

July 31, 2018

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 Sir,

Sub: Q1 FY-19 Results & Performance Review

Kindly find attached the Presentation of the Company on Q1 FY-19 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



Vinay Shahane
Vice President – Finance





EFFICIENT ENGINEERING

Results Q1 FY19 Setco Automotive Limited

Conference Call August 1, 2018 - Mumbai

Disclaimer

NOT FOR PUBLICATION OR DISTRIBUTION, DIRECTLY OR INDIRECTLY, IN OR INTO THE UNITED STATES

This presentation has been prepared by Setco Automotive Limited (the “**Company**”) solely for information purposes without regard to any specific objectives, financial situations or informational needs of any particular person. By attending the meeting where this presentation is being made or by reading the presentation materials, you agree to be bound by following limitations:

The information in this presentation has been prepared for use in presentations by the Company for information purposes only and does not constitute, or should not be regarded as, or form part of, any offer, invitation, inducement or advertisement to sell or issue, or any solicitation or initiation of any offer to purchase or subscribe for, any securities of the Company in any jurisdiction, including the United States and India; nor shall it, or the fact of its distribution form the basis of, or be relied on, in connection with, any investment decision or any contract or commitment to purchase or subscribe for any securities of the Company in any jurisdiction, including the United States and India. This presentation does not constitute a recommendation by the Company or any other party to sell or buy any securities of the Company. This presentation and its contents are not and should not be construed as a “prospectus” or “offer document” (as defined or referred to, as the case may be, under the Companies Act, 2013, as amended) or an “offer document” under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended. Nothing in this presentation is intended by the Company to be construed as legal, accounting, tax or other advice. This presentation may not be copied, distributed or disseminated, directly or indirectly, in any manner. Furthermore, no person is authorized to give any information or make any representation which is not contained in, or is inconsistent with, this presentation. Any such extraneous or inconsistent information or representation, if given or made, should not be relied upon as having been authorized by or on behalf of the Company.

This presentation has been prepared by the Company based upon information available in the public domain. This presentation has not been approved and will not or may not be reviewed or approved by any statutory or regulatory authority in India or by any Stock Exchange in India. This presentation may include statements which may constitute forward-looking statements.

This presentation contains statements that constitute forward-looking statements. These statements include descriptions regarding the intent, belief or current expectations of the Company or its directors and officers with respect to the results of operations and financial condition of the Company. Forward-looking statements are statements concerning future circumstances and results, and any other statements that are not historical facts, sometimes identified by the words including, without limitation “believes”, “expects”, “predicts”, “intends”, “projects”, “plans”, “estimates”, “aims”, “foresees”, “anticipates”, “targets”, and similar expressions. Such forward-looking statements are not guarantees of future performance and involve risks and uncertainties, and actual results may differ from those specified in such forward-looking statements as a result of various factors and assumptions. The risks and uncertainties relating to these statements include, but are not limited to, (i) fluctuations in earnings, (ii) the Company’s ability to manage growth, (iii) competition, (iv) government policies and regulations, and (v) political, economic, legal and social conditions in India and outside India. The Company does not undertake any obligation to revise or update any forward-looking statement that may be made from time to time by or on behalf of the Company. Given these risks, uncertainties and other factors, viewers of this presentation are cautioned not to place undue reliance on these forward-looking statements.

The information contained in this presentation is only current as of its date and has not been independently verified. None of the Company, its Directors, Promoter or affiliates, nor any of its or their respective employees, advisers or representatives or any other person accepts any responsibility or liability whatsoever, whether arising in tort, contract or otherwise, for any errors, omissions or inaccuracies in such information or opinions or for any loss, cost or damage suffered or incurred howsoever arising, directly or indirectly, from any use of this presentation or its contents or otherwise in connection with this presentation, and makes no representation or warranty, express or implied, for the contents of this presentation including its accuracy, fairness, completeness or verification or for any other statement made or purported to be made by any of them, or on behalf of them, and nothing in this presentation or at this presentation shall be relied upon as a promise or representation in this respect, whether as to the past or the future. Past performance is not a guide for future performance.

Please note that the past performance of the Company is not, and should not be considered as, indicative of future results. Certain data in this presentation was obtained from various external data sources, and the Company has not verified such data with independent sources. Accordingly, the Company makes no representations as to the accuracy or completeness of that data, and such data involves risks and uncertainties and is subject to change based on various factors.

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.

This presentation is not an offer of securities for sale in the United States. Securities may not be offered or sold in the United States absent registration or an exemption from registration under the United States Securities Act of 1933, as amended (the “Securities Act”). Any offering in the United States may be made only by means of the relevant offering document that may be obtained from the Company and that will contain detailed information about the Company and management, as well as financial statements. By receiving this document, you are deemed to have represented and agreed that you and any of your customers that you represent (i) are sophisticated investors to whom it is lawful to communicate and (ii) are located outside of the United States. The Company’s securities have not been and will not be registered under the Securities Act.

- 1 Financial Results Q1FY19
- 2 Business Overview
- 3 Outlook

Key Figures Q1FY19 - Standalone

In INR Lakhs	Q1FY18	Q1FY19
Sales	6,866	13,733
EBITDA	(341)	2,067
<i>EBITDA %</i>	<i>(5.0)</i>	<i>15.1</i>
Cash Profit	(941)	1,516
PBT	(1,194)	1,170
PAT	(1,189)	818
EPS	(0.89)	0.61

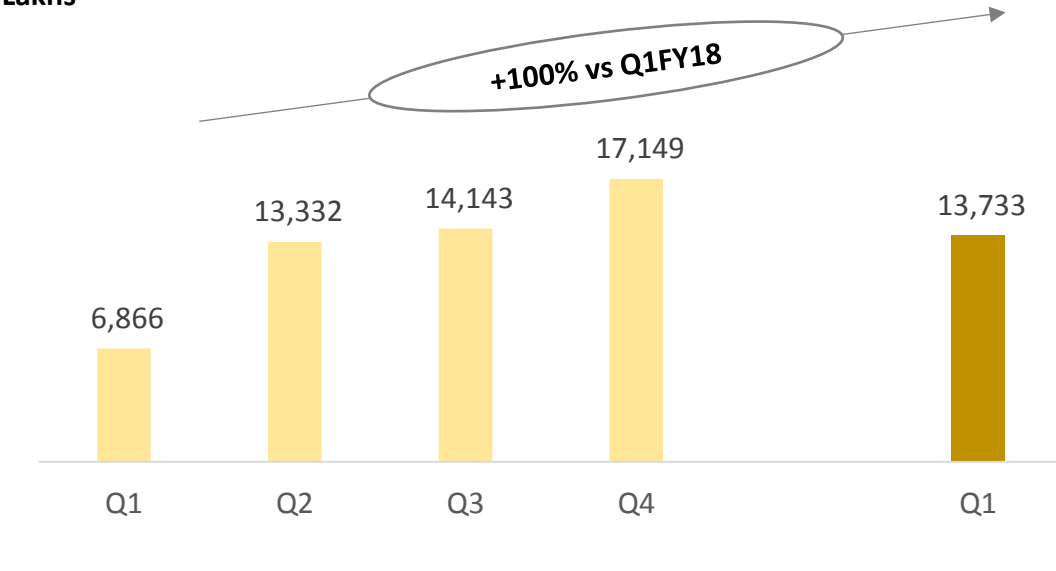
- Strong Standalone business coupled with improved Subsidiaries performance -
 ✓ **Consolidated Profit for Q1FY19 (INR 564 lakhs) is higher than consolidated profit of full year of FY 18 (INR 379 lakhs)**

Strong profitable growth in Q1: Sales Growth Q1FY19 ~100% with EBITDA margin higher than FY18



Sales

In INR Lakhs



FY18

FY19

Same activity

EBITDA Margin

-5%

13.9%

15%

16.4%

15.1%

Higher activity

7/31/2018

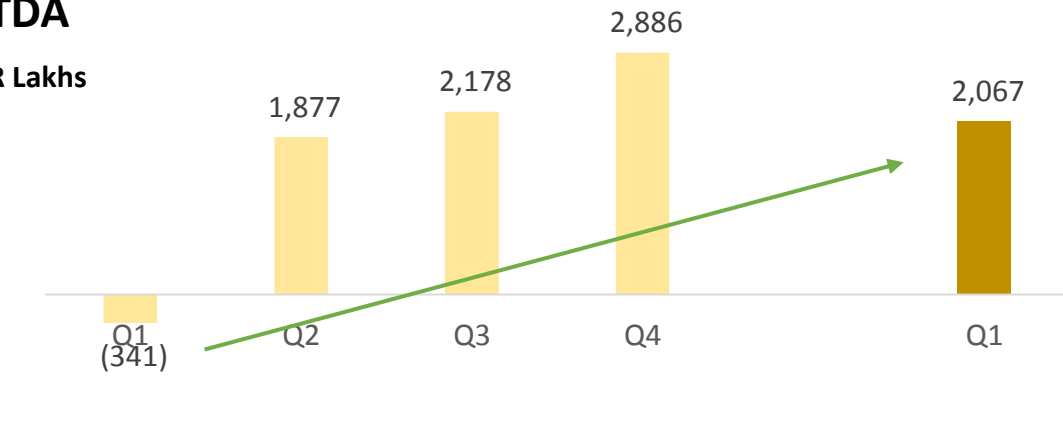
Setco Automotive Q1FY19

Key aspects

- Above 15% EBITDA margin vs 12.4% of FY18 despite
 - OEM contributing 50% of quarterly volume (normally it is 40%)
 - Expiry of Uttarakhand excise duty holiday (quantum ~200bps)
- Hence, sustainable growth trajectory for EBITDA margin

EBITDA

In INR Lakhs

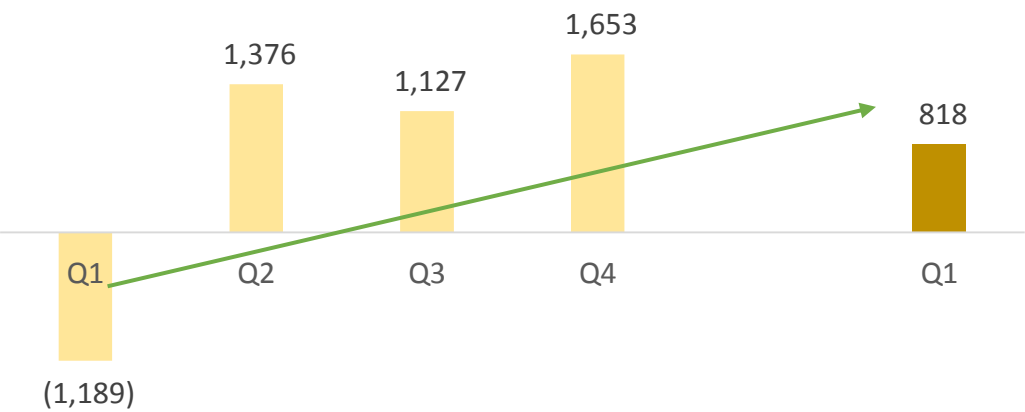


FY18

FY19

PAT

In INR Lakhs



Key aspects

- Q1FY19 PAT of INR 818 lakhs against INR 1376 lakhs of Q2FY18
 - Effective tax rate of 34% vs 21% of FY18, upon expiry of tax benefits from Uttarakhand
 - Q2FY18 actual tax rate 3% due to carry forward Q1FY18 losses
 - Higher one time Other Income (Redemption of Investment in Preference shares) of INR 453 lakhs in Q2FY18



	FY18				FY19
EPS	-0.89	1.03	0.84	1.17	0.61

Management Message



**Harish Sheth,
Chairman & MD**

Strong economic fundamentals continue to drive M&HCV segment growth. This growth trend is seen for the last 4 quarters in a row and the growth cycle is expected to continue for the foreseeable future. Government's thrust in rural sector and investment in infrastructure, higher MSP augurs well for our planned foray to supply new generation clutches into the farm equipment sector.

This is our strongest Q1 performance in the history of the company. All planned initiatives are on target to build on this strong start and deliver superior top line and bottom-line performance over the next few years



**Udit Sheth,
Vice-Chairman**

The Setco Advantage

Market Advantage

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

Manufacturing Advantage

- 4 manufacturing facilities - 2 India | 2 International
- High tonnage press shop
- Diaphragm spring production – Import Substitution
- In-house machined and critical heat treatment
- Supplier base

Technology Advantage

- R&D centre at India and UK are poised to play a key role in national and global plans.
- In last 3 years, developed over 50 variants of clutches in farm and commercial vehicles
- Engineered customized solutions to suit different power trains of OEM's for meeting BSIV/BSVI/EUROVI norms.

Lava Cast - Integrated Play Advantage

- State-of-the-art foundry with machine shop
- Addresses supply chain constraints, assures supply of good quality castings and inherent cost advantages
- Strengthen relations with OEM by supply of casting / components to them like Fly wheel, Clutch housing, Brake drum etc in addition to clutches

Service Advantage

- Nation-wide distribution reach - 42 touchpoints & 23 distributors
- Training programs and field visits on servicing, troubleshooting & maintenance
- 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

People Advantage

- The most valuable part of our company is the people – the human capital – and any plans to move our business forward starts here.

Customer focus and growth – New business picking up

Growth Strategy

OEM Business

1



Aftermarket

2



International Business
Turnaround

3



Lava Cast

4



Cost Optimization

Enhance productivity and asset
utilization

5

Build culture of innovation
& performance

6

Continuous improvement in
Working Capital and Debt
Management

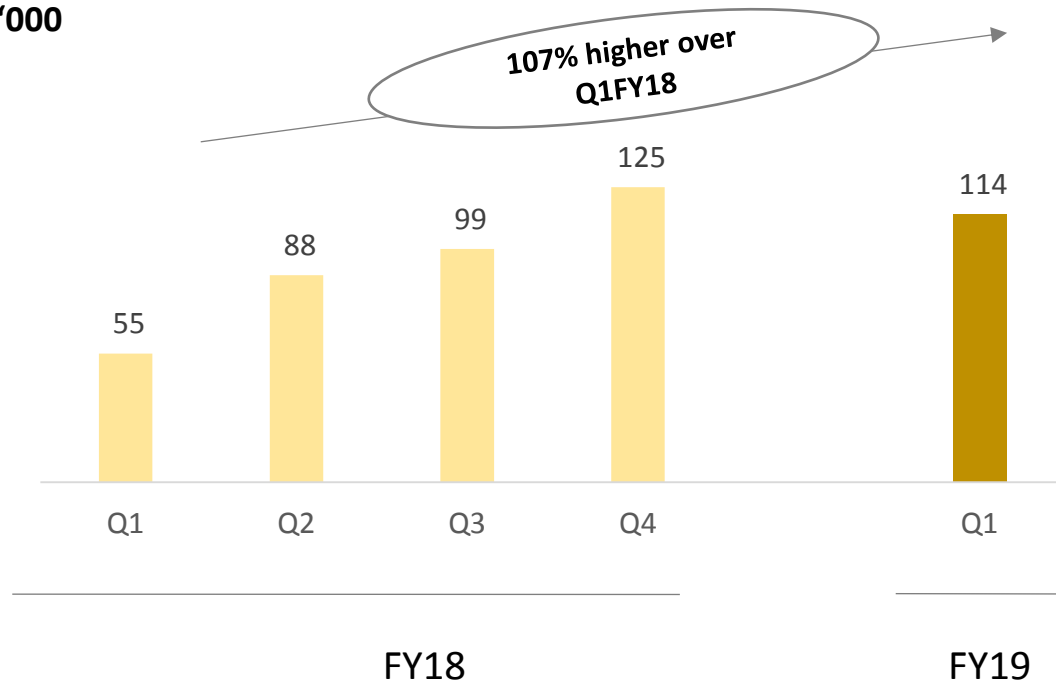
7

Win together with all our
stakeholders

8

MHCV Industry Production

In '000



Robust industry growth in OE segment for both M&HCV and farm equipment.

Setco growth higher than industry, with improved realisation and superior mix (higher tonnage vehicles)

Development on BSVI migration from April 2020 on track with different customers

All key drivers to deliver targeted growth are on track/ slightly better

Aftermarket and International Subsidiaries performance & outlook

Aftermarket

Post GST visible shift to organized sector manifesting more strongly with each passing quarter

Strong order pipeline from both OES and Independent aftermarket segments

Heavy investment in rural sector and infrastructure, resulting in increased fleet utilization and higher demand

Better realisations and improved mix giving improved margins

International Subsidiaries

Turnaround plan on a flattish sale scenario on track for 4th straight quarter

Continuous improvement in EBITDA margins

With the recent introduction of new generation clutches in US Aftermarket, we anticipate robust performance going forward

Subsidiary performance & outlook – Lava Cast Private Limited

Best quarterly performance till date -
Maiden cash profit of INR 113 lakhs in Q1FY19 against cash loss of INR 376 lakhs in Q4FY18

Continuous ramp-up in capacity utilization with Q1FY19 higher than Q4FY18.

Capacity utilization up over 70% in June 2018

Supply to external customers such as TATA Motors, Ashok Leyland, etc. has commenced

Expected to hit capacity utilization of around 85-90% during Q4FY19

Guidance – On track to exceed FY19 targets

	Q1FY19	Old Guidance FY19	Revised Guidance FY19
Sales Growth	100%	More than 30%	Increasing to ~35%
EBIDTA Margin	15.1%	Higher Teens	Higher Teens

Key underlying perspective

- Improved segment mix (higher aftermarket & exports), better efficiency (higher activity levels) and realisation of development efforts (farm tractor) would further enhance EBITDA by over 100bps over quarter1 performance
- Increased profitability, lower debt would improve various bottom-line financial ratios
- Lava Cast – Increased off-take from Setco and addition in external large customers would more than double its overall productions, over FY18
- Consolidated Q1FY19 profits, higher than consolidated FY18 , we foresee a multi-fold jump in consolidated profits for the year

We Invite You To Visit Setco



Setco Automotive

Vinay Shahane

Mail : vshahane@setcoauto.com

Tel : 022-4075 5555

Anurag Jain

Mail : anurag.jain@setcoauto.com

Tel : 022-4075 5555

Perfect Relations

Ashish Samal

Mail : ashish.samal@perfectrelations.com

Tel : +91 9920778076