

August 13, 2019

To,

BSE Limited,
Dept. of Corporate Services,
Phiroze Jeejeebhoy Towers,
Dalal Street,
Mumbai - 400 001
Company Code: 505075

National Stock Exchange of India Ltd,
Listing Department
Exchange Plaza, Bandra Kurla Complex,
Bandra (East), Mumbai – 400051
Scrip Symbol: SETCO

Dear Sirs,

Sub.: Outcome of Board Meeting in accordance with SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

Pursuant to Regulation 33 read with Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we wish to inform that the Board of Directors of the Company in its meeting held today i.e. Tuesday, August 13, 2019 has, inter alia, approved the following:

1. Unaudited Standalone and Consolidated Financial Results of the Company for the quarter ended June 30, 2019 alongwith the Limited Review Report of the Statutory Auditors thereon; and
2. Raising of funds by way of issuance of equity shares of the Company through various permitted methods including but not limited to qualified institutions placement for an amount not exceeding INR 150 Crores in accordance with the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 as amended and then Companies Act, 2013 and the rules made thereunder, subject to the approval of shareholders; and
3. Convening the Thirty Sixth Annual General Meeting of the Company on Friday, September 27, 2019 at 12:00 Noon at the Registered Office of the Company at Baroda - Godhra Highway, Kalol, District Panchmahals, Pin Code – 389 330, Gujarat, India to also take approval for the foregoing matters and approved the notice for the proposed Annual General Meeting.
4. Re-appointment of Dr. Arun Arora as an Independent Director of the Company for a second term of five consecutive years with effect from September 27, 2019, subject to the approval of shareholders at the ensuing Annual General Meeting.






5. Re-appointment of Mr. Ashok Kumar Jha as an Independent Director of the Company for a second term of five consecutive years with effect from September 27, 2019, subject to the approval of shareholders at the ensuing Annual General Meeting.
6. Re-appointment of Mrs. Suhasini Sathe as an Independent Director of the Company for a second term of five consecutive years with effect from September 27, 2019, subject to the approval of shareholders at the ensuing Annual General Meeting.
7. The Register of Members and Share Transfer Book of the Company will remain closed from Saturday, September 21, 2019 to Friday, September 27, 2019 (both days inclusive).

The brief profile of aforesaid Director(s) is attached hereto as **Annexure A**.

Accordingly, please find enclosed the following:

- a) Unaudited Standalone and Consolidated financial results of the Company for the quarter ended June 30, 2019 alongwith the Limited Review Report of the Statutory Auditors thereon;
- b) Investor Presentation

The Board meeting commenced at 11:30 a.m. and concluded at 5.30 p.m.

We request you to kindly take the above information on record.

Kindly acknowledge the receipt.

Thanking you,

Yours faithfully,
For Setco Automotive Limited

Chandra Kant Sharma
Company Secretary



Encl: As above



Annexure A

Brief Profile of Dr. Arun Arora

Dr. Arun Arora has been Executive Chairman with Edvance Learning Private Limited and Edvance Pre-Schools Private Limited. He was also the former CEO of The Economic Times and President, Bennett & Coleman. Dr. Arora also holds an Advanced Management Programme Degree from the Harvard Business School. In recognition of his immense contribution in the field of education, Dr. Arora was conferred with a degree of Doctor of Philosophy by EIILM University, Sikkim for the academic session 2013-14.

Brief Profile of Mr. Ashok Kumar Jha

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

Brief Profile of Mrs. Suhasini S. Sathe

Mrs. Suhasini S. Sathe is an entrepreneurial person by nature and able to see the 'bigger picture'. She has more than 30 years hands on experience gained from the manufacturing industry with specific skills in Product, Performance & Marketing Management, Business Growth & Development. She utilizes skills from an extensive background within General Management, Sales and Marketing / Business Development and Innovation Management. She is also the Co-Founder and presently Managing Director of the Sathe Group of Companies. Mrs. Sathe holds a Bachelors of Engineering (Mechanical) for V.J.T.I., Mumbai University and is proficient in the use of CAD-CAM software.

S. Sathe


Independent Auditor's Review Report on the Quarterly Unaudited Standalone and Year to Date Financial Results of the Company Pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended

Review report to

The Board of Directors

SETCO AUTOMOTIVE LIMITED

We have reviewed the accompanying Statement of unaudited standalone financial results of **SETCO Automotive Limited** (the 'Company') for the quarter ended June 30, 2019 (the "Statement") attached herewith, being submitted by the Company pursuant to the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (the Regulation), read with SEBI Circular No. CIR/CFD/CMD1/44/2019 dated March 29, 2019 (the Circular).

The preparation of the Statement in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34 (Ind AS 34) "Interim Financial Reporting" prescribed under Section 133 of the Companies Act, 2013, as amended, read with relevant rules issued thereunder and other accounting principles generally accepted in India, read with the Circular is the responsibility of the Company's management and has been approved by the Board of Directors of the Company. Our responsibility is to express a conclusion on the Statement based on our review.

We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the financial statements are free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.

Based on our review conducted as above, nothing has come to our attention that causes us to believe that the accompanying statement of unaudited standalone financial results prepared in accordance with applicable accounting standards i.e. Ind AS prescribed under Section 133 of the Companies Act, 2013 and other recognised accounting practices and policies has not disclosed the information required to be disclosed in terms of Regulation 33 of the Listing Regulations including the manner in which it is to be disclosed, or that it contains any material misstatement.

For V. Parekh & Associates

Chartered Accountants

(Firm Registration No. 107488W)



Rasesh V. Parekh

(Rasesh V. Parekh)

Partner

Membership No. 038615

UDINo.: 19038615AAAAIH5448

Place : Mumbai

Date : 13.08.2019



Corporate Identity Number : L35999GJ1982PLC005203

Regd. Office : Baroda - Godhra Highway, Kalol, District Panchmahal, Pin Code - 389 330, Gujarat

Tel :- 02676 - 270600, Fax :- 02676 -235524

Website: www.setcoauto.com, Email :- investor.relations@setcoauto.com

Statement of Standalone unaudited Financial Results for the Quarter ended June 30, 2019

Rs. in Lakhs

Sr. No.	Particulars	Quarter Ended			Year Ended
		30-Jun-19 (Unaudited)	31-Mar-19 (Unaudited)	30-Jun-18 (Unaudited)	31-Mar-19 (Audited)
1	Income				
a.	Revenue from Operations	12,826	14,981	13,702	61,340
b.	Other Income	395	355	475	1,515
	Total Income	13,221	15,336	14,177	62,854
2	Expenses				
a.	Cost of materials consumed	7,631	8,721	8,154	37,853
b.	Changes in inventories of finished goods and work-in-progress	(263)	(379)	(132)	(1,614)
c.	Employee benefits expense	1,319	1,718	1,181	5,673
d.	Finance costs	807	833	858	3,398
e.	Depreciation and amortisation expense	469	484	482	1,931
f.	Other expenses	2,109	2,516	2,463	10,307
	Total Expenses	12,071	13,893	13,006	57,548
3	Profit / (Loss) before exceptional and tax (1-2)	1,150	1,443	1,170	5,306
4	Exceptional Items	-	-	-	-
5	Profit / (Loss) before tax (3+4)	1,150	1,443	1,170	5,306
6	Tax Expense				
a.	Current Tax	451	(584)	387	826
b.	Deferred Tax	(50)	824	(35)	858
7	Profit / (Loss) for the period (5-6)	749	1,203	818	3,622
8	Other Comprehensive Income (OCI)				
a.	Items that will not be reclassified to Profit or Loss	-	(31)	-	(31)
b.	Income Tax relating to items that will not be reclassified to Profit or Loss	-	11	-	11
c.	Items that will be reclassified to Profit or Loss	-	-	-	-
d.	Income Tax relating to items that will be reclassified to Profit or Loss	-	-	-	-
	Other Comprehensive Income (Net of Tax)	-	(20)	-	(20)
9	Total Comprehensive income for the period (7+8)	749	1,183	818	3,602
10	Paid up Equity Share Capital (Face Value Rs. 2/- per share)	2,675	2,674	2,672	2,674
11	Other Equity				23,588
12	Earnings per equity share (Face Value of Rs. 2/-) (not annualised) :				
	(a) Basic - Rs.	0.56	0.90	0.61	2.71
	(b) Diluted - Rs.	0.56	0.90	0.61	2.71



UDIN : 19038615AAAAI1H5448



Notes (Standalone):-

1. The above statement has been prepared in accordance with the Companies (Indian Accounting Standards) Rules, 2015 (Ind-AS) prescribed under Section 133 of the Companies Act, 2013, as amended and other recognized accounting practices and policies to the extent applicable.
2. The other income of Rs. 395 lakhs for the quarter ended June'19 (for March'19 Qtr Rs. 355 lakhs, for June'18 Qtr Rs. 475 lakhs) includes interest charged to subsidiaries of Rs. 301 lakhs for June'19 Qtr (for March'19 Qtr Rs. 204 lakhs, for June'18 Qtr Rs. 227 lakhs), foreign exchange fluctuation loss of Rs. Nil for June'19 Qtr (for March'19 Qtr loss of Rs. 38 lakhs for June'18 Qtr gain Rs. 21 lakhs), interest on VAT refund received for June'19 Qtr Rs. Nil (for March'19 Qtr Rs. 54 lakhs, for June'18 Qtr Rs. 80 lakhs), finance income on Financial Guarantee of Rs. 51 lakhs for June'19 Qtr (for March'19 Qtr Rs. 51 lakhs, for June'18 Qtr Rs. 88 lakhs), duty drawback of Rs. 9 lakhs for June'19 Qtr (for March'19 Qtr Rs. 18 lakhs, for June'18 Qtr Rs. 31 lakhs), and other misc. income of Rs. 34 lakhs for June'19 Qtr (for March'19 Qtr Rs. 66 lakhs, for June'18 Qtr Rs. 28 lakhs).
3. Effective from April 01, 2019, the company has adopted Ind AS 116 "Leases". Upon review of existing leases, the management is of the view that no material impact is there on this quarter result.
4. The company has only one operating segment viz. Auto Components and accordingly there are no separate reportable segments in the context of Ind-AS 108 "Operating Segment".
5. The figures for the quarter ended March 31, 2019 are the balancing figures between the audited figures in respect of full financial year ended on March 31, 2019 and the published unaudited year to date figures upto the period ended December 31, 2018.
6. Previous period figures have been regrouped / rearranged wherever considered necessary.
7. The above financial results were reviewed and recommended by the Audit Committee at its meeting held on August 13, 2019 and subsequently approved by the Board of Directors at its meeting held on August 13, 2019. The Statutory Auditors have carried out a limited review of the financial results for the quarter ended June 30, 2019.

For and behalf of the Board



Harish Sheth
Chairman & Managing Director
DIN : 01434459



Place : Mumbai
Date : August 13, 2019



Independent Auditor's Review Report on the Quarterly Unaudited Consolidated and Year to Date Financial Results of the Company Pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended

**Review Report to
The Board of Directors
SETCO AUTOMOTIVE LIMITED**

1. We have reviewed the accompanying Statement of unaudited Consolidated Financial Results of **SETCO AUTOMOTIVE LIMITED** ("the Parent") and its subsidiaries (the Parent and its subsidiaries together referred to as 'the Group'), for the quarter ended June 30, 2019 (the "Statement") attached herewith, being submitted by the Parent pursuant to the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ('the Regulation'), read with SEBI Circular No. CIR/CFD/CMDI/44/2019 dated March 29, 2019 ('the Circular'). Attention is drawn to the fact that the consolidated figures for the corresponding quarter ended June 30, 2018 and the corresponding period from January 01, 2019 to March 31, 2019, as reported in these financial results have been approved by the Parent's Board of Directors, but have not been subjected to review.
2. This Statement, which is the responsibility of the Parent's Management and approved by the Parent's Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34 (Ind AS 34) "Interim Financial Reporting" prescribed under Section 133 of the Companies Act, 2013, as amended, read with relevant rules issued thereunder and other accounting principles generally accepted in India read with the Circular. Our responsibility is to express a conclusion on the Statement based on our review.
3. We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Institute of Chartered Accountants of India. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

We also performed procedures in accordance with the Circular issued by the Securities and Exchange Board of India under Regulation 33(8) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, to the extent applicable.

4. The Statement includes the results of the following entities:



V. PAREKH & ASSOCIATES

CHARTERED ACCOUNTANTS

37, HAMAM STREET, 2nd FLOOR, FORT, MUMBAI - 400 001. Q : 2265 02 64 • 2265 35 55 • 2266 62 19 FAX : 2265 43 70 E-Mail : mail@vparekh.com

Sr No.	Name of Entity	Relationship
1.	Setco Automotive (UK) Limited	Wholly Owned Subsidiary
2.	Setco Automotive (NA), INC.	Wholly Owned Subsidiary
3.	WEW Holding Limited	Wholly Owned Subsidiary
4.	Setco MEA DMCC	Wholly Owned Subsidiary
5.	Lava Cast Private Limited	Subsidiary

5. Attention is drawn to the fact that the Company has estimated unrealized profit in inventory lying with subsidiary companies out of inter company transactions & eliminated it prospectively on consolidation for June 2019 Quarter. The net effect of it is, Retained Earnings decreased by Rs. 117.75 Lakhs and Deferred Tax Asset increased by Rs. 63.25 Lakhs as at 30.06.2019. In absence of such details in past, corresponding figures of previous periods are not comparable.
6. Subject to the above para, based on our review conducted and procedures performed as above, nothing has come to our attention that causes us to believe that the accompanying statement of unaudited consolidated financial results prepared in accordance with the recognition and measurement principles laid down in the aforesaid Indian Accounting Standards i.e. Ind AS and other accounting principles generally accepted in India, has not disclosed the information required to be disclosed in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, including the manner in which it is to be disclosed, or that it contains any material misstatement.

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



Rasesh V. Parekh

(Rasesh V. Parekh)

Partner

Membership No. 038615

UDINo.: 19038615AAAII6781

Place : Mumbai

Date : 13.08.2019



Corporate Indentity Number : L35999GJ1982PLC005203

Regd. Office : Baroda - Godhra Highway, Kalol, District Panchmahal, Pin Code - 389 330, Gujarat

Tel :- 02676 - 270600, Fax :- 02676 -235524

Website: www.setcoauto.com, Email :- investor.relations@setcoauto.com

Statement of Consolidated unaudited Financial Results for the Quarter ended June 30, 2019

Rs. in Lakhs

Sr. No.	Particulars	Quarter Ended			Year Ended
		30-Jun-19 (Unaudited)	31-Mar-19 (Unaudited)	30-Jun-18 (Unaudited)	31-Mar-19 (Audited)
1	Income				
a.	Revenue from Operations	14,323	16,316	15,259	68,044
b.	Other Income	49	158	180	583
	Total Income	14,372	16,474	15,439	68,627
2	Expenses				
a.	Cost of materials consumed	7,255	8,091	7,435	34,646
b.	Changes in inventories of finished goods and work-in-progress	(549)	(294)	(283)	(1,746)
c.	Employee benefits expense	2,112	2,554	1,971	9,083
d.	Finance costs	1,235	1,261	1,308	5,259
e.	Depreciation and amortisation expense	797	850	823	3,352
f.	Other expenses	3,245	3,704	3,813	16,355
	Total Expenses	14,096	16,166	15,066	66,949
3	Profit / (Loss) before exceptional and tax (1-2)	277	308	373	1,677
4	Exceptional Items	-	-	-	-
5	Profit / (Loss) before tax (3+4)	277	308	373	1,677
6	Tax Expense				
a.	Current Tax	451	(584)	387	826
b.	Deferred Tax	(50)	1,218	(35)	905
7	Profit / (Loss) for the period (5-6)	(124)	(326)	21	(54)
8	Other Comprehensive Income (OCI)				
a.	Items that will not be reclassified to Profit or Loss		(36)		(36)
b.	Income Tax relating to items that will not be reclassified to Profit or Loss		11		11
c.	Items that will be reclassified to Profit or Loss		-		-
d.	Income Tax relating to items that will be reclassified to Profit or Loss		-		-
	Other Comprehensive Income (Net of Tax)		(25)		(25)
9	Total Comprehensive income for the period (7+8)	(124)	(351)	21	(79)
10	Profit for the period attributable to				
	Owners of the company	(34)	(183)	116	313
	Non-controlling Interest	(90)	(143)	(95)	(367)
11	Other Comprehensive Income attributable to				
	Owners of the company	-	(24)	-	(24)
	Non-controlling Interest	-	(1)	-	(1)
12	Total Comprehensive Income for the period attributable to				
	Owners of the company	(34)	(208)	116	289
	Non-controlling Interest	(90)	(143)	(95)	(368)
12	Paid up Equity Share Capital (Face Value Rs. 2/- per share)	2,675	2,674	2,672	2,674
13	Other Equity				14,417
14	Earnings per equity share (Face Value of Rs. 2/-) (not annualised) :				
	(a) Basic - Rs.	(0.03)	(0.16)	0.09	0.22
	(b) Diluted - Rs.	(0.03)	(0.16)	0.09	0.22



UDIN: 19038615 AAAAIIH5448



Notes (Consolidated) :-

1. The above Consolidated Financial Statement has been prepared in accordance with the Companies (Indian Accounting Standards) Rules, 2015 (Ind-AS) prescribed under Section 133 of the Companies Act, 2013, as amended and other recognized accounting practices and policies to the extent applicable.
2. Company has estimated unrealized profit in inventory lying with subsidiary companies out of inter-company transactions & eliminated it prospectively on consolidation for June 2019 Quarter. The net effect of it is, retained earnings decreased by Rs. 117.75 Lakhs and deferred tax asset increased by Rs. 63.25 Lakhs as at June 30, 2019. In absence of such details in past, corresponding figures of previous periods are not comparable.
3. Effective from April 01, 2019, the company has adopted Ind AS 116 "Leases". Upon review of existing leases, the management is of the view that no material impact is there on this quarter result.
4. The company has only one operating segment viz. Auto Components and accordingly there are no separate reportable segments in the context of Ind-AS 108 "Operating Segment".
5. The Consolidated figures for the corresponding quarter ended June 30, 2018 and for the quarter ended March 31, 2019 are approved by the Board of Directors and have not been subject to Limited Review by the Auditors.
6. Previous period figures have been regrouped / rearranged wherever considered necessary.
7. The above consolidated financial results were reviewed and recommended by the Audit Committee at its meeting held on August 13, 2019 and subsequently approved by the Board of Directors at its meeting held on August 13, 2019. The Statutory Auditors have carried out a limited review of the consolidated financial results for the quarter ended June 30, 2019.

For and behalf of the Board



Harish Sheth
Chairman & Managing Director
DIN : 01434459



Place : Mumbai

Date : August 13, 2019



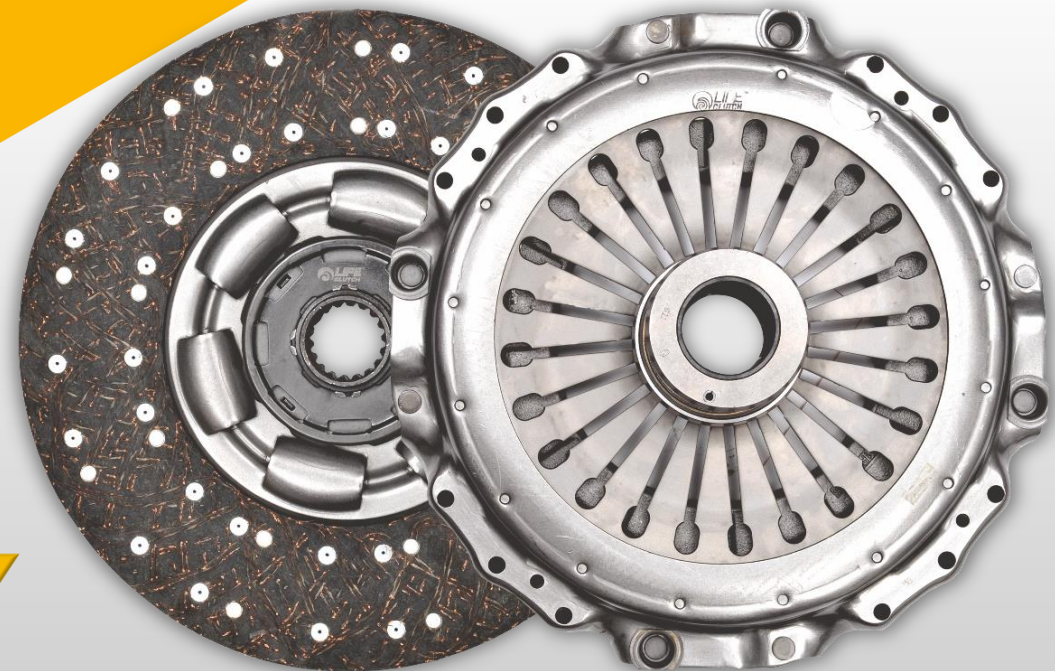
Efficient Engineering

Results Q1FY20
Setco Automotive Limited



...**LIPE** FOR LIFE™

BS-VI
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This presentation also contain certain tables and other statistical analyses. Numerous assumptions were used in preparing the statistical information, which may or may not be reflected herein. The Company has not verified such statistical information with independent sources. As such, no assurance can be given as to the statistical information’s accuracy, appropriateness or completeness in any particular context nor as to whether the statistical information and/or the assumptions upon which they are based reflect present market conditions or future market performance. The statistical information should not be construed as either projections or predictions or as legal, tax, financial or accounting advice.

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Agenda

- 1** Overview Q1FY20
- 2** Financial Results
- 3** Outlook
- 4** Business Update
- 5** Appendix

Overview Q1 FY20

Highlights

1

Setco's performance has been sustained in a challenging environment

- Sales at INR128 cr are marginally down by ~7%, whereas MHCV industry has decline by 18%. This has been achieved because of our strong aftermarket presence.
 - OEM segment continued to be subdued for 3rd Qtr in a row. OEM's resorting to inventory correction measures.
 - Maintaining market share of **~85% with OEM's** across the Industry, despite drop in MHCV demand. (OEM contributes ~40% of Setco's top-line)
 - Expects demand to start picking-up in 2nd half of the year
-

2

Aftermarket business continues to be Setco's growth segment -

- Growing aftermarket segment for organized players post GST.
 - Market share growth with deeper aftermarkets penetration through both OES and Independent Aftermarket channels **which contributes consistently greater than 50% of Setco's top-line (current quarter 58%)**
-

3

Improved operational profitability driven by -

- Cost management, segment mix and pricing management
 - ✓ Contribution at **30.4%**, up by 330bps
 - ✓ EBITDA at **15.8%**, up by 70bps
 - ✓ Operating PBT at **5.9%**, up by 60bps
-

4

BS-VI clutches

- Ready for supplying BS-VI clutches
-

Consolidated - Better operations & cost management



Highlights

1

External environment and Top-line

- Top-line marginally down by ~7% mainly due to OEM segment (Both Setco and Lava Cast).
 - Impact of OEM's slow down on Lava Cast is higher since aftermarket segment consumes lesser Lava Cast products.
 - US class-8 market and construction equipment segment experiencing 30-50% contraction in OE demand
-

2

Setco Consol Operating Performance –







- Contribution at 30% is up by 320bps
 - EBITDA margins sustained at 16.1%. Lava Cast margins improved by 300bps
 - Operating PBT at 1.9% down by 50bps. Negative mix impact in US. Expect improvement from H2FY20
-



Financial Results

Key figures – Standalone Q1 FY20

Standalone







In INR crores	Q1 FY20	Q1 FY19	Growth	FY19
Sales	128.26	137.02	(6.6)% 	613.40
Contribution % to Sales	39.05 30.4%	37.25 27.1%	+330bps 	172.59 28.1%
EBITDA EBITDA Margin	20.30 15.8%	20.67 15.1%	+70bps 	91.01 14.8%
Operating PBT Operating PBT Margin	7.55 5.9%	7.27 5.3%	+28 lakhs +60bps 	37.72 6.1%
PBT PBT%	11.50 9.0%	11.70 8.5%	(1.7)% +50Bps 	52.87 8.6%
MAT Adj.	2.25	1.56		6.26
Corporate Tax	1.76	1.96		10.57
PAT PAT Margin	7.49 5.8%	8.18 6.0%	-20bps 	36.02 5.9%
EPS	0.56	0.61	-	2.70

Key aspects – Standalone

- Significant macro headwinds resulting in slow down of sales in MHCV
- First Quarter is seasonally the weakest quarter in terms of Top-line (around 18-20% of full year). However Q1FY19 was exceptionally good (Q1 was 22% of full year and the best Q1 in history of Setco).
- Despite significant macro headwinds coupled with high base affect of Q1FY19, Setco's standalone performance has improved on all parameters
 - Highest ever contribution margin at 30.4%.

Key figures – Consolidated Q1 FY20

Consolidated

In INR crores	Q1 FY20	Q1 FY19	Growth	FY19
Sales	143.72	154.39	(6.9)% 	680.44
Contribution % to Sales	50.66 35.3%	49.21 31.9%	+340bps  	222.24 32.4%
EBITDA EBITDA Margin	23.09 16.1%	25.03 16.2%	-10bps 	97.05 14.3%
Operating PBT	2.77	3.73	(25.9)% 	16.77
PBT	2.77	3.73	(44.7)% 	16.77
MAT Adj.	2.25	1.56	-	6.74
Corporate Tax	1.76	1.96	-	10.57
PAT PAT Margin	(0.34) (0.2)%	1.16 0.8%	-	2.89 0.4%
EPS	(0.03)	0.09	-	0.22

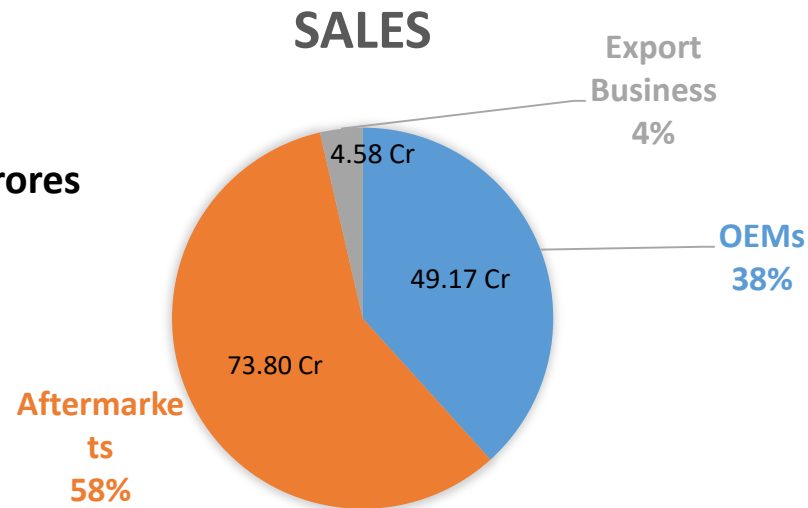
Key aspects – Consolidated

- Contribution at 35.3% improved by 340bps.
- EBITDA maintained, despite:
 - Increased staff strength to grow business in aftermarket in US
 - One time admin expenses which will not happened in forward quarters
- PBT drop of INR 0.96 crs is on account of lower top-line, despite higher contribution

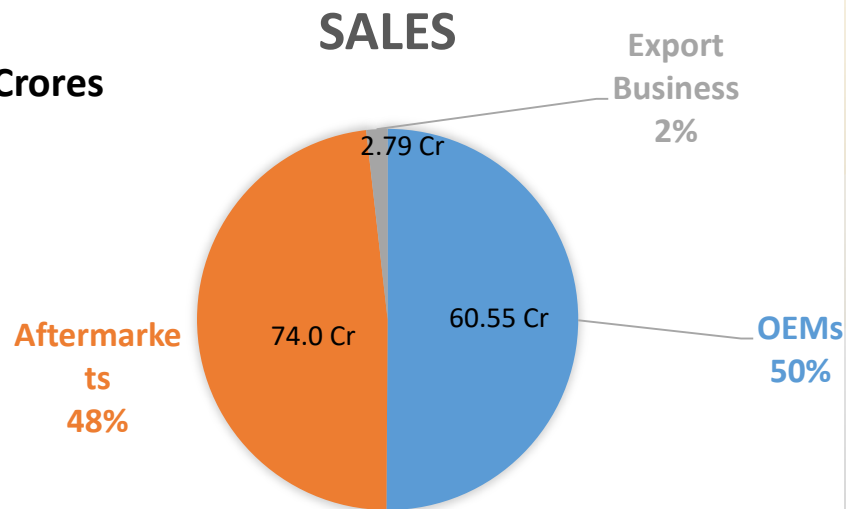
Segment mix – Standalone Sales

Standalone

Q1FY20 – INR 127.56 Crores



Q1FY19 – INR 137.34 Crores



Key Aspects

- ▶ De-growth in OEM Segment along with Inventory reduction by OEM
- ▶ Volume growth continues in aftermarket segment
- ▶ Improved mix (58%) in more profitable aftermarket segment
- ▶ Increased Exports from last year

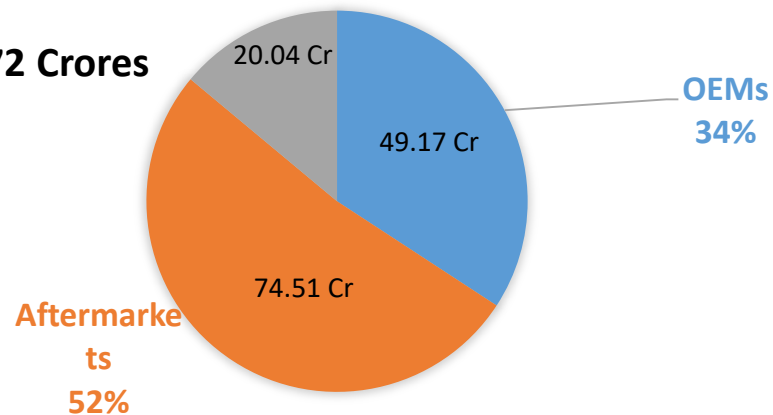
Segment mix – Consolidated Sales

Consolidated

SALES

International Business
14%

Q1FY20 – INR 143.72 Crores



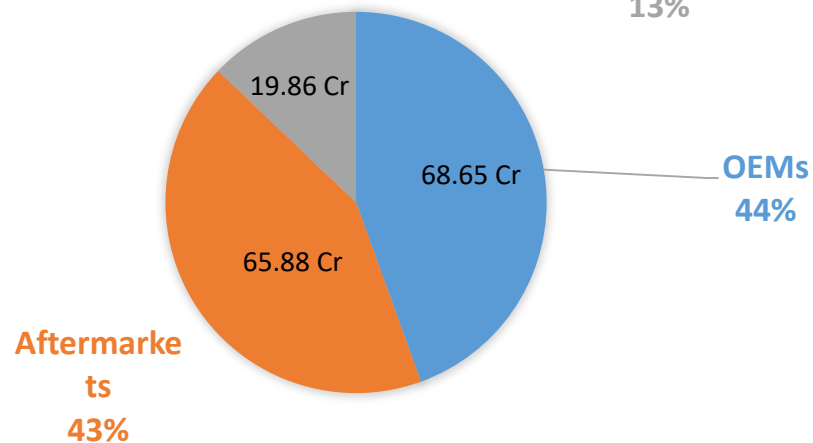
Key Aspects

- ▶ International business at 13-14% of total revenues
- ▶ OEM lower share primarily driven by Indian OEM's
- ▶ Aftermarket constitutes over 50% at consol level also. Thus a major strength for overcoming OEM cyclicity

SALES

International Business
13%

Q1FY19 – INR 154.39 Crores



Management Message



**Harish Sheth,
Chairman & MD**

Our strong market position in the OEM segment coupled with a greater than 50% revenue from the more profitable aftermarket segment has resulted in us delivering a resilient performance in Q1FY20, despite significant macro headwinds and 20% de-growth in OEM segment

Our proactive steps in reducing cost as well as expanding business in newer segment of farm tractors and exports will further strengthen our growth momentum. Our aftermarket continues to be the growth driver and our dominant market share in OEM underlines sustainability of aftermarket business. We expect recovery from H2 in the OEM segment also.

We are geared up for seamless migration to BS-VI which will improve revenue per vehicle as well as EBITDA margins. The proposed scrappage policy of commercial vehicle is likely to get implemented from April 2020 and will further give impetus to our growth momentum.

FY20 Outlook and Beyond...

OEM

- We anticipate pre-buying of BS-IV MHCV during the H2FY20 resulting in better performance in H2FY20 vs H1FY20 in OEM sales
- Farm Equipment – Approvals from major OEMs are in progress and expected shortly, and benefits will be available in second half of FY20.
- Stable/Softening of RM prices coupled with pricing management to ensure protection/increase of margins during FY20

Aftermarket

- As anticipated post GST introduction aftermarket is moving towards organized players, we think this trend will gain further steam going forward
- OEM Sales in the growth years of FY14-FY16 will come-up for the first/second replacement cycle in the current year and would drive OES sales growth
- Better availability and network expansion will drive Independent Aftermarket
- International Subsidiary - introduction of new generation clutches (ASD clutch) in US

Lava Cast

- Business has been impacted in line with OEM slowdown, despite challenging environment we anticipate to improve margins from FY19 levels. Our Outlook remains robust in medium to long term.

BS-VI migration from April 2020. We are ready with BS VI products and approvals. Expects up-sizing & content improvement of 5-8% along with 75-100BPS improvement in margins in OE segment to start with.

Business Update

Customer focus and growth

Growth Strategy

Aftermarket – Increased share improves both profitability and stability

1



Merger with **Lava Cast**

2



OEM Business – Maintained our pre-dominant share

3



Foray into **Farm Equipment**

4



Cost Optimization

Enhance productivity and asset utilization

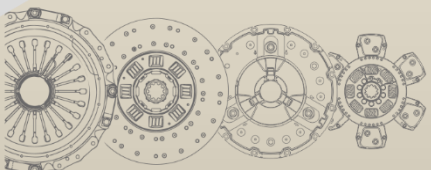
5

Build culture of innovation & performance

6

Continuous improvement in Working Capital and Debt Management

7



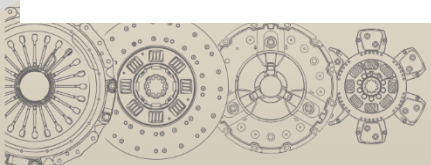
Efficient Engineering

Lava Cast – Merger with Setco



Progress on merger as per original time-line on track. The proposed merger will accrue following benefits to Merged entity:

- 1. Increased business opportunity** – Normally OE's hesitate to increase their supplier base. The merger will facilitate business with OEMs as all their supplies will now be under one vendor code. **This will result in increase of orders from OEM's MHCV/Tractor industries.**
- 2. Operational Efficiency** - economies of scale, increase in purchasing power, reduction in overheads and administrative efficiencies; wherein we could have potential savings in the range of **INR 5-8 crs per annum.**
- 3. Improved Profitability** – due to lower WACC, improved cash flows and resulting in advantages as a merged entity at PAT level.



New Growth area - Farm Equipment clutches

Opportunity in Farm Equipment

- 1 India is the largest manufacturer of Tractors. Increased in level of Mechanization will further drive the industry
- 2 Industry is moving towards higher horse power tractors leading to growth in dual clutch technology , which currently has only one supplier in the market. There is a demand for second supplier
- 3 Govt. initiatives of doubling the farmer income by 2022 and huge government investments in Rural infrastructure

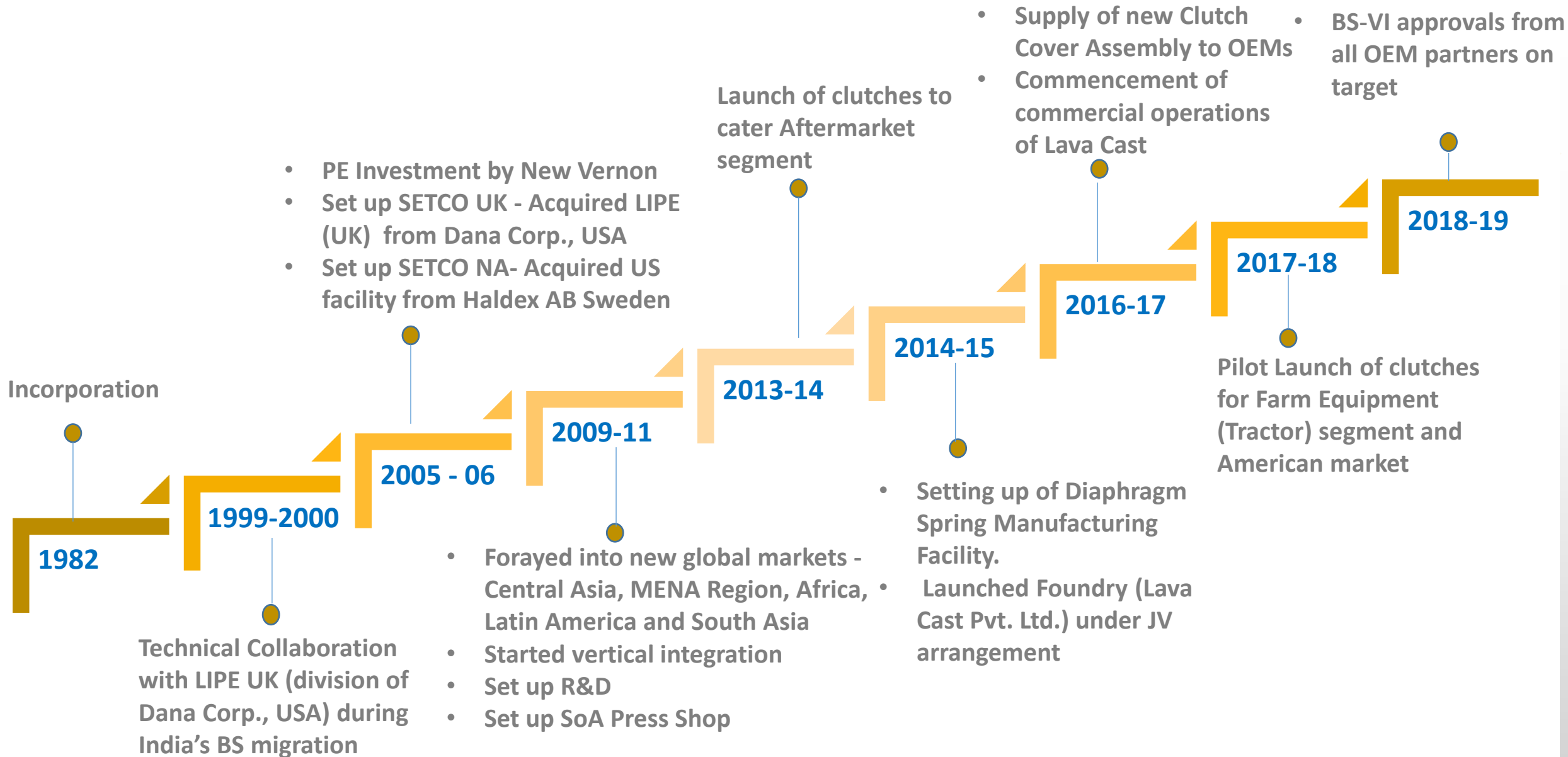


Key Developments

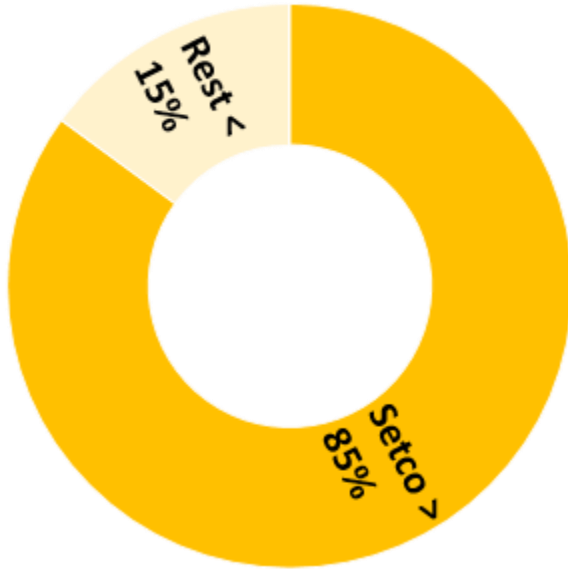
- ▶ Approvals from major OEMs are in progress and expected shortly, and full benefits of it will be available in second half of FY 20
- ▶ The company aims to generate around 10% of revenue from this segment in the coming years

Appendix

Our Journey So Far



Market Share - MHCV Clutch



Key Aspects

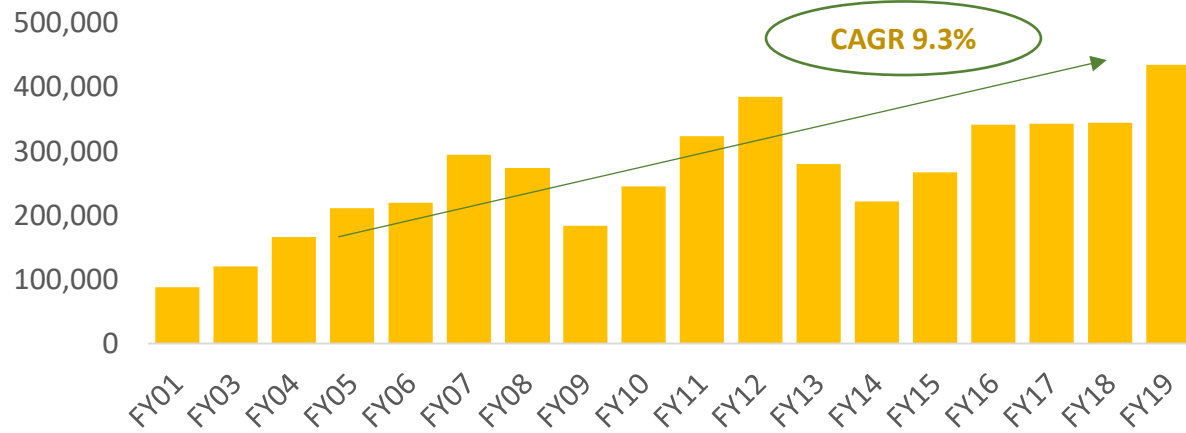
- ▶ Largest producer of Medium & Heavy Commercial Vehicle (MHCV) Clutches in India.
- ▶ Serving more than 85% of MHCV Clutch demand of OE in India.
- ▶ Present across lifecycle of MHCV – OEM, OES & Aftermarket
- ▶ R&D centre at India and UK, providing competitive advantage
- ▶ Building and gaining market share in MHCV international business
- ▶ Launching new products in domestic market for farm equipment business
- ▶ Employs more than 2000 people and for over 70% of the people this is the first job
- ▶ Consistent dividend pay-out practice

Standalone	FY19	FY18	
			In INR Cr
Sales	613.40	513.46	+19.5%
EBITDA	91.01	56.45	+61.2%
PAT	36.02	28.89	+24.7%

Numbers in Lakhs	FY15	FY16	FY17	FY18	FY19
M&HCV Production*	2.67	3.41	3.43	3.44	3.84
Setco clutch Sales to OEM	2.49	3.15	3.15	3.51	3.73

* Source SIAM - Some OEMs do not participate in SIAM data

Growth in MHCV – Past 18 years



- 🌀 Despite MHCV industry being cyclical, historically it has grown with a CAGR of close of 10%.
- 🌀 Setco has a de-risked business model :
 - Serve all OEM manufacturers.
 - Consistently Over 50% of sales (57% in FY 19) is from aftermarket demand which is non cyclical.
 - Development of full range for diversification into farm tractor clutches.

Growth Levers - MHCV Industry

- 1 Introduction of BSVI Norms from FY20
- 2 Investments in Infrastructure, rural areas and mining sector
- 3 Stricter norms for overloading
- 4 Scrapage Policy – Age of vehicle 15/20 yrs

Automatic Transmission technology

- Very low adoption of fully automated transmission less than 5% even in Developed markets :
 - Low acceptance due to higher price and untested for Indian roads .
 - Higher fuel consumption and costly maintenance thereby increasing operating cost
- Automated Manual Transmission (AMT) vehicles :
 - Lower in cost of ownership versus fully automatic .
 - This requires a standard clutch which Setco manufactures



Electronic / Battery operated Technology

- Mainly applicable to Intra-city buses
 - Need for lower pollution levels in big cities .
 - Requires Govt. Subsidies.
 - Constitutes only 5% of the market
- No threat in goods & Inter-city bus segment due to
 - Charging infrastructure and time
 - Reduction in pay-load and deck area
 - Commercial segment, not viable without govt. Subsidy.
 - Pollution not an issue in this segment.



Awards and Recognition



Tata Motors Awards (Oct 2018)
1st in Cost Competitive Supplier Category



Udit Sheth, VC receiving-The Next Generation Entrepreneur of the year
The Machinist Award- 2019



Ashok Leyland – Awards (2019)
1. Reliability Gold



Tata Motors Limited Annual Conference 2019
Cost Excellence Award



Outlook Poshan Awards 2019
Setco Foundation



Ashok Leyland – Awards (2019)
2. Aftermarket Gold



-  Health & Nutrition
-  Education
-  Empowerment

Initiating



Engaging



Recognizing

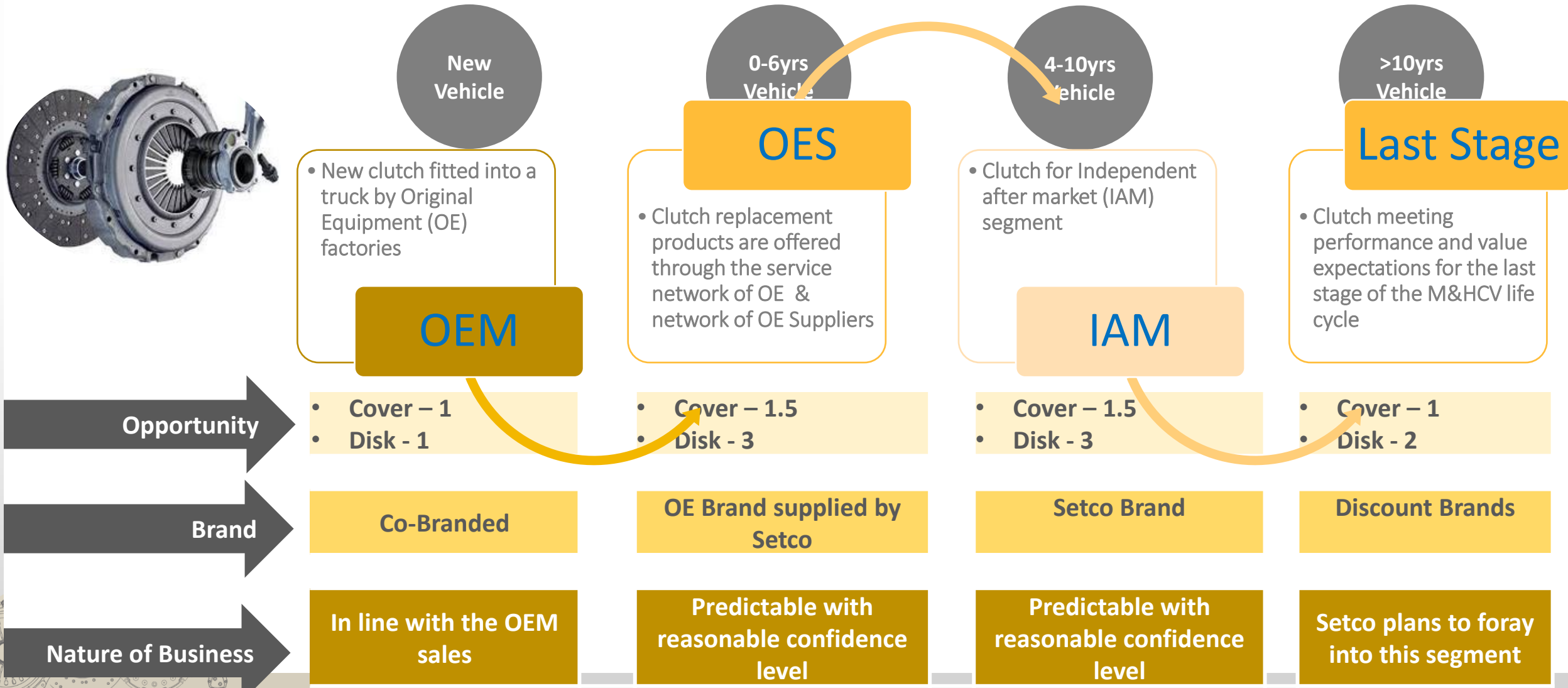


Lives Impacted **20,000+**

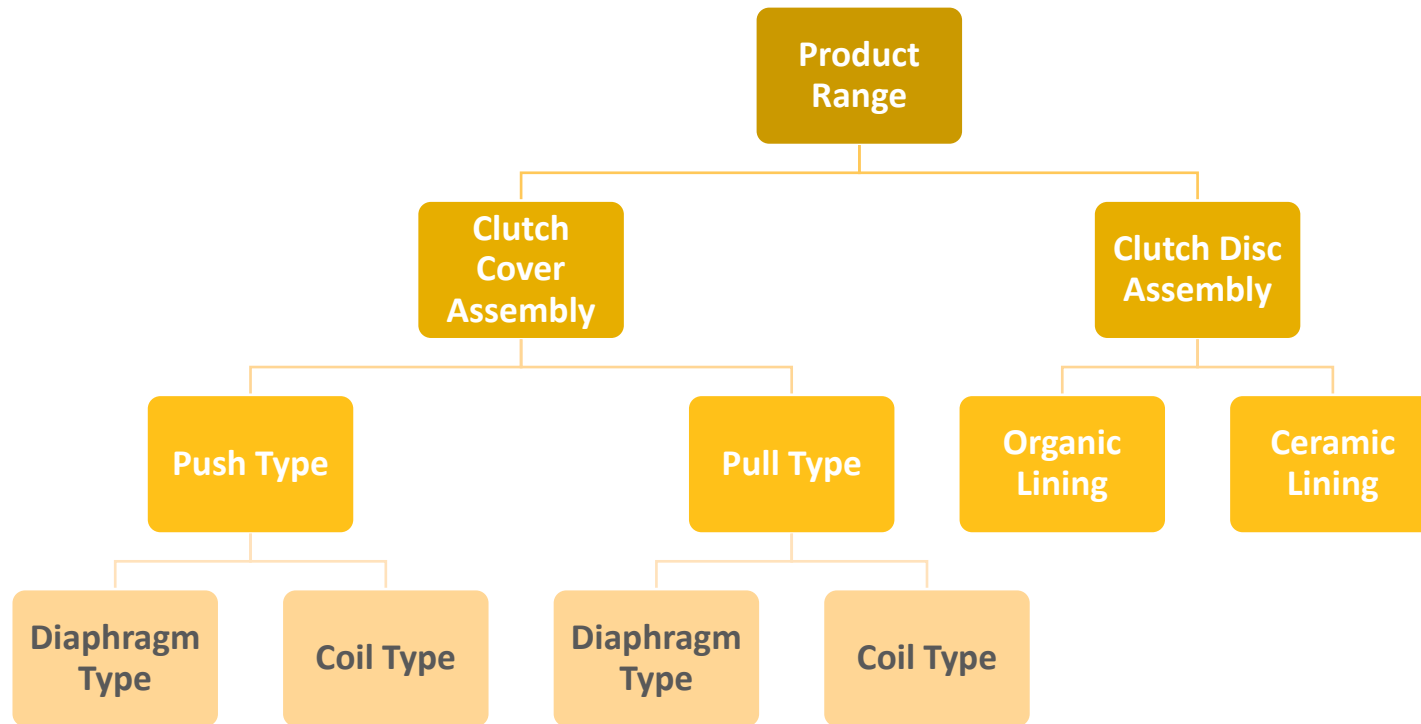


M&HCV Clutch Life Cycle

The clutch is the fuse of the drive train which is designed to fail optimally saving the engine and the gear-box and requires a strong service network to ensure that the vehicle performance is most efficient



Product Range (MHCV & Farm Tractors)



Key Aspects

- Setco designs & manufacture both coil spring clutches (American) & diaphragm spring clutches (European)

- Both types validated and approved by OEM vehicle manufacturers

- For new entrant, normally it takes 3-4 years to get an approval from OEM

- The company has successfully forayed in the Farm Tractor clutches

Setco continues to strengthen its Competitive advantage

1 Service Advantage



2 People Advantage



3 Integrated Play Advantage

4 Market Advantage

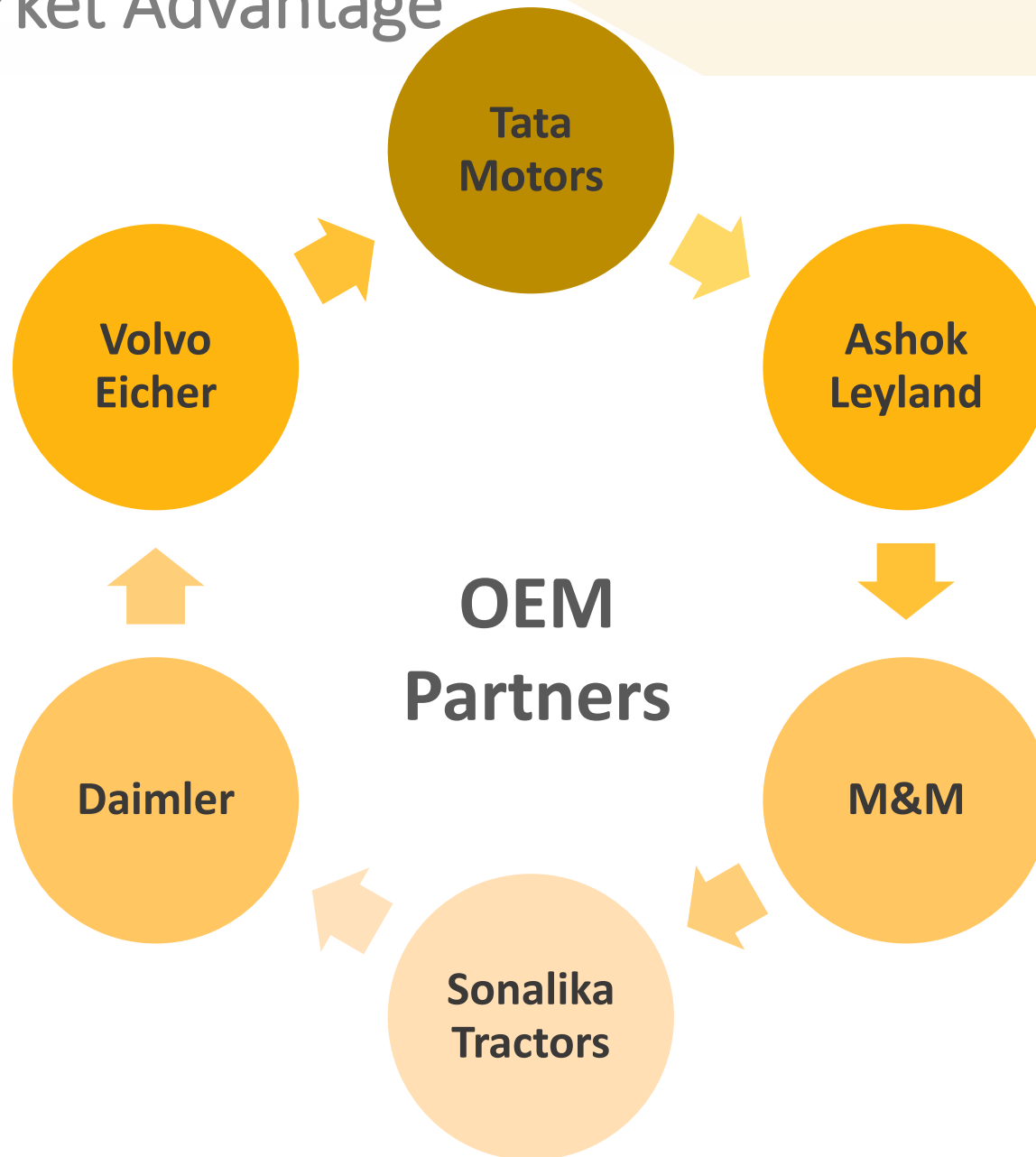


5 Manufacturing Advantage

6 Technology Advantage



Market Advantage



- ▶ Strong relations built over last 15 years with various OEM players.
- ▶ More than 85% of market share in MHCV space

4 MANUFACTURING FACILITIES 2 India | 2 International



Setco Kalol Complex, Gujarat



Setco Haslingden, Lancashire, UK



Setco Sitarganj, Uttarakhand



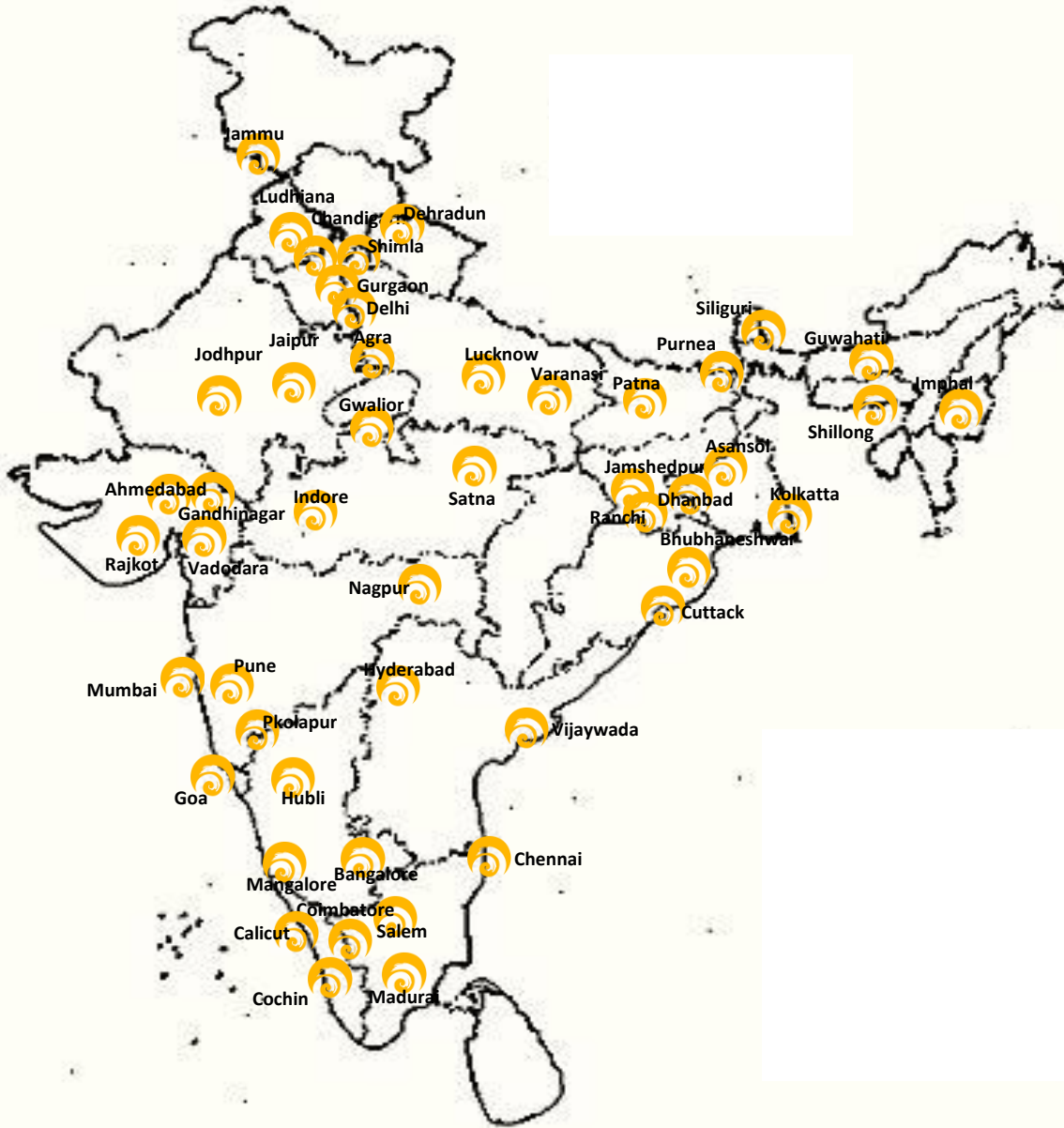
Setco Paris, TN, USA

Vertically Integrated Manufacturing

- ▶ State-of-the-art foundry with machine shop
- ▶ High tonnage press shop
- ▶ In-house surface treatment and heat treatment capability
- ▶ Diaphragm spring production

Plant: IATF 16949 :2009 | ISO 14001: 2004 , BS OHSAS 18001: 2007

Approval received for VDA 6.3 (The German Standard for Quality)



Key Aspects

23 distributors with 57 offices

The company aims to expand its aftermarket network to over 5000 touch points compared to 3500 touch points currently

Wide Independent Aftermarket - own distributor network through direct distributor arrangements

Distribution network covering retailers and garages

Training programs and field visits on servicing and troubleshooting & maintenance of clutch systems

Over 10,000 trained mechanics in India

We Invite You To Visit Setco



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