

December 4, 2021

To,

BSE Limited, Dept. of Corporate Services, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 001 Company Code: 505075	National Stock Exchange of India Ltd, Listing Department Exchange Plaza, Bandra Kurla Complex, Bandra (East), Mumbai – 400051 Scrip Symbol: SETCO
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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 you that the Board of Directors of the Company in its meeting held today i.e. Saturday, December 4, 2021 has, inter alia, approved the following:

1. Unaudited Standalone and Consolidated financial results for the second quarter and half year ended September 30, 2021 alongwith the Limited Review Report of the Statutory Auditors thereon; and
2. Ratification of the Equity Funding in Setco Auto Systems Private Limited
3. Related Party Transaction between Setco Auto Systems Private Limited and Lava Cast Private Limited
4. Related Party Transaction between the Company and Setco Auto Systems Private Limited
5. Convening the 38th (Thirty eighth) Annual General Meeting of the Company on Wednesday, December 29, 2021 through video conferencing or other audio-visual means.
6. The Register of Members and Share Transfer Book of the Company will remain closed from Thursday, December 23, 2021 to Wednesday, December 29, 2021 (both days inclusive).

Accordingly, please find enclosed the following:

- a) Unaudited Standalone and Consolidated financial results for the second quarter and half year ended September 30, 2021 alongwith the Limited Review Report of the Statutory Auditors thereon;
- b) Investor Presentation

The Board meeting commenced at 2:30 p.m. and concluded at 4:26 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



Hiren Vala
Company Secretary

Encl: As above

**LIMITED REVIEW REPORT ON UNAUDITED STANDALONE FINANCIAL RESULTS FOR
THE QUARTER AND HALF YEAR ENDED 30TH SEPTEMBER, 2021 OF SETCO
AUTOMOTIVE LIMITED PURSUANT TO THE REGULATION 33 OF THE SEBI (LISTING
OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015**

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 and half year ended September 30, 2021 ("the Statement"). This statement is the responsibility of the Company's Management and has been approved by the Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34 'Interim Financial Reporting' ("Ind AS 34"), prescribed under Section 133 of the Companies Act, 2013, read with relevant rules issued thereunder, as applicable and other accounting principles generally accepted in India. Our responsibility is to issue a report on these financial statements based on our review.

We conducted our review in accordance with the Standard on Review Engagement (SRE) 2410, '*Review of Interim Financial Information Performed by the Independent Auditor of the Entity*', specified under Section 143 (10) of the Companies Act, 2013. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the financial results are free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provide 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.

Emphasis of Matter

We draw your attention to the following matters in the Notes to the Standalone financial results:

- a) The company has not charged interest on unsecured loan to the subsidiaries (Refer Note No. 3 of Statements of Standalone Financial Results).
- b) Pending compliance of bank condition, company could not remit share application money to Setco MEA DMCC, resulting to non-issuance of share certificate to the company. The company has recognized it as investment in the wholly owned foreign subsidiary based on 100% control. The Company has decided to close this subsidiary vide Board Resolution dated 09.02.2021. (Refer Note No. 4 of Statements of Standalone Financial Results).

SETCO AUTOMOTIVE LIMITED

- c) On 31st August 2021, the company has entered into Business Transfer Agreement with Setco Auto Systems private limited (SASPL) (its then wholly owned subsidiary company) to transfer its clutch manufacturing business on slump sale basis

The clutch manufacturing business is transferred w.e.f 07th September 2021 with assets and liabilities as per the Balance Sheet resulting into excess of liabilities over assets plus Rs. 5 lakhs of consideration received, transferred to capital reserve amounting to Rs. 13,224 lakhs in compliance with Ind AS 103. (Refer Note No. 5 of Statements of Standalone Financial Results).

- d) Exceptional items include stock written down amounting to Rs. 3703 lakhs in view of the government policy to scrap old commercial vehicles greater than 15 years. (Refer Note No. 6 of Statements of Standalone Financial Results).
- e) Old debts, debit balances of vendors and provision for bad debts, which were not to be taken over by the transferee company (i.e SASPL) and hence, the company has written off net amount of Rs. 378 lakhs. (Refer Note No. 7 of Statements of Standalone Financial Results).
- f) The company has purchased “LIPE” Brand from its subsidiaries Setco Automotive (UK) Ltd and Setco Automotive (N.A.) Inc. for Rs. 3494 lakhs & Rs. 2452 lakhs respectively during the quarter and such brand has been transferred to the transferee company in slump sale transaction. (Refer Note No. 8 of Statements of Standalone Financial Results).
- g) The company had issued 3500 nos. of unlisted Non-Convertible Debentures of face value of Rs. 10 lakhs each to India Resurgence Fund which was then transferred to the transferee company (i.e SASPL) in slump sale transaction. (Refer Note No. 9 of Statements of Standalone Financial Results).

Our conclusion is not modified in respect of these matters.

**FOR V. PAREKH & ASSOCIATES
CHARTERED ACCOUNTANTS
FIRM REGN. NO. 107488W**

**PLACE : MUMBAI,
DATED: 4TH DECEMBER, 2021**

**RASESH V. PAREKH PARTNER
MEMBERSHIP NO. 38615
UDIN : 21038615AAAATK4369**



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
Corporate Identity Number : L35999GJ1982PLC005203

Statement of Standalone unaudited Financial Results for the Quarter and Half Year ended September 30, 2021

Sr. No.	Particulars	Quarter Ended			Half Year Ended		Year Ended
		September 30, 2021	June 30, 2021	September 30, 2020	September 30, 2021	September 30, 2020	March 31, 2021
		Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
1	Income						
a.	Revenue from Operations	8,975	5,637	8,051	14,612	11,072	31,406
b.	Other Income	301	122	471	423	941	522
	Total Income	9,276	5,760	8,522	15,035	12,013	31,928
2	Expenses						
a.	Cost of materials consumed	2,697	3,866	4,814	6,562	6,084	19,428
b.	Changes in inventories of finished goods and work-in-progress	4,690	(137)	38	4,553	587	1,110
c.	Employee benefits expense	977	1,110	938	2,087	1,908	4,429
d.	Finance costs	1,128	1,384	1,220	2,512	2,198	4,812
e.	Depreciation and amortisation expense	443	535	528	978	1,041	2,182
f.	Other expenses	1,402	1,280	1,220	2,681	2,018	5,544
	Total Expenses	11,337	8,038	8,759	19,374	13,836	37,505
3	Profit / (Loss) before exceptional and tax (1-2)	(2,061)	(2,278)	(236)	(4,339)	(1,823)	(5,577)
4	Exceptional Items	3,703	-	-	3,703	-	4,052
5	Profit / (Loss) before tax (3-4)	(5,764)	(2,278)	(236)	(8,042)	(1,823)	(9,629)
6	Tax Expense						
a.	Current Tax	2,187	-	-	2,187	-	51
b.	Deferred Tax	(380)	(77)	(49)	(457)	(88)	(274)
7	Profit / (Loss) for the period (5-6)	(7,571)	(2,201)	(187)	(9,772)	(1,735)	(9,406)
8	Other Comprehensive Income (OCI)						
a.	Items that will not be reclassified to Profit or Loss	-	-	-	-	-	(1,124)
b.	Income Tax relating to items that will not be reclassified to Profit or Loss	-	-	-	-	-	16
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)	-	-	-	-	-	(1,109)
9	Total Comprehensive income for the period (7+8)	(7,571)	(2,201)	(187)	(9,772)	(1,735)	(10,515)
10	Paid up Equity Share Capital (Face Value Rs. 2/- per share)	2,675	2,675	2,675	2,675	2,675	2,675
11	Other Equity						9,938
12	Earnings per equity share (Face Value of Rs. 2/-) (not annualised) :						
(a)	Basic - Rs.	(5.66)	(1.65)	(0.14)	(7.31)	(1.30)	(7.03)
(b)	Diluted - Rs.	(5.66)	(1.65)	(0.14)	(7.31)	(1.30)	(7.03)



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Part II: Statement of Standalone Assets & Liabilities

Rs in lakhs

Sr. No.	Particulars	As at	
		September 30, 2021	March 31, 2021
		Unaudited	Audited
A	ASSETS		
1	Non-Current Assets		
	a. Property, Plant and Equipment	-	9,918
	b. Capital Work-in-Progress	-	-
	c. Right of use of assets	-	1,348
	d. Intangible Assets	-	2,873
	e. Intangible Assets Under Development	-	594
	f. Financial Assets	-	-
	(i) Investments	21,262	19,009
	(ii) Loans and Advances	4,160	8,129
	(iii) Other Financial Assets	0	209
	g. Deferred Tax Assets (Net)	2,252	1,795
	h. Other Non-Current Assets	-	75
	Sub-total - Non-Current Assets	27,674	43,950
2	Current Assets		
	a. Inventories	-	8,382
	b. Financial Assets		
	(i) Trade Receivables	4,008	6,083
	(ii) Cash and Cash Equivalents	334	178
	(iii) Bank Balances Other Than (ii) Above	94	106
	(iv) Loans and Advances	1,933	1,932
	c. Current tax assets (net)	175	-
	d. Other Current Assets	239	1,434
	Sub-total - Current Assets	6,784	18,115
	TOTAL ASSETS	34,458	62,065
B	EQUITY AND LIABILITIES		
	Equity		
	a. Equity Share Capital	2,675	2,675
	b. Other Equity	13,406	9,938
	Sub-total - Equity	16,081	12,614
	Liabilities		
1	Non-Current Liabilities		
	a. Financial Liabilities		
	(i) Borrowings	6,832	7,818
	(ii) Lease Liability	-	645
	(iii) Other Financial Liabilities	673	757
	b. Other non current liabilities	-	11
	c. Provisions	-	425
	Sub-total - Non-Current Liabilities	7,505	9,657
2	Current Liabilities		
	a. Financial Liabilities		
	(i) Borrowings	-	20,957
	(ii) Lease Liability	-	291
	(iii) Trade Payables	-	-
	(a) Dues of micro, small and medium enterprises	-	1,003
	(b) Dues of creditors other than micro, small and medium enterprises	-	9,907
	(iv) Other Financial Liabilities	8,464	5,266
	b. Other Current Liabilities	121	1,770
	c. Provisions	103	447
	d. Current Tax Liabilities (Net)	2,184	153
	Sub-total - Current Liabilities	10,872	39,794
	TOTAL EQUITY AND LIABILITIES	34,458	62,065



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Part III: Standalone Cash Flow Statement

(Rs. In lakhs)

Particulars	Half Year Ended		Year Ended
	September 30, 2021	September 30, 2020	March 31, 2021
	Unaudited	Unaudited	Audited
A. CASH FLOW FROM OPERATING ACTIVITIES			
Net Profit before tax	(8,042)	(1,823)	(9,629)
Adjustment for :			
Depreciation and amortisation expense	978	1,041	2,182
(Profit)/loss on sale of property, plant and equipment	-	2	2
Unrealized exchange loss/(gain)	(101)	13	(123)
Unrealized margin on Stock	16	-	-
Impairment loss/(reversal) in the value of Investments	-	-	791
Impairment loss allowance on advances/receivables	-	-	1,515
Bad Debts	29	-	-
Inventory Written off	3,703	-	1,746
Interest expense	2,361	2,071	4,472
Other Financial charges	151	127	341
Rent Income	(100)	-	(227)
Interest income	-	(873)	-
Finance Income Related to Financial Guarantee Measured at Fair Value	(18)	(2)	(77)
Corporate tax	(2,187)	-	-
MAT credit entitlement	-	-	(51)
Employee stock options cost	-	-	(25)
Employee Benefits Designated Through Other Comprehensive Income	-	-	(50)
Government Grants - Cash Subsidy amortization	(13)	-	(1)
Operating profit / (loss) before changes in working capital	(3,224)	557	865
Adjustments for changes in :			
Trade receivables	(2,655)	791	2,219
Inventories	(219)	1,206	1,603
Loans and other assets	(167)	(853)	1,323
Other non-current and current assets	(1,240)	(2)	(266)
Non-current and current financial assets	92	4	12
Trade payables	7,829	(5,125)	(3,172)
Other non-current and current provisions	1,535	76	(65)
Other non-current and current liabilities	(1,461)	924	126
Non-current and current financial liabilities	(116)	(151)	58
Change in current assets/liabilities	3,598	(3,130)	1,839
Cash generated from operations	374	(2,573)	2,704
Direct taxes (Tax deducted at source)	(80)	(85)	(102)
Net Cash flow from operating activities	294	(2,658)	2,602
B. CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of Property, Plant and Equipment	(90)	(65)	(425)
Proceeds on sale of Property, Plant and Equipment	-	2	2
Intangible asset	-	(21)	(21)
Interest income	(5,962)	873	-
Rent Income	100	-	227
Government Grants - Cash Subsidy amortization	13	-	1
Proceeds on Sale of Business	5	-	-
Investment in Equity Shares	(70)	-	(2,001)
Investment in Preference Shares	(2,183)	(708)	(1,975)
Net Cash used in investing activities	(8,188)	81	(4,191)
C. CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from Cash Credit	(16,469)	(21)	(638)
Proceeds from Short Term /Other Loans	-	2,338	4,879
Proceeds from Term/Other Loans	6,832	3,001	4,845
Proceeds from Lease	-	-	-
Proceeds from Non Convetible Debentures	35,000	-	-
Repayment of Short Term Loans	(1,755)	(88)	(42)
Repayment of Term Loans	(11,677)	(106)	(2,559)
Repayment of Lease	(936)	(105)	(218)
Interest expense	(2,361)	(2,071)	(4,472)
Other Financial charges	(151)	(127)	(341)
Proceeds from issue of Shares including Premium	-	-	-
Final dividend and dividend distribution tax	-	-	-
Net Cash used in financing activities	8,483	2,821	1,455
Net increase/(decrease) in Cash and Cash Equivalents (A + B + C)	590	245	(135)
Opening Cash and Cash Equivalents	178	313	313
Less : Balance transferred on Slump Sale	(434)	-	-
Closing Cash and Cash Equivalents	334	558	178

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. Other Income includes as under:

(Rs. in lakhs)

Particulars	Quarter Ended		
	September 30, 2021	June 30, 2021	September 30, 2020
Interest charged to subsidiaries	0	0	441
Foreign Exchange Fluctuation gain	63	39	0
Lease Rent	41	58	0
Finance income on Financial Guarantee	12	6	6
Duty drawback	1	14	2
Gain on cancellation of Lease	147	0	0
Other Misc. income	37	5	22
Total	301	122	471

3. The company has not charged interest on unsecured loan to the subsidiaries.
4. Pending compliance of bank condition, company could not remit share application money to Setco MEA DMCC, resulting to non-issuance of share certificate to the company. The company has recognized it as investment in the wholly owned foreign subsidiary based on 100% control. The Company has decided to close this subsidiary vide Board Resolution dated 09.02.2021.
5. On 31st August 2021, the company has entered into Business Transfer Agreement with Setco Auto Systems private limited (SASPL) (transferee company) (its then wholly owned subsidiary company) to transfer its clutch manufacturing business on slump sale basis.

The clutch manufacturing business is transferred w.e.f 07th September 2021 with assets and liabilities as per the Balance Sheet resulting into excess of liabilities over assets plus Rs. 5 lakhs of consideration received, transferred to capital reserve amounting to Rs. 13,224 lakhs in compliance with Ind AS 103.

6. Government of India has formulated the policy to scrap old Commercial vehicles greater than 15 years.

In view of new emission norms and reluctance of transferee company (i.e SASPL) to take over such old stocks, the existing stocks of Rs. 4206 lakhs (at book value) of items/components whose utility is impaired, has been written down in accounts.

The net loss of Rs. 3703 lakhs (net of scrap sale value) is written down as expense and shown under the head "Exceptional Items".

7. There were long pending old debts, debit balance in vendor accounts and provision for bad debts, which were not to be taken over by the transferee company (i.e SASPL) and hence, the company has written off net amount of Rs. 378 lakhs.
8. The company has purchased "LIPE" Brand from its subsidiaries Setco Automotive (UK) Ltd and Setco Automotive (N.A.) Inc. for Rs. 3494 lakhs & Rs. 2452 lakhs respectively during the quarter and such brand has been transferred to the transferee company in slump sale transaction.
9. The company had issued 3500 nos. of unlisted Non-Convertible Debentures of face value of Rs. 10 lakhs each to India Resurgence Fund which was then transferred to the transferee company (i.e SASPL) in slump sale transaction.
10. 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".
11. The impact assessment of COVID-19 is a continuing process, given the uncertainties associated with its nature and duration. The company will continue to monitor any material changes to future economic benefits and the consequent impact on business, if any.
12. Previous period figures have been regrouped / rearranged wherever considered necessary.
13. The above financial results were reviewed and recommended by the Audit Committee at its meeting held on December 4, 2021 and subsequently approved by the Board of Directors at its meeting held on December 4, 2021. The Statutory Auditors have carried out a limited review of the financial results for the quarter and half year ended September 30, 2021.

For and behalf of the Board

Place : Kalol
Date : December 4, 2021

Harish Sheth
Chairman & Managing Director
DIN: 01434459

**LIMITED REVIEW REPORT ON UNAUDITED CONSOLIDATED FINANCIAL RESULTS
FOR THE QUARTER AND HALF YEAR ENDED 30TH SEPTEMBER, 2021 OF SETCO
AUTOMOTIVE LIMITED PURSUANT TO THE REGULATION 33 OF THE SEBI
(LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015**

To,
The Board of Directors,
SETCO AUTOMOTIVE LIMITED

We have reviewed the accompanying Statement of Unaudited Consolidated Financial Results of **SETCO AUTOMOTIVE LIMITED** (hereinafter referred to as 'the Holding Company') and its subsidiaries (collectively referred to as 'the Group') for the quarter and half year ended September 30, 2021 ("the Statement"). The Statement is being submitted by the Holding Company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (the "Listing Regulations").

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 is the responsibility of the Holding Company's management and has been approved by the Board of Directors. Our responsibility is to express a conclusion on the Statement based on our review.

We conducted our review in accordance with the Standard on Review Engagement (SRE) 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity', specified under Section 143 (10) of the Companies Act, 2013. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the financial results are free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provide less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.

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

The Statement includes results of the following entities:

Sr No	Name of the Entity
	Wholly owned Subsidiaries
1)	WEW Holdings Limited, Mauritius
2)	Setco Automotive (U.K.) Ltd., UK
3)	Setco Automotive N.A. Inc., (USA)
4)	Setco MEA DMCC, UAE.
	Partly Owned Subsidiaries
1)	Lava Cast Private Ltd., India
2)	Setco Auto Systems Private Limited, India

SETCO AUTOMOTIVE LIMITED

Based on our review conducted 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 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

Emphasis of Matter

We draw your attention to the following matters in the Notes to the Consolidated Financial Results:

- a) On 31st August 2021, the holding company has entered into Business Transfer Agreement with Setco Auto Systems private limited (SASPL) (its then wholly owned subsidiary company) to transfer its clutch manufacturing business on slump sale basis.

The clutch manufacturing business is transferred w.e.f 07th September 2021 with assets and liabilities as per the Balance Sheet resulting into excess of liabilities over assets plus Rs. 5 lakhs of consideration received, transferred to capital reserve amounting to Rs. 13,224 lakhs in compliance with Ind AS 103. (Refer Notes No. 2 of Consolidated Ind AS Financial Results).

- b) Exceptional items include stock of holding company written down amounting to Rs. 3703 lakhs in view of the government policy to scrap old commercial vehicles greater than 15 years and onetime payment by SASPL of Rs. 10,776 lakhs being compensation for forgoing potential future commission revenue in excess of Rs. 800 lakhs per annum by Setco Engineering Private Limited. (Refer Notes No. 3 of Consolidated Ind AS Financial Results).
- c) In the books of Parent company, there were long pending old debts, debit balance in vendor accounts and provision for bad debts, which were not to be taken over by the transferee company (i.e SASPL) and hence, the company has written off net amount of Rs. 378 lakhs. (Refer Note No. 5 of Consolidated Ind AS Financial Results).
- d) The holding company has purchased "LIPE" Brand from its subsidiaries Setco Automotive (UK) Ltd and Setco Automotive (N.A.) Inc. for Rs. 3494 lakhs & Rs. 2452 lakhs respectively during the quarter and such brand has been transferred to the transferee company in slump sale transaction. (Refer Note No. 6 of Consolidated Ind AS Financial Results).
- e) The parent company had issued 3500 nos. of unlisted Non-Convertible Debentures of Rs. 10 lakhs each to India Resurgence which was then transferred to the transferee company (i.e SASPL) in slump sale transaction. (Refer Note No. 7 of Consolidated Ind AS Financial Results).
- f) SASPL has mortgaged all assets in favor of Vistra ITCL (India) Limited, for securing Non-convertible debentures subscribed by India Resurgence Fund. (Refer Note No. 8 of Consolidated Ind AS Financial Results)

SETCO AUTOMOTIVE LIMITED

- g) In view of Short period of Operations in the Subsidiary (SASPL) during the period under report and the exceptional items of expenses, the negative net worth emerging in the consolidated accounts of the Company, the apparent adverse impact on “going concern” status of the Company is considered by the Management as purely temporary. However, considering the projected Cash Flow, revenue and operations, there will not be any adverse impact in honoring its commitments. (Refer Note No. 9 of Consolidated Ind AS Financial Results).

Our conclusion is not modified in respect of these matters.

**FOR V. PAREKH & ASSOCIATES
CHARTERED ACCOUNTANTS
FIRM REGN. NO. 107488W**

**PLACE : MUMBAI,
DATED: 4TH DECEMBER, 2021**

**RASESH V. PAREKH PARTNER
MEMBERSHIP NO. 38615
UDIN : 21038615AAAATL9280**



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

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

Corporate Identity Number : L35999GJ1982PLC005203

Statement of Consolidated unaudited Financial Results for the Quarter and Half Year ended September 30, 2021

(Rs. in Lakhs)

Sr. No.	Particulars	Quarter Ended			Half Year Ended		Year Ended
		September 30, 2021	June 30, 2021	September 30, 2020	September 30, 2021	September 30, 2020	March 31, 2021
		Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
1	Income						
a.	Revenue from Operations	8,865	7,063	9,284	15,928	13,388	35,926
b.	Other Income	5,579	114	255	5,692	286	866
	Total Income	14,444	7,176	9,539	21,620	13,674	36,791
2	Expenses						
a.	Cost of materials consumed	2,604	3,909	4,586	6,513	6,121	19,342
b.	Changes in inventories of finished goods and work-in-progress	2,703	(127)	29	2,576	555	1,019
c.	Employee benefits expense	2,068	1,806	1,622	3,874	3,257	7,369
d.	Finance costs	2,299	1,648	1,542	3,947	2,844	5,908
e.	Depreciation and amortisation expense	919	831	828	1,750	1,641	3,371
f.	Other expenses	3,670	2,205	2,196	5,875	3,589	9,202
	Total Expenses	14,262	10,272	10,804	24,535	18,007	46,211
3	Profit / (Loss) before exceptional and tax (1-2)	182	(3,096)	(1,265)	(2,915)	(4,333)	(9,420)
4	Exceptional Items	14,479	-	-	14,479	-	3,289
5	Profit / (Loss) before tax (3-4)	(14,297)	(3,096)	(1,265)	(17,394)	(4,333)	(12,708)
6	Tax Expense						
a.	Current Tax	2,187	-	-	2,187	-	51
b.	Deferred Tax	(380)	(77)	(58)	(457)	(97)	(430)
7	Profit / (Loss) for the period (5-6)	(16,104)	(3,020)	(1,207)	(19,124)	(4,237)	(12,330)
8	Other Comprehensive Income (OCI)						
a.	Items that will not be reclassified to Profit or Loss	-	-	-	-	-	(1,125)
b.	Income Tax relating to items that will not be reclassified to Profit or Loss	-	-	-	-	-	16
c.	Items that will be reclassified to Profit or Loss	(48)	(1)	(43)	(48)	98	229
d.	Income Tax relating to items that will be reclassified to Profit or Loss	-	-	-	-	-	-
	Other Comprehensive Income (Net of Tax)	(48)	(1)	(43)	(48)	98	(881)
9	Total Comprehensive income for the period (7+8)	(16,152)	(3,020)	(1,250)	(19,172)	(4,139)	(13,211)
10	Profit for the period attributable to						
	Owners of the company	(13,638)	(2,941)	(1,118)	(16,579)	(4,033)	(12,008)
	Non-controlling Interest	(2,466)	(79)	(89)	(2,545)	(204)	(322)
11	Other Comprehensive Income attributable to						
	Owners of the company	(48)	(1)	(43)	(48)	98	(881)
	Non-controlling Interest	-	-	-	-	-	(0)
12	Total Comprehensive Income for the period attributable to						
	Owners of the company	(13,686)	(2,942)	(1,160)	(16,627)	(3,935)	(12,889)
	Non-controlling Interest	(2,466)	(79)	(89)	(2,545)	(204)	(322)
12	Paid up Equity Share Capital (Face Value Rs. 2/- per share)	2,675	2,675	2,675	2,675	2,675	2,675
13	Other Equity						(5,391)
14	Earnings per equity share (Face Value of Rs. 2/-) (not annualised) :						
	(a) Basic - Rs.	(10.20)	(2.20)	(0.84)	(12.39)	(3.02)	(8.98)
	(b) Diluted - Rs.	(10.20)	(2.20)	(0.84)	(12.39)	(3.02)	(8.98)



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

Corporate Identity Number : L35999GJ1982PLC005203

Part V: Statement of Consolidated Assets & Liabilities

(Rs. in Lakhs)

Sr. No.	Particulars	As at	
		September 30, 2021	March 31, 2021
		Unaudited	Audited
A	ASSETS		
1	Non-Current Assets		
	a. Property, Plant and Equipment	22,693	22,760
	b. Capital Work-in-Progress	-	15
	c. Right of use of assets	361	1,348
	d. Intangible Assets	9,336	4,112
	e. Intangible Assets Under Development	-	594
	f. Financial Assets		
	(i) Investments	9,083	5,612
	(ii) Other Financial Assets	119	209
	g. Deferred Tax Assets (Net)	4,612	4,139
	h. Other Non-Current Assets	16	91
	Sub-total - Non-Current Assets	46,220	38,880
2	Current Assets		
	a. Inventories	10,040	13,450
	b. Financial Assets		
	(i) Trade Receivables	4,061	4,491
	(ii) Cash and Cash Equivalents	8,471	1,415
	(iii) Bank Balances Other Than (ii) Above	94	106
	c. Current tax assets (net)	175	-
	d. Other Current Assets	4,487	1,643
	Sub-total - Current Assets	27,329	21,104
	TOTAL ASSETS	73,549	59,984
B	EQUITY AND LIABILITIES		
	Equity		
	a. Equity Share Capital	2,675	2,675
	b. Other Equity	(19,583)	(5,391)
	Sub-total - Equity	(16,908)	(2,715)
	Liabilities		
1	Non-Current Liabilities		
	a. Financial Liabilities		
	(i) Borrowings	63,913	17,231
	(ii) Lease Liability	-	645
	(iii) Other Financial Liabilities	7	68
	b. Other non current liabilities	1,591	1,672
	c. Provisions	25	451
	Sub-total - Non-Current Liabilities	65,536	20,068
2	Current Liabilities		
	a. Financial Liabilities		
	(i) Borrowings	5,045	25,031
	(ii) Lease Liability	-	291
	(iii) Trade Payables		
	(a) Dues of micro, small and medium enterprises	777	1,067
	(b) Dues of creditors other than micro, small and medium enterprises	13,049	8,939
	(iv) Other Financial Liabilities	2,411	4,330
	b. Other Current Liabilities	1,047	2,340
	c. Provisions	406	480
	d. Current Tax Liabilities (Net)	2,184	153
	Sub-total - Current Liabilities	24,920	42,632
	TOTAL EQUITY AND LIABILITIES	73,549	59,984



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Corporate Identity Number : L35999GJ1982PLC005203

Part VI: Consolidated Cash Flow Statement

(Rs in lakhs)

Particulars	Half Year Ended		Year Ended
	September 30, 2021	September 30, 2020	March 31, 2021
	Unaudited	Unaudited	Audited
A. CASH FLOW FROM OPERATING ACTIVITIES			
Net Profit before tax	(17,394)	(4,333)	(12,708)
Adjustment for :			
Depreciation and amortisation expense	1,750	1,641	3,371
Goodwill written off	935	-	-
(Profit)/loss on sale of property, plant and equipment	-	(229)	(237)
Unrealized exchange loss/(gain)	(30)	145	227
Impairment loss/(reversal) in the value of Investments	-	-	410
Reversal of Impairment loss allowance on advances/receivables	-	-	1,132
Inventory Written off	3,703	-	1,751
Bad Debts	824	-	-
Loss on cancellation of Lease	-	2,648	-
Interest expense	3,707	196	5,387
Other Financial charges	241	(50)	521
Interest income	(23)	-	(19)
Rent Income	-	97	-
Corporate tax / Deferred Tax	(1,730)	-	445
MAT credit entitlement	-	-	(51)
Employee stock options cost	-	-	(25)
Employee Benefits Designated Through Other Comprehensive Income	-	-	(51)
Government Grants - Cash Subsidy amortization	(13)	-	(1)
Operating profit / (loss) before changes in working capital	(8,031)	115	153
Trade receivables	(394)	(173)	258
Inventories	(294)	1,518	2,842
Other Financial Assets	90	4	34
Other Current / Non-Current Assets	(3,338)	(85)	(250)
Trade payables	3,820	(4,471)	(2,132)
Provisions	1,532	92	(40)
Other Current / Non-Current Liabilities	(1,374)	862	1,751
Other Financial Liabilities	(257)	(145)	64
Change in current assets/liabilities	(215)	(2,399)	2,527
Net cash flow generated from operating activities before tax	(8,246)	(2,284)	2,680
Direct taxes (tax deducted at source)	(80)	(85)	(102)
Net cash flow from operating activities	(8,326)	(2,369)	2,578
B. CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment	(276)	(101)	(547)
Sale of property, plant and equipment	-	853	853
Purchase of Intangible asset	(5,962)	(21)	(21)
Interest income	23	50	19
Government Grants - Cash Subsidy amortization	13	-	1
Investment in Preference Shares	(3,471)	(708)	(1,975)
Net cash used in investing activities	(9,673)	74	(1,670)
C. CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from cash credit	(16,769)	(182)	(768)
Proceeds from short term loans	-	2,338	4,879
Proceeds from term loans	-	3,001	4,845
Proceeds from Non Convertible Debentures	56,500	-	-
Proceeds from Compulsorily Convertible Debentures including Premium	2,857	-	-
Repayment of short term loans	(3,217)	(88)	(43)
Repayment of term loans	(11,563)	635	(3,391)
Repayment of lease	(936)	(105)	(218)
Unclaimed Dividend	12	(6)	(6)
Proceeds from shares issued including premium	2,126	-	-
Interest expense	(3,707)	(2,648)	(5,387)
Other Financial charges	(241)	(196)	(521)
Net cash used in financing activities	25,063	2,749	(611)
D. Net effect of exchange gain/(loss) on cash and cash equivalents	(7)	43	11
Net Increase in Cash and Cash Equivalents (A + B + C + D)	7,057	497	308
Opening Cash and Cash Equivalents	1,415	1,107	1,107
Closing Cash and Cash Equivalents	8,472	1,603	1,415

Notes (Consolidated):-

1. The above results have 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. On 31st August 2021, the parent company has entered into Business Transfer Agreement with Setco Auto Systems private limited (SASPL) (transferee company) (its then wholly owned subsidiary company) to transfer its clutch manufacturing business on slump sale basis.

The clutch manufacturing business is transferred w.e.f 07th September 2021 with assets and liabilities as per the Balance Sheet resulting into excess of liabilities over assets plus Rs. 5 lakhs of consideration received, transferred to capital reserve amounting to Rs. 13,224 lakhs in compliance with Ind AS 103.

3. Exceptional items include:

- a) Government of India has formulated the policy to scrap old Commercial vehicles greater than 15 years.

In view of new emission norms and reluctance of transferee company (i.e SASPL) to take over such old stocks, the existing stocks of Rs. 4206 lakhs (at book value) of items/components whose utility is impaired, has been written down in accounts.

Therefore, such stock aggregating to Rs. 3703 lakhs (net of scrap sale value) is written down as expense and shown under the head "Exceptional Items" in the books of the parent company.

- b) Onetime payment by SASPL of Rs. 10,776 lakhs being compensation for forgoing potential future commission revenue in excess of Rs. 800 lakhs per annum by Setco Engineering Private Limited.

4. During the quarter as part of the financial structuring of SASPL, the India Resurgence fund (IRF) had Invested:

- a. In Equity share capital of Rs. 16.38 lakhs divided in to 163,846 equity shares of face value of Rs.10 each issued at a premium of Rs. 2126.47 lakhs
- b. In Compulsory convertible debentures (CCD) Rs.21.85 lakhs comprising 218462 CCD of face value of Rs.10 each issued at a premium of Rs. 2835.30 lakhs.
- c. In 2150 listed Non-Convertible debentures of the face value of Rs.10 lakhs each, aggregating to Rs. 21500 lakhs on a private placement basis.

5. In the books of Parent company, there were long pending old debts, debit balance in vendor accounts and provision for bad debts, which were not to be taken over by the transferee company (i.e SASPL) and hence, the company has written off net amount of Rs. 378 lakhs.

6. The parent company has purchased "LIPE" Brand from its subsidiaries Setco Automotive (UK) Ltd and Setco Automotive (N.A.) Inc. for Rs. 3494 lakhs & Rs. 2452 lakhs respectively during

the quarter and such brand has been transferred to the transferee company (i.e SASPL) in slump sale transaction.

7. The parent company had issued 3500 nos. of unlisted Non-Convertible Debentures of Rs. 10 lakhs each to India Resurgence which was then transferred to the transferee company (i.e SASPL) in slump sale transaction.
8. SASPL has mortgaged all assets in favor of Vistra ITCL (India) Limited, for securing Non-convertible debentures subscribed by India Resurgence Fund.
9. In view of Short period of Operations in the Subsidiary (SASPL) during the period under report and the exceptional items of expenses, the negative net worth emerging in the consolidated accounts of the Company, the apparent adverse impact on “going concern” status of the Company is considered by the Management as purely temporary. However, considering the projected Cash Flow, revenue and operations, there will not be any adverse impact in honoring its commitments.
10. The group has its operating segment viz. Auto Components and accordingly there are no separate reportable segments in the context of Ind-AS 108 “Operating Segment”.
11. The impact assessment of COVID-19 is a continuing process, given the uncertainties associated with its nature and duration. The group will continue to monitor any material changes to future economic benefits and the consequent impact on business, if any.
12. Previous period figures have been regrouped / rearranged wherever considered necessary.
13. The above financial results were reviewed and recommended by the Audit Committee at its meeting held on December 4, 2021 and subsequently approved by the Board of Directors at its meeting held on December 4, 2021. The Statutory Auditors have carried out a limited review of the consolidated financial results for the quarter and half year ended September 30, 2021.

For and behalf of the Board

Place : Kalol
Date : December 4, 2021

Harish Sheth
Chairman & Managing Director
DIN: 01434459



Efficient Engineering

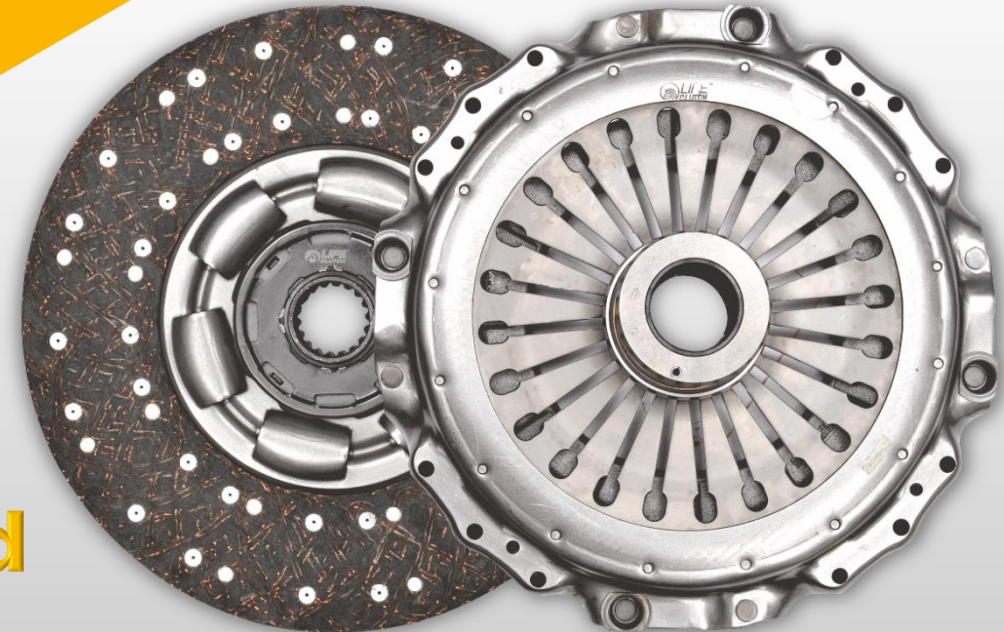
Results H1FY22 Setco Automotive Limited

"During tough times, best way to manage is to Strive for continuous improvement, instead of perfection"

...**LIPE** FOR LIFE™

**BS-VI
implemented**

SETCO™
LIPE
CLUTCH



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Agenda

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

Highlights/Journey from lockdown

	FY21	Q1FY22	Q2FY22
Industry/Economy	<ul style="list-style-type: none"> • Lockdown quarter • Economy under standstill with mix opening • GDP contracted by more than ~7.3%. • MHCV de-growth by ~30% <div style="background-color: red; color: white; padding: 10px; border-radius: 15px; margin-top: 10px;"> <ul style="list-style-type: none"> ▪ Fear of unknown ▪ Survival Instincts ▪ Emotions Rule </div>	<ul style="list-style-type: none"> • Mix Start /Stop of economy in various parts of India • MHCV growth not comparable with last quarter <div style="background-color: red; color: white; padding: 10px; border-radius: 15px; margin-top: 10px;"> <ul style="list-style-type: none"> ▪ Severity of 2nd wave ▪ Health Infrastructure constraints ▪ Facilitated vaccination drive </div>	<ul style="list-style-type: none"> • Gradual opening up of economy with lighter norms • MHCV growth at as compared to Q2FY21 <div style="background-color: yellow; padding: 10px; border-radius: 15px; margin-top: 10px;"> <ul style="list-style-type: none"> ▪ Gradual Recovery ▪ Supply chain constraint (Semi conductors) ▪ Rural Demand slow down </div>
Setco Automotive Ltd	<ul style="list-style-type: none"> • Severe Impact on businesses • Lowest topline recorded for the year in a decade • Severe impact on liquidity • Higher commodity prices in Q4FY21 • Recorded highest loss due to lower capacity utilization 	<ul style="list-style-type: none"> • Closure of Activities for fund raising program • New challenges on Global RM /supply chain due to covid 	<ul style="list-style-type: none"> • Supply chain constraints resulting in lower production • Fund raising program completed in Sept'21 • RM pricing pressure started and continues till date, remain as a near-term headwind • Steps to minimize impact under way.

Growth strategy going forward

SWOT analysis

- Every adversity has an opportunity waiting to happen. The Senior management took the challenges of the global pandemic to re-examine in detail through a SWOT analysis and finalize a roadmap for the next phase of growth
 - ✓ **Strengths** : Strong customer relationship, low cost operations, dependable supplier base, consumer brand pull, technical capability and diversified products segment and customer portfolio.
 - ✓ **Opportunities** : Aftermarket, Farm Tractor business, Exports, margin improvements through mix and pricing.
 - ✓ **Weaknesses** : Leveraged balance sheet, stressed liquidity, lower operating leverage in Lava Cast thereby constraining value unlocking in core Clutch business and RM headwinds impacting profitability
 - ✓ **Threats** : Uncertainty on future Covid waves and its impact on economy, competitive strength against existing and potential MNC's entry into India

Growth Strategy

- ✓ Financial and business restructuring to ring-fence core clutch business to exploit available opportunities, mitigate threats and build strength around identified weaknesses
- ✓ Time during the Pandemic was used to close the financial and business restructuring program, details followed in subsequent slide

Accomplishment of fund raising (India RF deal)

Introduction

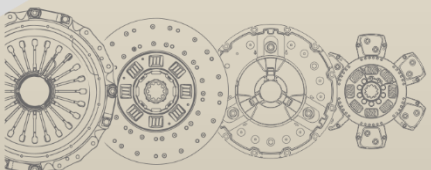
- India Resurgence Fund is a 50-50 joint venture fund between Bain Capital USA and Ajay Piramal Group.

Investment in Setco

- The Investment involved successful completion of moving down the clutch business of the company into the subsidiary Setco Auto Systems Pvt. Ltd through BTA (slump-sale) process wef 7th September 2021
- Investment is in the combination of
 - ✓ Debentures (NCDs) – INR 565 crs,
 - ✓ CCDs & Equity – INR 50 crs

Benefits

- Sufficient liquidity to resolve all short term stresses and focus on available business opportunities.
- Growth capital to en-cash opportunities in Farm Tractor Clutches, aftermarket and export segments which are both a de-risk and mix improvement initiatives.
- Structured deal, long term funds with repayment terms factoring any further headwinds due to Covid
- Capital for Lava Cast ramp-up which is integral to the Clutch business success is part of the deal
- Effective and progressive business operations of the company going forward over the next 4 years of growth cycle



Accomplishment of fund raising (India RF deal) – Media snippets



Date	Publication	Headline	Edition	Page No.
08.09.2021	Business Standard	Piramal-Bain fund invests Rs 615 cr in auto parts firm	Ahmedabad, Bangalore, Mumbai	02
08.09.2021	Business Standard (Hindi)	Piramal-Bain fund invests Rs 615 cr in auto parts firm	Ahmedabad, Bangalore, Mumbai	08
08.09.2021	Mint	IndiaRF set to pump in Rs 615 crore in Setco Group	Ahmedabad, Bangalore, Chennai, Hyderabad, Kolkata, Mumbai, New Delhi	06
08.09.2021	The Hindu Business Line	Piramal-backed IndiaRF announces Rs 615-cr investment in Setco Group	Bangalore, Mumbai	02
08.09.2021	The Hindu	IndiaRF to invest Rs 615 cr. in Setco Group	Bangalore , Mumbai	12
08.09.2021	Divya Gujarat	IndiaRF Announces INR 615 crore (USD 83 million) Investment in Setco Group	Ahmedabad	08
08.09.2021	Satellite Samachar	IndiaRF Announces INR 615 crore (USD 83 million) Investment in Setco Group	Ahmedabad	02
08.09.2021	Prabhat	IndiaRF Announces INR 615 crore (USD 83 million) Investment in Setco Group	Ahmedabad	03

Online

Date	Publication	Headline
07.09.2021	The Economic Times	India Resurgence Fund invests Rs 615 crore in Setco Group
07.09.2021	Mint	Piramal's IndiaRF Fund to invest Rs615 cr in Setco Group
07.09.2021	Business Standard	Piramal- Bain fund invests Rs 615 crore in auto component company
07.09.2021	Moneycontrol	IndiaRF to invest Rs 615 crore in auto components major Setco Group
07.09.2021	The Hindu Business Line	Piramal-backed IndiaRF announces ₹615-cr investment in Setco Group
07.09.2021	VCCircle	Piramal-backed IndiaRF to invest \$83 mn in automotive Setco Group
07.09.2021	Outlook	IndiaRF to invest Rs 615 cr in auto components major Setco gp
07.09.2021	Devdisourse	IndiaRF to invest Rs 615 cr in auto components major Setco gp
07.09.2021	Market Screener	Piramal Enterprises : IndiaRF Announces INR 615 crore (USD 83 million) Investment in Setco Group
07.09.2021	India News Finance	Piramal's IndiaRF Fund to invest Rs615 cr in Setco Group
07.09.2021	The Capital Quest	Bain-Piramal's India Resurgence Fund bets \$83 mn on Setco Group
07.09.2021	Business News	Piramal-Bain fund invests Rs.615 crore in auto component company
07.09.2021	The Hindu	IndiaRF to invest ₹615 cr. in Setco Group
07.09.2021	Business World	IndiaRF To Invest Rs 615 Cr In Auto Components Major Setco Gp

Overview

MHCV Industry

- MHCV Industry back on growth trajectory as anticipated and crossed pre-covid levels, almost reached at ~65% of FY19 numbers
- MHCV production on path of 'W' Shape recovery

OEM Segment (contributes ~ 44% of Setco's Revenue)

- Q2FY22, OEM production started on a positive note and our sales increased by more than 100%
- Setco continues to retain its market leadership with >85% market share in MHCV OEM segment.

Aftermarkets Segment (contributes ~56% of Setco's revenue)

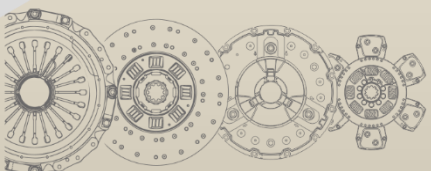
- Aftermarket sales dropped by >45%
 - Supply side challenges impacted the sales
 - Unexecuted strong order book approx. 6-8 months of sales

Setco's Q2FY22 performance

- Top-line of 89.75Cr (Growth of 10%, despite supply chain constraint)
- Contribution levels at 10% due to higher commodity prices and unfavorable segment mix.
- EBITDA margins at -9% due to lower operating leverages and lag on recovering in RM prices

FY22 and Beyond.....Outlook

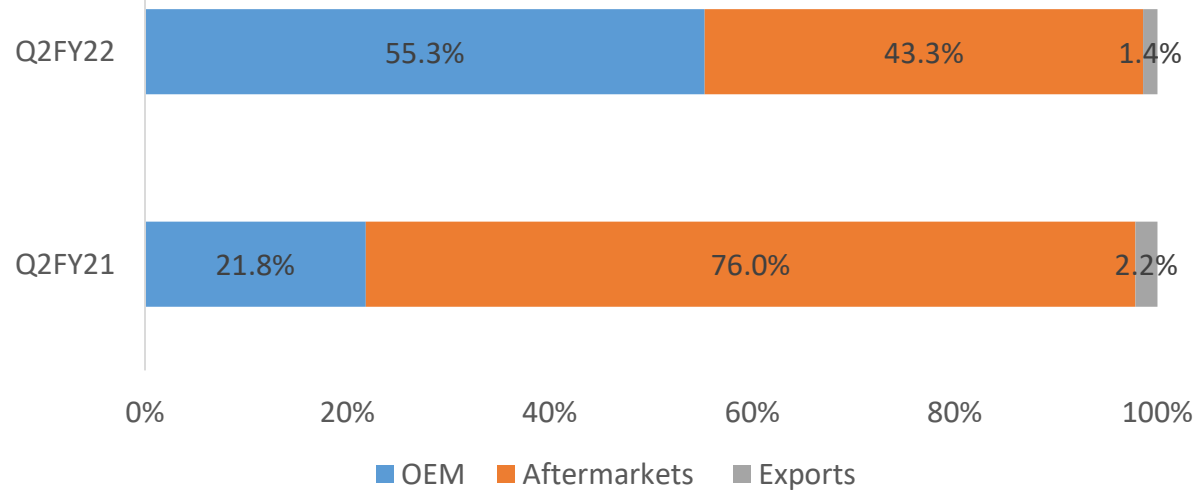
- MHCV industry is expecting to grow at double digit growth rate
- Setco sales to OEM's estimated will be higher than the industry average due to
 - BSVI Channel and pipeline inventory restocking/build-back
 - Migration to larger size clutches (higher realization per unit) due to BS-VI norms
- Higher existing fleet utilization since vehicle replacement cycle is delayed to next fiscal.
 - Excess capacity due to structural changes like Axle load and introduction of GST have been absorbed in the last 2 years, as also new vehicles sales were lower.
 - As economy gets unlocked, fleet utilization will progressively improve and long delayed repairs/over-hauling will be needed, resulting in higher demand for clutches in the aftermarket in coming years.
- Farm Tractor clutches – Business started with two OEM's viz Sonalika and Preet Tractors
- Lava Cast: Post liquidity infusion, major maintenance capex is getting completed by Q4FY22. Ramp-up to start from Q1FY23.



Financial Results

Segment mix – Standalone Sales

Q2FY22 – INR 8,975 lakhs
Q2FY21 – INR 8,051 lakhs

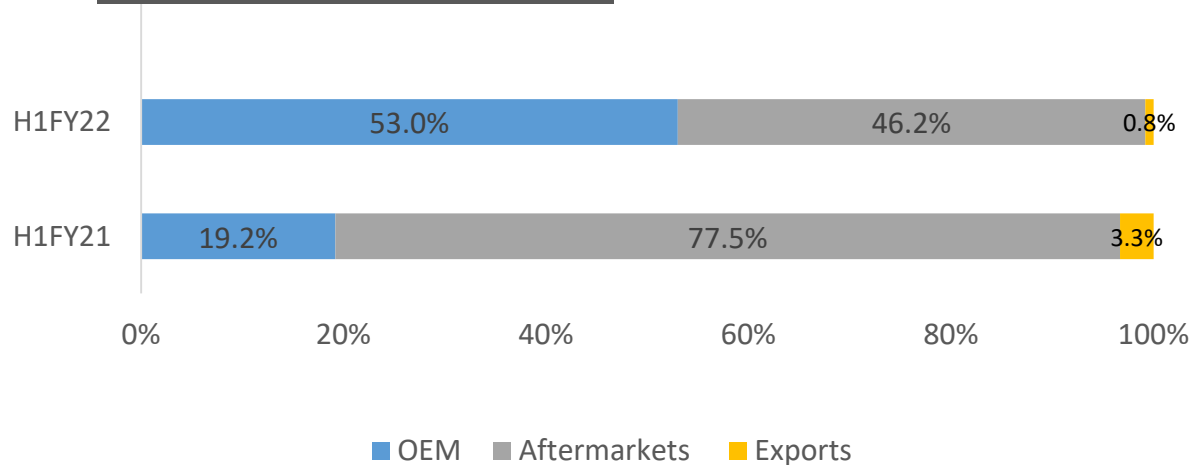


Key Aspects

- ▣ Q2FY21
 - Impact on margins due to lower operating leverage
 - Higher commodity prices during the last quarter further impacted margins.
 - Supply chain constraint impacted production resulting in lower sales

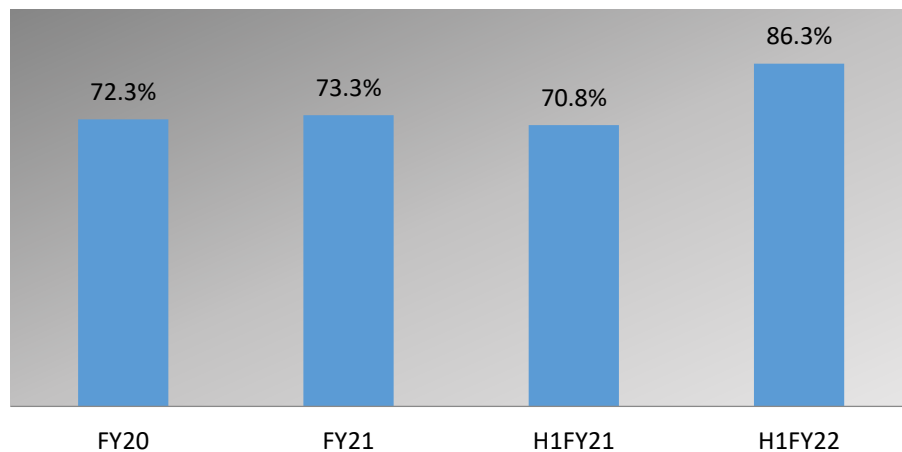
H1FY22 – INR 14,612 lakhs
H1FY21 – INR 11,072 lakhs

H1FY21 VS H1FY22

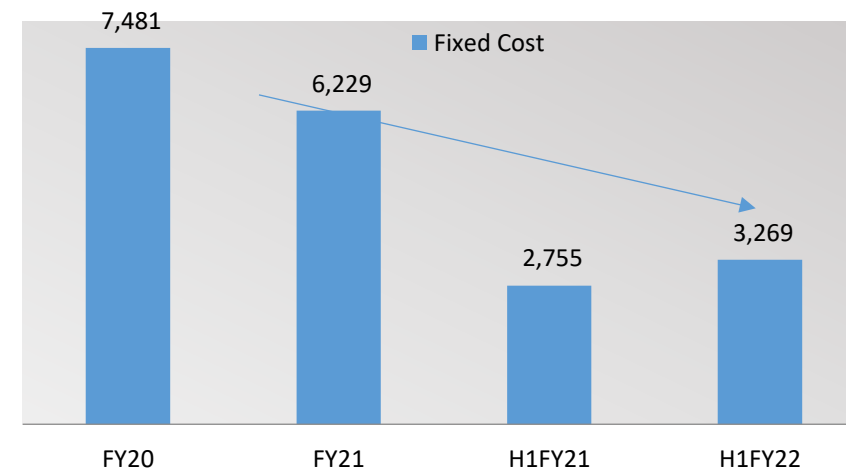


Cost Analysis

Variable Cost



Fixed Cost



❑ Variable Costs :

- Q2FY22 Variable Cost % has drastically increased due to unfavorable segment mix and higher commodity price increase. Pass-on of price increase will improve the profitability going forward

❑ Fixed Costs :

- Achieved Fixed cost reduction /savings of over ~24% in last two years, cost to remain steady going forward.

Key figures – FY21 and Q2FY22

Standalone

In INR lakhs	FY20	FY21	Q2 FY21	Q2 FY22
Sales	41,808	31,406	8,051	8,975
Contribution % to Sales	11,588 27.7%	7,124 22.7%	2408 29.9%	839 9%
EBITDA Margin	4,107 9.8%	895 2.9%	1,040 13%	(791) (9%)
Operating PBT Margin	(1,752) (4.2%)	(6,099) (19.4%)	(706) (9%)	(2,362) (26%)
PBT PBT%	(1,871) (4.5%)	(9,629) (30.7%)	(236) (3%)	(5,764) (72%)
MAT Adj.	145	51	-	-
Corporate Tax	(499)	(273)	49	(1807)
Other comprehensive income/(loss)	(129)	(1108)	-	
PAT PAT Margin	(1,645) (3.9%)	(10,515) (33%)	(187) (2%)	(7,571) (84%)

Key aspects – Standalone

 Topline :

- ✓ Q2FY22 sales have raised by ~11.4% as compared with Q2FY21.
- ✓ Q2FY22 sales are at 8975 lakhs. However, FY22 expected to be better than previous year
 - Inventory restocking
 - MHCV production ramp-up on track
 - Aftermarket business will improve post fulfillment of OE and OES basic requirement.

 Profitability :

- ✓ RM headwinds in steel and related commodities, pass on is happening with lag of 1 quarter
- ✓ Fixed Cost rationalization taken place

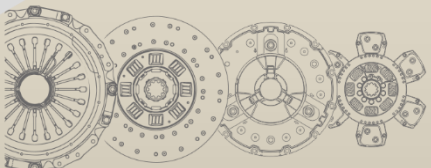
- **Lava Cast rationale:**

- Assured timely supplies of quality Castings to avoid sales loss and reduce development time of new products.
- Strategic plant location to minimize freight cost of Castings.

- **Issues faced in Lava Cast**

- Teething problems: Lower Capacity utilization (max achieved is only ~52%) and high rejection rates (~17% - 19%).
- Long overdue maintenance to be completed by Q4FY22
- OEM Slowdown in last two years has directly impacted castings demand for both captive (Setco) and non-captive (external) business.
- Low operating leverage in foundry and Lower capacity utilization resulted in losses

With all of above Lava Cast to be net additive at EBITDA post ramp-up level going forward



Performance of Lava Cast

Particulars	H1FY21	H1FY22
Capacity (In MT)	15,000	15,000
Production (In MT)	1,879	2,554
Utilisation %	13%	17%

Amt INR lakhs	H1FY21	H1FY22
Sales	1,269	1,840
Contribution	382	364
Contribution %	30.1%	19.8%
Fixed Cost	655.5	894.5
EBITDA	(273)	(530)

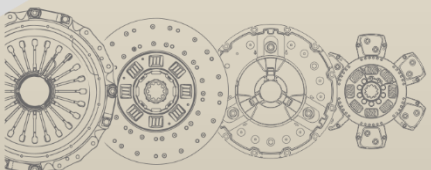
□ Lava Cast turnaround plan hinges on below:

- ❖ Maintenance capex to be completed by Q4FY22
- ❖ Rejection and Teething issues to be major focus areas
- ❖ Reduce Fixed Costs to FY 18 levels.
- ❖ De- Risked Business Portfolio :

➤ Higher Capacity utilization with improved operating mix

- Higher castings content in Farm tractor clutches and US export clutches

- ***We expect improved performance of Lava Cast as OEM segments will also return to normalcy. Lava Cast will be net positive additive to EBITDA going forward***



Key figures – Consolidated FY21 and H1FY22

Consolidated

In INR lakhs	FY20	FY21	H1 FY21	H1 FY22
Sales	47,032	35,926	13,388	15,927
Contribution % to Sales	14,995 31.9%	9,061 25.2%	4,558 34%	3,920 24.6%
EBITDA EBITDA Margin	3,601 7.7%	(1,006) (2.8%)	(134) (1%)	(2,909) (14%)
Operating PBT	(5,330)	(10,285)	(4,619)	(8,607)
PBT	(5,405)	(12,708)	(4,333)	(17,393)
PAT	(5,242)	(12,330)	(4,237)	(19,124)
PAT (after Minority Interest & OCI)	(4,742)	(13,117)	(4,237)	(19,124)

Key aspects – Consolidated

- Consolidated performance subdued due to
 - Lower top-line of Setco and hence lower operating leverage
 - Lava Cast capacity utilization severely impacted by OEM downturn in both captive (Setco) and non-captive segment (OEM's) and delay in executing the maintenance capex
 - Overseas subsidiaries continue to face challenging conditions in aftermarket segment which is their main operation.
- Exceptional item includes an expenses for writing off of Inventory due to scrappage policy and One time commission given to SEPL for restricting the commission amount going forward, resulting in higher losses.

Thank You
We Invite You To Visit Setco

Setco Automotive Limited

Hiren Vala

Mail : hvala@setcoauto.com

Tel : 022-4075 5555

Anurag Jain

Mail : anurag.jain@setcoauto.com

Tel : 022-4075 5555

