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AUTOMOTIVE LTD

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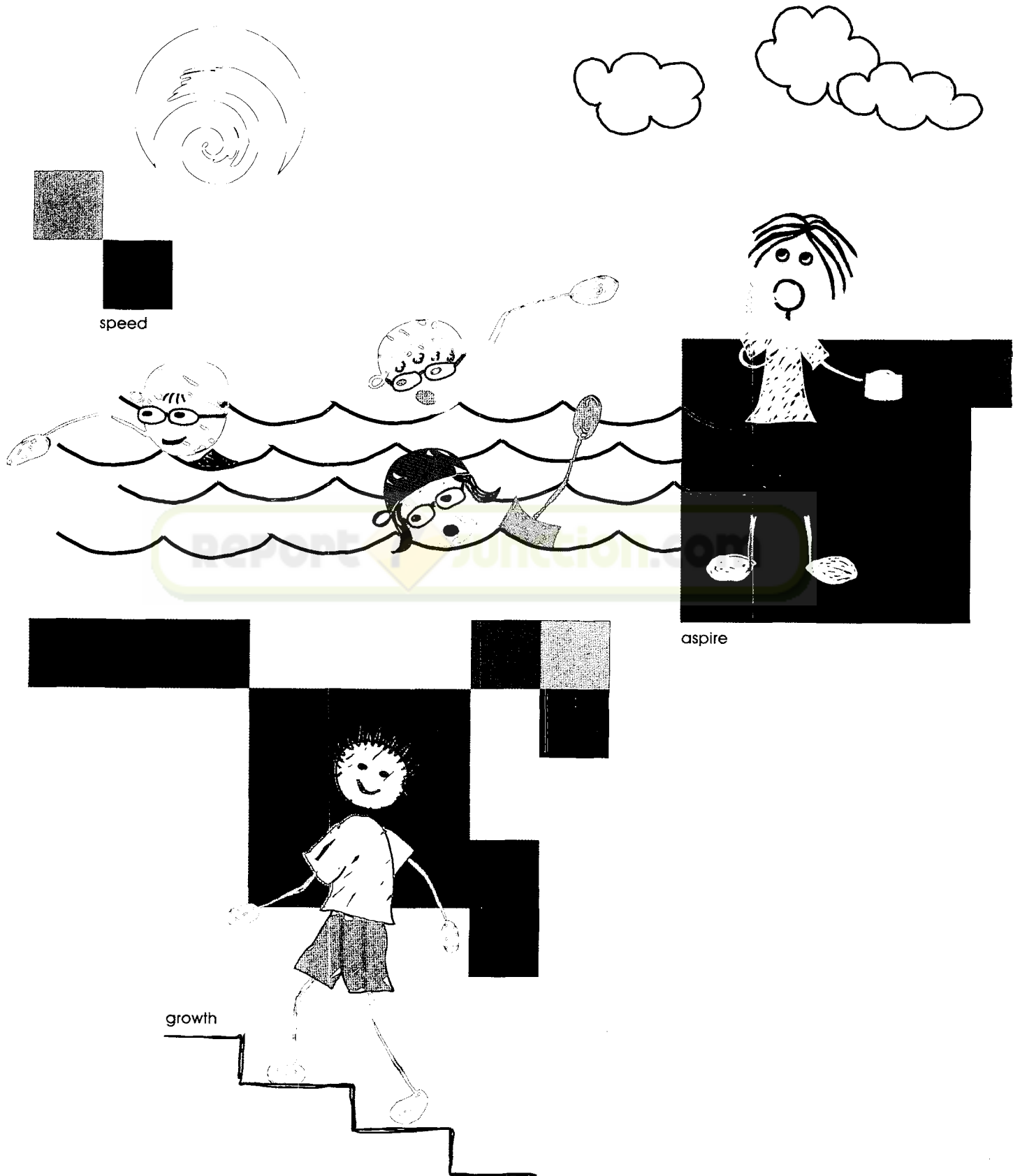
leadership

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Annual Report
2007



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NOTICE FOR 25th ANNUAL GENERAL MEETING

NOTICE is hereby given that **25th Annual General Meeting** of the members of **Setco Automotive Limited** will be held on Tuesday, 19th August, 2008 at 3.00 p.m. at the Registered Office of the Company at Vadodara - Godhra Highway, Kalol 389 330, District Panchmahals, Gujarat to transact the following business:

ORDINARY BUSINESS

01. To receive, consider and adopt the Company's Audited Balance Sheet as at 31st March 2008 and the Profit and Loss Account for the year ended on that date and the Reports of the Directors and the Auditors thereon.
02. To declare dividend for the FY 2007.2008.
03. To appoint a Director in place of Shri Pratap Merchant who retires by rotation and being eligible, offers himself for reappointment.
04. To appoint a Director in place of Shri Arun Arora who retires by rotation and being eligible, offers himself for reappointment.
05. To appoint Auditors of the Company to hold office up to conclusion of the next Annual General Meeting and if thought fit, to pass with or without modification, the following resolution as **ORDINARY RESOLUTION**:

"RESOLVED THAT Messrs Manesh Mehta & Associates, Chartered Accountants, Vadodara be and are hereby appointed as Auditors to the Company, to hold office till conclusion of the next Annual General Meeting on such remuneration as may be fixed by the Board of Directors."

SPECIAL BUSINESS

06. To appoint Shri Udit Sheth as Director, who was co-opted as an Additional Director by the Board of Directors at its meeting held on 30.06.2008 and hold office under Section 260 of the Companies Act 1956 till the date of ensuing Annual General Meeting of the Company and is eligible for reappointment and in respect of whom the Company has received a notice in writing from a member under the provision of Section 257 of the Companies Act, 1956 proposing the candidature of Shri Udit Sheth for the office of a Director.
07. To consider and if thought fit, to pass with or without modification, the following as **ORDINARY RESOLUTION**.

"RESOLVED THAT in accordance with the provisions of Sections 198, 269, 309, 310, 311 read with Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modifications or re-enactment thereof, for the time being in force) Shri Udit Harish Sheth be and is hereby appointed as Executive Director of the Company for a period of -5- (Five) years with effect from 01.07.2008 on the terms and conditions including remuneration as are set in the explanatory statement forming part of this Notice hereby specifically sanctioned with liberty to the Board of Directors to alter and vary the terms and condition of the said appointment so as not to exceed the limits specified in Schedule XIII and other Sections / Provisions of the Companies Act, 1956 as may be applicable, including any statutory modification or re-enactment thereof, for the time being in force or any amendments and / or modifications that may hereafter be made thereto by the Central Government or as may be agreed to between the Board of Directors and Shri Udit Harish Sheth.

RESOLVED FURTHER THAT when in any financial year closing on and after 31st March 2009 the Company has no profits or its profits are inadequate, the Company may pay, to Shri Udit Harish Sheth as minimum remuneration by way of salary, perquisites and other allowances as specified in the explanatory statement forming part of this Notice and in keeping with the Central Government Notifications and limits specified under Schedule XIII and other Sections / provisions of the Companies Act, 1956 as may be applicable from time to time.

RESOLVED FURTHER THAT in the event of any statutory amendment, modification or relaxation by the Central Government to the Schedule XIII and other Sections / provisions of the Companies Act, 1956 as may be applicable, the Board of Directors be and is hereby authorized to vary or increase the remuneration, including salary, commission, perquisites, allowances etc. within such prescribed limit or ceiling.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to take such steps as may be necessary to give effect to this resolution.

08. To consider and if thought fit, to pass with or without modification, the following as **SPECIAL RESOLUTION**.

“RESOLVED THAT, subject to the provisions of the Companies Act, 1956, including any statutory modification(s) or re-enactment thereof for the time being in force and as may be enacted hereinafter, the Securities and Exchange Board of India (Delisting of Securities) Guidelines, 2003 consent is hereby accorded to the Board without giving an exit option to the shareholder of the region where the Stock Exchange is situated and on the terms and conditions as may be stipulated and mutually agreed to in the best interest of the Company, to delist the Company's Equity Shares from Ahmedabad Stock Exchange, Ahmedabad.

RESOLVED FURTHER THAT the Board of Directors of the Company be and are hereby authorised to do all such acts, deeds and things including execution of documents as may be necessary for this purpose”.

For Setco Automotive Limited

Place : Mumbai
Date : 30.06.2008

Harish Sheth
Chairman & Managing Director.

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NOTES:

01. Explanatory Statement Pursuant to Section 173(2) of the Companies Act, 1956, for item no. 6 to 8 is annexed
02. A MEMBER ENTITLED TO ATTEND AND TO VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND SUCH A PROXY NEED NOT BE A MEMBER. AN INSTRUMENT APPOINTING PROXY SHOULD BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN FORTY EIGHT HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
03. Members / Proxies should fill the Attendance Slip for attending the meeting.
04. Corporate members are requested to send a duly certified copy of their Board Resolution authorizing their representatives to attend and vote at the Annual General Meeting.
05. Members who hold shares in electronic form are requested to write their Client ID and DP ID numbers and those who hold shares in physical form are requested to write their Folio Number in the attendance slip for attending the meeting to facilitate identification of membership at the meeting. Members are requested to bring their attendance slip along with their copy of the annual report to the meeting.
06. The Register of Members and Share Transfer Book of the Company will remain closed from Tuesday, 5th August, 2008 to Tuesday, 19th August, 2008 (both days inclusive).
07. The Dividend on Equity Shares as recommended by the Board of Directors, if approved / declared at the Annual General Meeting, will be paid on or after the Annual General Meeting (AGM) i.e. Tuesday, 19th August 2008.
08. Members may please note that, the dividend warrants shall be payable at par at the designated branches of the Bank printed on the reverse of the Dividend Warrant for an initial period of -4- months only. Thereafter, the Dividend Warrant on re-validation shall be payable only at limited centers / branches of the said bank. The members are therefore, advised to encash Dividend Warrants within the initial validity period.
09. Re-appointment / appointment of Directors

It is proposed to reappoint Shri Pratap Merchant and Shri Arun Arora, Directors of the Company retiring by rotation and to appoint Shri Udit Sheth as Executive Director. The details pertaining to these Directors as required pursuant to Clause -49- of the Listing Agreement is furnished in a statement as a part of the Directors Report forming part of this Annual Report.

Annexure to the Notice

EXPLANATORY STATEMENT pursuant to Section 173 (2) of the Companies Act, 1956.

Item No. 6 and 7

The Board of Directors at its meeting held on 30.06.2008 appointed Shri Udit Sheth as an Additional Director of the Company with effect from 30.06.2008. Pursuant to Section 260 of the Companies Act 1956, Shri Udit Sheth holds office of the Director up to the date of this Annual General Meeting. The Company has received a notice under the provision of Section 257 of the Companies Act 1956 from a member proposing the candidature of Shri Udit Sheth for the office of Director. Your Director consider it desirable and in interest of the Company to avail the services of Shri Udit Sheth as Director and accordingly recommend reappointment of Shri Udit Sheth as Director on your Company's Board.

Shri Udit Sheth is also appointed as Executive Director of the Company w.e.f. 01.07.2008. His revised remuneration and service terms and conditions are yet to be approved at this Annual General Meeting. In the meantime (i.e. up to 30th June, 2008), he will continue to be paid remuneration as previously drawn by him as Vice President approved by the members of the Company at the Annual General Meeting of the Company held on 23.09.2006 and the Ministry of Company Affairs, Central Government vide its letter dated 08.02.2007.

The remuneration and service terms and conditions are as under :

1. Period of appointment : -5- years w.e.f 01.07.2008 (01.07.2008 to 30.06.2013)

2. Remuneration:

i) Salary:

Rs 3,50,000 (Rupees three lacs fifty thousand only) p.m. with effect from 01.07.2008 in the scale of such additional sum annually as permitted within the overall limit prescribed under Schedule XIII and other applicable provisions of the Companies Act, 1956 to be approved by the Board.

ii) Perquisites:

Perquisites as stated herein below in Part-"A", "B" and "C" with in the overall salary level as stated at para 2 (i) herein above, and for the purpose of ceiling, the perquisites stated under Part "B" and "C" to be excluded. For the purpose of ceiling, valuation of perquisites under Part "A" shall be computed as per the rules under the Income Tax Act, 1961.

The overall remuneration in terms of salary and perquisites not to exceed the monetary limit as stated in Pars 2 (i) herein above.

Part – A :

i) Housing:

- a) Free furnished accommodation, the Company paying all rents, taxes and other expenses for the upkeep and maintenance on such accommodation or house rent allowance in lieu thereof.
- b) Expenditure, on electricity, water, gas and furnishings at the residence to be borne by the Company.

ii) Medical Reimbursement:

Expenses incurred for self and family, total cost of which shall not exceed one month's salary per year or exceed 3 months' salary for a block of three years of service. In case of hospitalization of the said Executive Director, he shall be entitled to full reimbursement of hospitalization expenses incurred.

iii) Leave Travel concession:

For self, wife and dependent children to and fro any place in India once in a year in accordance with the rule of the Company, subject to the condition that only actual fares and no hotel expenses will be allowed.

iv) Club fees:

Fees of Club subject to the maximum of -2- clubs (admission and life membership fees not being allowed).

v) Personal Accident Insurance:

Personal Accident Insurance as per the policy of the Company.

Part – B :

i) Provident Fund / Superannuation fund / Annuity:

As per the rules of the Company, contribution towards above funds to the extent these either singly or put together are not taxable under the Income Tax Act, 1961, Rules and Regulations there under.

ii) Gratuity:

Gratuity payable at a rate not exceeding half a month's salary for each completed year of service, in accordance with the approved fund or the Company's rules as may be permitted under the Payments of Gratuity Act in force from time to time.

iii) Encashment of leave at the end of the tenor.

Part – C :

i) Car:

Free use of Company's car with full operating and maintenance charges with driver subject to recovery of Rs. 500/- p.m. for use of the car for non-duty journeys. The travel between the residence and Company's office / factory to be considered as on duty journey.

ii) Telephone:

Free telephone facility at his residence restricted to one telephone connection.

iii) Leave:

Annual Leave on full pay and allowance in accordance with the Company's rules but not exceeding one month's leave for every 11 months of services as per the rules of the Company applicable to other executives of the Company. In addition, he shall be entitled to casual leave, sick leave and other leaves as per the rules of the Company applicable to other executives of the Company.

iv) Reimbursement of all entertainment expenses incurred for the purpose of the business of the Company.

v) Benefits under loan and other schemes in accordance with the practice, rules and regulations in force in the Company from time to time.

1. The remuneration as aforesaid including the benefits and amenities stated herein above except with the exception of the commission payable on net profits shall nevertheless be paid and allowed as the minimum remuneration for any year in case of absence or inadequacy of profits for such a year.
2. The terms and conditions of appointment as set out and remuneration herein may be altered and varied from time to time by the Board of Directors of the Company as it may, at its discretion, deem fit so as not to exceed the limits specified in Schedule XIII and other Sections / provisions of the Companies Act, 1956 as may be applicable, including any statutory modification or re-enactment thereof (for the time being in force) or any amendment made thereto.
3. The agreement incorporating the remuneration and terms and conditions as set out in this explanatory statement to be executed between the Company and Shri Udit Harish Sheth on approval of the agenda by the members of the Company. The Explanatory Statement together with the accompanying Notice should be treated as the terms of the Agreement to be executed
4. In compliance with Section 309 of the Act, the terms and conditions including remuneration specified above are now being placed before the members of this Annual General Meeting for their approval.
5. Memorandum of concern or interest under Section 302 of the Companies Act, 1956 :
 - i. Shri Udit Sheth is interested in the agenda.
 - ii. Shri Harish Sheth, Chairman and Managing Director as father and Shri Harshal J Shah as a relative of Shri Udit Sheth are interested / concerned in the agenda.
 - iii. None of the other directors has any interest / concerned in the agenda.

Item No. 8

Delisting of Shares : from Ahmedabad Stock Exchange (ASE)

Presently the Company's Equity Shares are listed on the Bombay Stock Exchange Limited, Mumbai, (BSE) and Ahmedabad Stock Exchange, Ahmedabad (ASE). Bombay Stock Exchange Limited has nation wide trading terminals. With the wide and extensive networking of these terminals of the BSE, the investors have access to online dealings in the Company's shares across the country. Consequent to such capital market changes, substantial volume of trading in the Company's shares is put through Bombay Stock Exchange Limited and trading volumes at Ahmedabad Stock Exchange is gradually getting reduced to a substantial extent or is almost to nil. SEBI has also specified the shares of the Company for compulsory trading in demat form by all investors. In such overall situation, no particular benefit is available to the shareholders of the Company, by continuing the listing of shares of the Company on the Ahmedabad Stock Exchange. As per the applicable SEBI Guidelines, no exit option is require to be given to the shareholders of the region where the aforesaid Stock Exchange is situated as the Company's shares are listed on the Bombay Stock Exchange Limited.

The Board of Directors at its meeting held on 30th June, 2008 has decided to delist the Company's Equity Shares from the said stock exchange. Pursuant to the SEBI (Delisting of Securities) Guidelines 2003, it is now proposed to seek the Members' approval by way of a Special Resolution for the voluntary delisting of the Company's Equity Shares from the said stock exchange as set out in the Resolution at item no. 8.

The proposed delisting is in the interest of the Company and the Board commends the Resolution for approval by the Members.

None of the Directors of the Company is concerned or interested in the Resolution.

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By the Order of the Board of Directors
For Setco Automotive Limited

Place : Mumbai
Date : 30.06.2008

Harish Sheth
Chairman & Managing Director.

25th
Annual
Report

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

Attendance Slip

To be handed over at the entrance of the Meeting Hall
Joint shareholders may obtain additional Slip at the venue of the meeting.

DP ID*		Client ID *	
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* Applicable for Investors holding Shares in Dematerialised Form.

Master Folio No.		No. of Shares	
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NAME AND ADDRESS OF THE SHAREHOLDER

I hereby record my presence at the 25th Annual General Meeting of the Company held on Tuesday, 19th August, 2008 at 3.00 p.m. at Vadodara-Godhra Highway, Kalol 389 330, District Panchmahals, Gujarat

Signature of the Shareholder or Proxy :



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

PROXY FORM

DP ID*		Client ID *	
Master Folio No.		No. of Shares	

* Applicable for Investors holding Shares in Dematerialised Form.

I/We, of
being a member/members of Setco Automotive Limited hereby appoint Mr/Mrs/Miss
..... of or
failing him, Mr/Mrs/Miss
Annual General Meeting to be held on Tuesday, 19th August, 2008 at 3.00 p.m. or at any adjournment thereof.

Signed this day of 2008.

Affix 1
Rupee
Revenue
Stamp

Note: (1) The proxy in order to be effective should be duly stamped, completed and signed and must be deposited at the Registered Office of the Company not less than 48 hours before the time for holding the aforesaid meeting. The Proxy need not be a member of the Company.

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