

February 14, 2017

To,

**Bombay Stock Exchange Limited,
Dept. of Corporate Services,
Phiroze Jeejeebhoy Towers,
Dalal Street,
Mumbai – 400 001
Company No. 505075**

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

Dear Sir,

Sub: Q3 FY-17 / 9M FY-17 Results & Performance Review

Kindly find attached the Presentation of the Company on Q3 FY-17 / 9M FY-17 Results and Performance Review for the information of the investor community at large.

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

We request you to take note of the above on your record and oblige.

Thanking you,

Yours faithfully,

For Setco Automotive Limited

**Bhautesh Shah
Company Secretary**





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9M FY17 Investor Update
February 14, 2017

Q3 FY17 Results & Performance Review

HIGHLIGHTS

- ❖ Overall growth stagnant – effect of demonetization and uncertainty about GST implementation.
- ❖ Operating EBIDTA **improves by 0.2%** to 13.1%.
- ❖ Operating Profit before Tax at **Rs 74.8 mn**, down 18.6% Y-O-Y.
- ❖ Profit impacted by foreign exchange loss of Rs 62 mn compared to previous year.

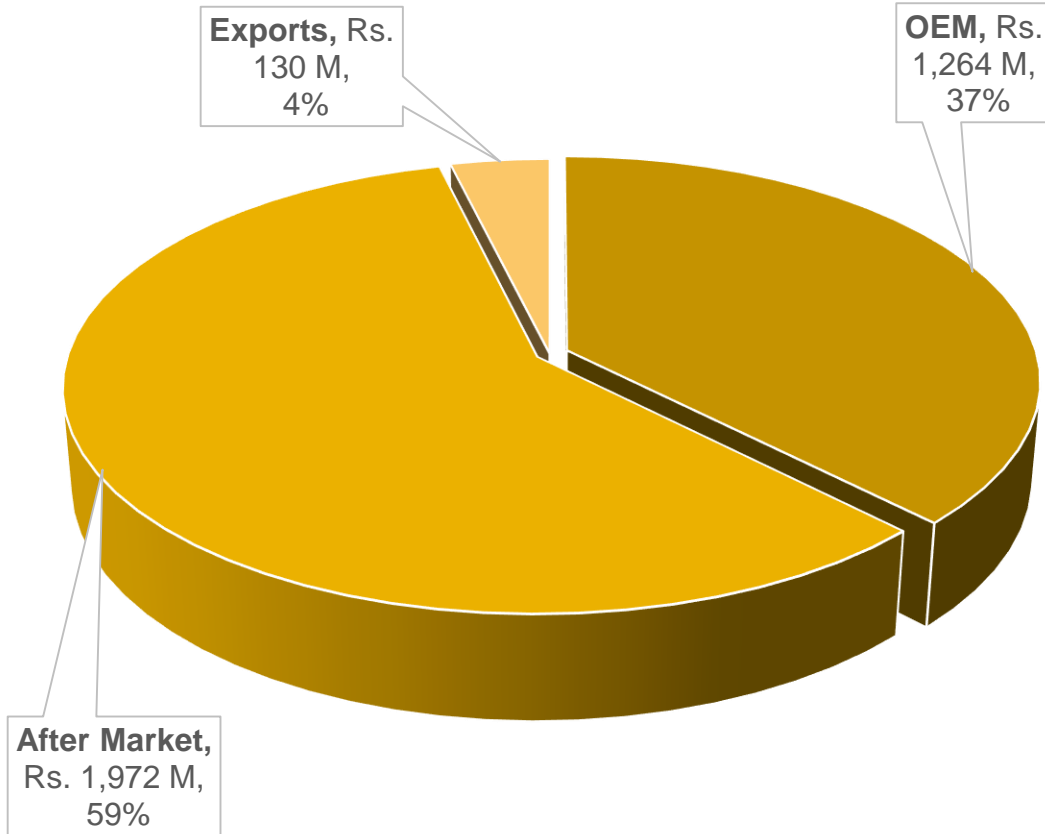
FINANCIALS – 9M FY17 vs. 9M FY16

(Rs mn)

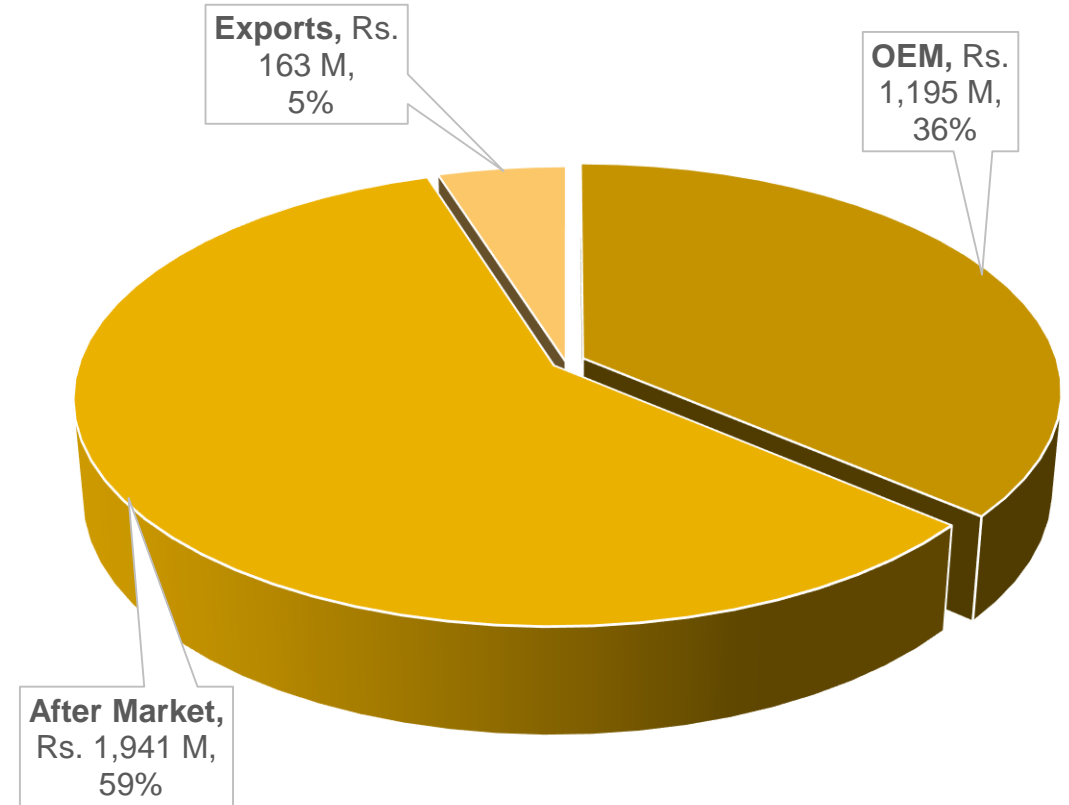
	9M FY17	9M FY16	Q3 FY17	Q3 FY16
Sales	3,365	3,299	1,203	1,160
Contribution	960	911	345	340
Contribution (%)	28.5%	27.6%	28.7%	29.3%
EBITDA (excl. O. Income)	442	426	161	189
<i>EBIDTA (%)</i>	13.1%	12.9%	13.4%	16.3%
Interest	243	227	95	80
Depreciation	124	108	42	38
Operating Profit before Tax	75	91	24	71
Foreign Exchange Loss	28	-	2	-
Other Income	(58)	(124)	(22)	(21)
Profit Before Tax	105	215	44	93
Taxes	25	45	12	28
PAT	80	170	32	65
<i>PAT%</i>	2.4%	5.2%	2.6%	5.6%
Equity (Rs. in mn)	267.2	267.2	267.2	267.2
S (Rs)	0.60	1.28	0.24	0.49

Segment-wise Sales Composition

9M FY17



9M FY16



After Market Sales are impacted due to lower volume of first replacement cycle in OES, due to slowdown in OEM sales in FY13 & FY14 as well as immediate effect of demonetisation

Note : After Market includes OES and Independent After Market

Performance Highlights for Nine months - FY17

Sales Performance:

- ❑ Though industry volumes were almost flat, OEM sales recorded a growth of 5.7% YoY mainly due to introduction of new clutch ranges – full impact of this will be visible in Q4 and next FY.
- ❑ Overall Aftermarket segment, consisting of OES and IAM, registered a marginal increase of 1.6% YoY. Reduced OEM production during FY13 & FY14 has resulted in lower first replacement demand. Q3 has shown positive indicators which are expected to continue in coming quarter.
- ❑ Continued subdued position of global markets resulted in Exports being lower by 20% YoY

Operating Performance:

- ❑ Though commodity prices have seen increasing trend in the last quarter, contribution for the nine months is **higher by 0.9% at 28.5%** against 27.6% in the previous year on account of savings in material cost as well as operating efficiencies.
- ❑ **Operating EBIDTA** (excl FE loss) is **up by 0.2% at 13.1%**.
- ❑ EBIDTA (after considering FE loss of Rs 28.1 mn) is lower at 12.3% against 12.9% in previous year.

Performance Analysis & Outlook

Profitability:

- ❑ Other Income is lower by Rs 75 mn on account of absence of Foreign Exchange Gain (PY Rs 35 mn) and no dividend (PY Rs 32 mn).
- ❑ **Profit before tax (PBT) (excluding Other Income / Loss) reduced by 18.6% at Rs 74.8 mn against Rs 91.9 mn in previous year.**
- ❑ Profit after Tax (PAT) was lower due to reduction in Other Income during the period. PAT margins for the period were lower at 2.4% compared to 5.2% YoY.

Performance Analysis & Outlook

Outlook

- **Deferment of GST implementation date, better clarity on new emission norms and recovery from effect of demonetization is likely to push OEM sales in Q4.**
- **Supply of new products to Ashok Leyland and LCV clutches to Tata Motors has commenced in Q3 and will add significant incremental revenue in Q4 and next FY.**
- **Recovery from effect of demonetization is likely to push After Market sales in coming year.**
- **Company is on track to introduce clutches for Farm Equipment in the last quarter. Presently these are under field testing. It has good growth potential and full impact shall be visible in FY18.**
- **Products especially developed for US market to be launched in last quarter. Have tied up with major US player.**
- **Company has maintained its margins as well as market share. With new products introduced during the year as well as planned, management believes that operating margins will continue to improve and further strengthen with increase in turnover.**

Thank You

For additional Information, please contact:

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