

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
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Dear Sir,

Sub: Press Release

Pursuant to Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find attached herewith the Press Release titled “Setco’s resilient performance despite a challenging environment” for the dissemination to the investor community at large.

The aforesaid information is also being uploaded on the website of the Company www.setcoauto.com

This is for your information and records.

Thanking you,

Yours faithfully,

For Setco Automotive Limited


Chandra Kant Sharma
Company Secretary



Encl: a/a

Setco's resilient performance despite a challenging environment

- Sales at INR 128cr has been marginally down by ~7%, when the MHCV industry declined by 17.5% in volume, according to SIAM data.
- Sustained performance due to robust Aftermarket business, which contributes more than 50% of top-line (58% in Q1FY20).
- Improved operational profitability driven by cost management, segment mix and pricing management. Highest ever Contribution at 30.4% up by 330bps, EBITDA stood at 15.8% up by 70bps and Operating PBT up by 60bps.

Mumbai, August 13, 2019: Setco Automotive Ltd. (NSE: SETCO | BSE: 505075), the largest manufacturer of clutches for Medium and Heavy Commercial Vehicles (M&HCV) in India, announced its financial result for the first quarter (Q1 FY20) ended June 30, 2019.

Setco Automotive reported a sustained performance with sales at INR 128cr in Q1FY20, marginally down by ~7% YoY compared to 17.7% decline in volumes in the MHCV industry, according to the SIAM data. The company has posted a resilient performance on the back of a strong position with 85% market share in the OEM market and growth in the more profitable Aftermarket segment. Additionally, the company's operational profitability has improved owing to better cost management, segment mix and pricing management. Highest ever Contribution at 30.4% up by 330bps, EBITDA stood at 15.8% up by 70bps and Operating PBT up by 60bps.

Setco has witnessed an increase in market share of its more profitable aftermarket segment driven by both OES (Original Equipment Spare Parts) and IAM (Independent Aftermarket) channels. The segment, which has been contributing consistently greater than 50% of top-line (58% in Q1FY20), continues to be Setco's growth segment. Additionally, the aftermarket segment has been growing for the organized players post GST.

With the BS-VI approvals in place, Setco is well placed to supply next generation clutches to all the M&HCV manufacturers in the country. The company, poised to strengthen its competitive positioning in the BS VI era, expects production to start from the fourth quarter of FY20. The products are crucial part of company's multi-pronged growth strategy which has been achieved with intense design and development focus, while leveraging in-house capabilities.

On a consolidated basis, the company has posted a top-line of INR 143cr in Q1FY20, marginally down by ~7% mainly due to slowdown in domestic OEM sector (affecting both Setco and Lava Cast). The company has sustained its EBITDA margins at 16.1%, while its subsidiary Lava Cast has improved margins by 300bps.

Harish Sheth, Chairman & Managing Director at Setco Automotive, said, "Our strong market position in the OEM segment coupled with a greater than 60% revenue from the more profitable aftermarket segment has resulted in us delivering a resilient performance in Q1FY20, despite significant macro headwinds and 15% de-growth in OEM segment. Our proactive steps in reducing cost as well as expanding business in newer segment of farm tractors and exports would further strengthen our ability to manage OEM's cyclical downturns, which typically last 4 quarters. 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."

Press Release for Immediate Distribution

“We are geared up for seamless migration to BS-VI which would 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 would further give impetus to our growth momentum”, **he added.**

About Setco Automotive:

Setco Automotive Ltd. is the largest manufacturer of Premium Quality “LIPE” brand clutches for commercial vehicles in India. Incorporated in May 1982, currently, the company employs more than 2000 people globally. It is a Tier I supplier of clutches to all the MHCV manufacturers in India such as Tata Motors, Bharat Benz, Ashok Leyland etc. Setco Automotive Ltd. has all the required global quality certifications such as IATF 16949, ISO 14001, OSHAS 18001 and VDA 6.3.

Setco has a strategic global footprint with 4 manufacturing facilities, 2 in India, and 1 each in the UK and USA, with R&D centres in India and UK. Setco Automotive is the flagship company of The Setco Group which also includes Lava Cast Pvt Ltd, and its CSR wing, the Setco Foundation, which is working on key rural projects in which it has achieved tremendous success. Visit us at www.setcoauto.com

Safe harbour:

Certain statements in this release concerning our future growth prospects are forward-looking statements, which involve a number of risks, and uncertainties that could cause our actual results to differ materially from those in such forward-looking statements. We do not undertake to update any forward-looking statement that may be made from time to time by us or on our behalf.

For more information, contact:

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