that portion of the Company's assets or liabilities denominated in currencies other than the GBP.

The currency profile of the Company's financial assets and liabilities is summarised as follows:

	2017		2016	
	Financial assets	**Financial liabilities**	Financial assets	Financial Liabilities
	GBP	**GBP**	GBP	GBP
Great Britain Pounds	-	**2,637**	4	-
United States Dollars	-	-	359	1,721
	-	**2,637**	363	1,721

Prepayments amounting to **GBP61** (2016: GBP52) have not been included in financial assets.

(ii) Interest rate risk

The majority of the Company's financial assets and liabilities are non-interest bearing. As a result, the Company is not subject to significant risk due to fluctuations in the prevailing levels of market interest rates. Any excess cash and cash equivalents are invested at short-term market interest rates.

8. Financial risk management (continued)

(b) Credit risk

The Company takes on exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due.

With respect to credit risk arising from financial assets which comprise of cash and cash equivalents, the Company's exposure to credit risk arises from the default of the counterparty, with a maximum exposure equal to the carrying amount of these financial assets.

(c) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company manages liquidity risk by ensuring financial support from its shareholder.

(d) Political, economic and social risks

Political, economic and social factors, changes in countries' laws, regulations and the status of those countries' relations with other countries may adversely affect the value of the Company's assets.

(e) Capital risk management

The Company's objectives when managing capital is to safeguard the Company's ability to pay its debts when they fall due in order to continue as a going concern and to provide returns for the shareholder. Capital comprises equity. In order to maintain or adjust the capital structure, the Company may issue new shares or have recourse to its parent for funding and vary the amount of dividends or return capital to the shareholder.

9. Related party transaction

During the year, the Company transacted with a related party. The transaction was carried on an arm length basis. The nature and volume of the transactions are as follows:

Name of related party	Relationship	Nature of transactions	Volume	Balance 2017	Balance 2016
			GBP	GBP	GBP
Setco Automotive Limited	Holding company	Funds received for settlement of expenses	10,696	-	-

10. Holding company

The directors regard Setco Automotive Limited, a company incorporated in India, as the Company's holding company.

11. Reporting currency

The financial statements are presented in GBP. The Company has used GBP instead of the Mauritian Rupee ("MUR") as its measurement currency because it provides information about the Company that is useful and correctly reflects the economic substance of the underlying events and circumstances relevant to the Company.

The exchange rates used during the year are as follows:

	GBP/MUR
Average rate for the year	47.71
At 31 March 2017	45.51

12. Events after the reporting period

There have been no material events since the end of the reporting period which would require disclosure or adjustment to the financial statements for the year ended 31 March 2017.