

To

May 23, 2018

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
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Subject: Disclosure of Schedule of Analyst / Institutional Investor Meet for Setco Automotive Limited.

Dear Sir,

In terms of Regulation 30, Regulation 46 and Schedule III, Part A and other applicable provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations 2015 (“SEBI Listing Regulations”), as amended read with corresponding circulars and notifications issued thereunder, it is hereby informed that the representatives of the Company will be meeting certain financial/institutional investors from May 24 to May 25, 2018 at Mumbai and Chennai.

A copy of the corporate presentation is attached herewith. Further, the corporate presentation of the Company is uploaded on the website of the Company www.setcoauto.com

This is for your records and request the same be treated as compliance under the applicable clause(s) of the SEBI Listing Regulations.

Thanking you,

Yours faithfully,

For Setco Automotive Limited



**Vinay Shahane
Vice President – Finance**



Encl.: Corporate Presentation



EFFICIENT ENGINEERING

Business Presentation

May 2018

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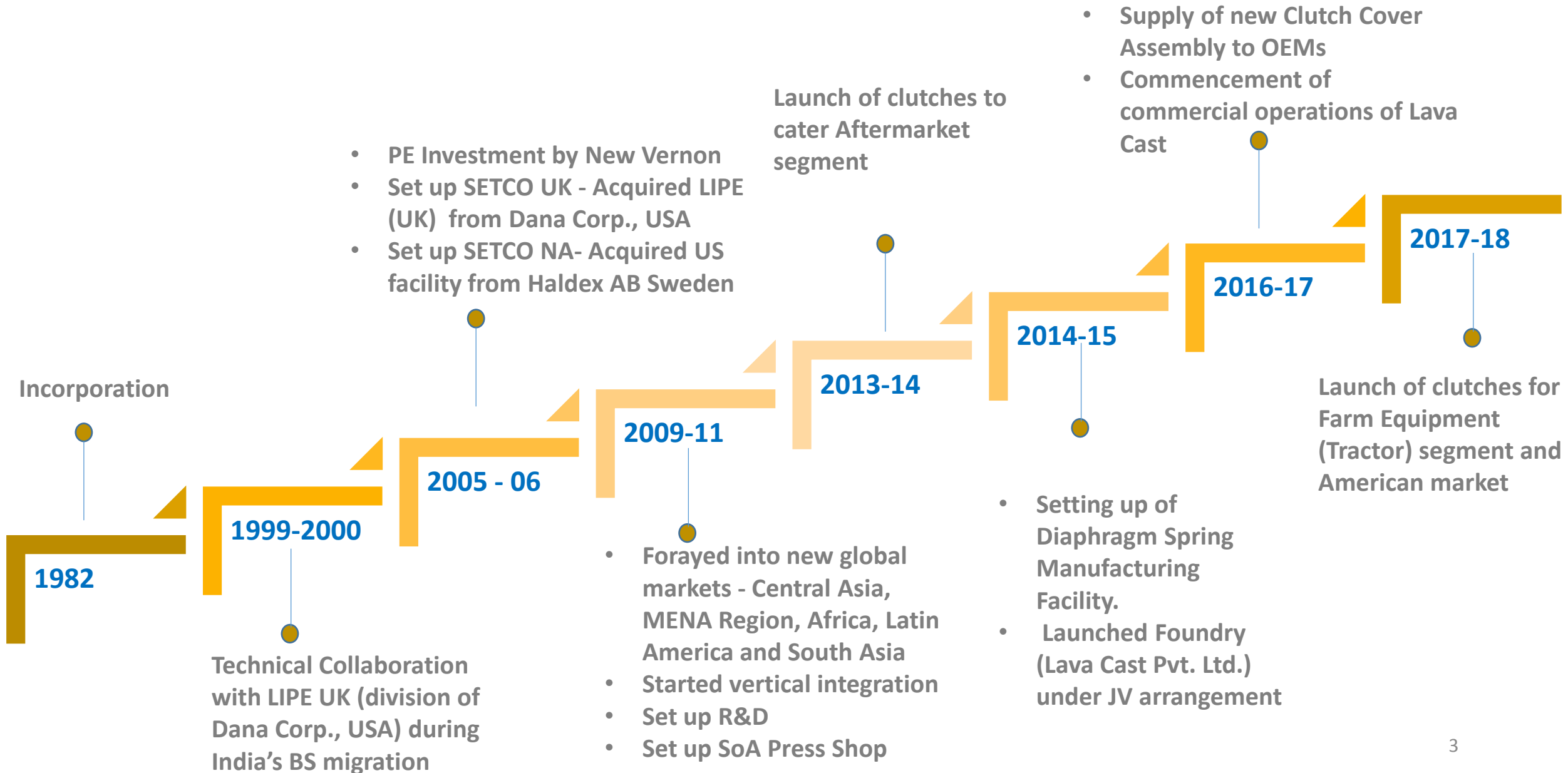
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Harish Sheth,
Chairman & Managing Director

“To be the preferred clutch of choice in 1 out of 3 commercial vehicles and 1 out of 5 farm tractors globally”

Market Share - MHCV Clutch



Revenue (in Cr)

FY18

OEM	234.3
Aftermarket (OES + IAM)	258.9
Int'l Business	21.7

234.3

258.9

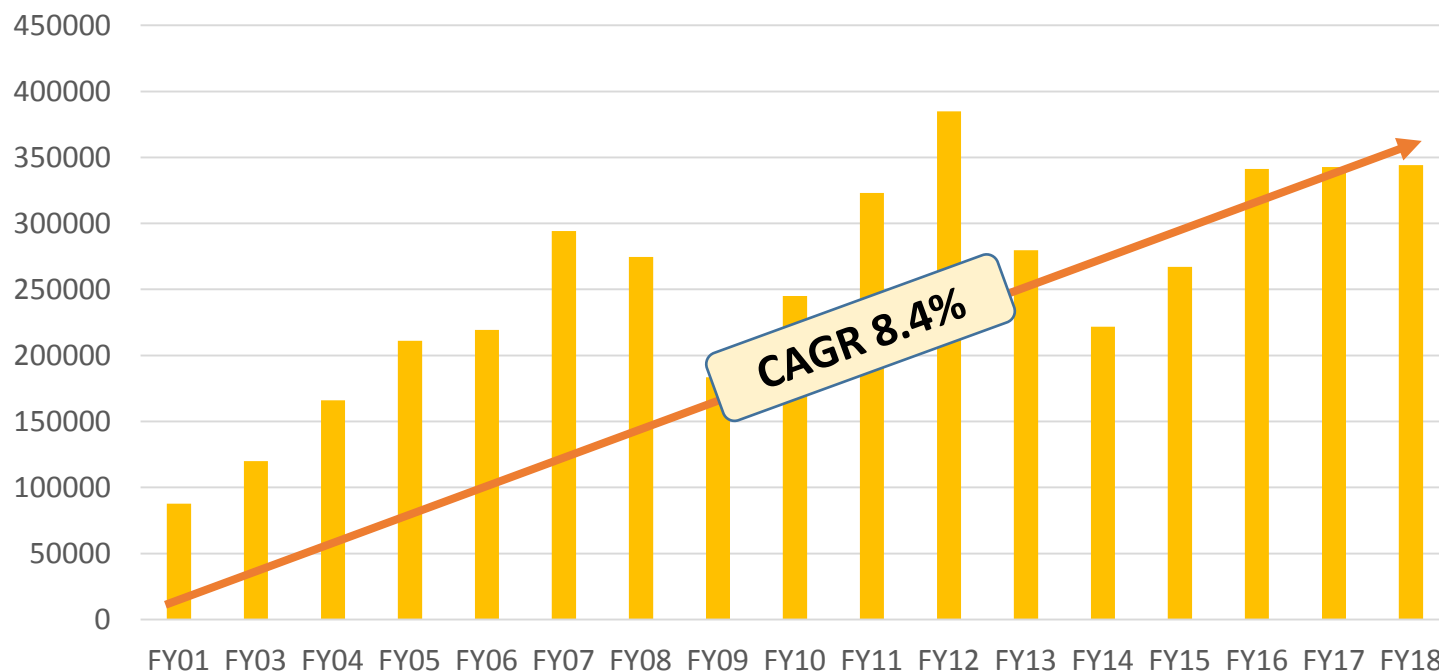
21.7

- 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 & Aftermarkets
- 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 practices
- Number of shareholders has increased to 30,125 as at 31st Mar 2018 from 8302 as at 31st March 2016

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

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

Growth in M&HCV – Past 17 years



Additional MHCV Industry growth levers

Introduction of BSVI Norms from FY20

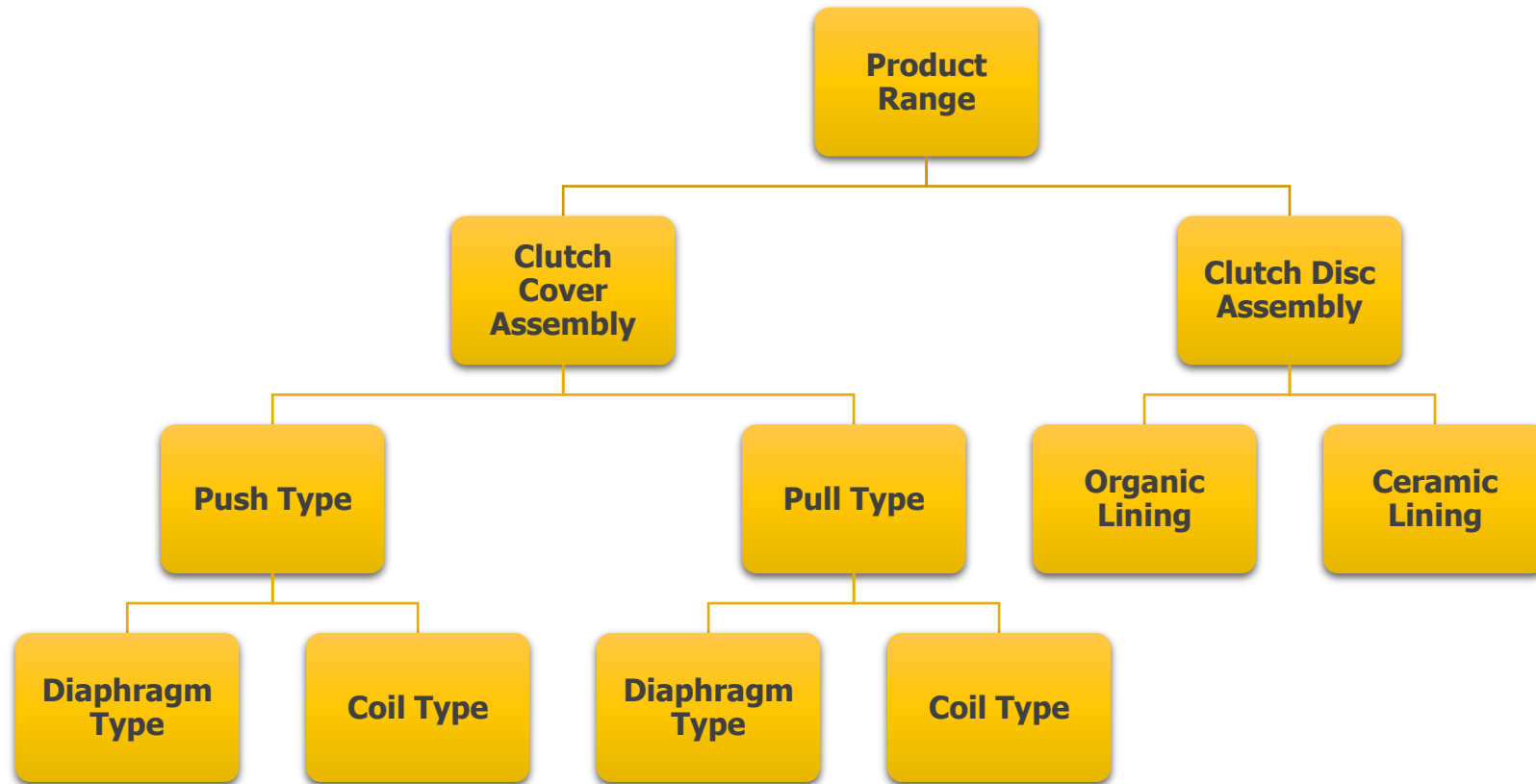
Stricter norms for overloading

Scrapage Policy – Age of vehicle 15/20 yrs

Investments in Infrastructure, rural areas and mining sector

- Despite MHCV industry being cyclical, historically it has grown by high single digit
- To reduce OEM dependency, Setco diversified into aftermarkets – Despite industry volume decline by ~42% in FY13&14, whereas company revenues declined only by ~10%
- Rebound is visible from FY15 and in FY19 industry is expected to grow more than long term growth
- The long term growth fundamentals of industry remain strong, with introduction of GST, scrapage of old vehicles and migration from BSIV to BSVI

	New Vehicle	0-6yrs Vehicle	4-10yrs Vehicles	Beyond 10yrs Vehicle
	OEM - New clutch fitted into a truck by Original Equipment (OE) factories	OES - Clutch replacement products are offered through the service network of OE & network of OE Suppliers	IAM – Clutch for Independent after market (IAM) segment	Clutch meeting performance and value expectations for the last stage of the M&HCV life cycle
Opportunity	- Cover – 1 - Disk - 1	- Cover – 1.5 - Disk - 3	- Cover – 1.5 - Disk - 3	- Cover – 1 - Disk - 2
Brand	Co-Branded	OE Brand supplied by Setco	Setco Brand	Discount Brands
Nature of Business	In line with the OEM sales	Predictable with reasonable confidence level	Predictable with reasonable confidence level	Setco plans to foray into this segment



- 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 Sector



Service Advantage



Market Advantage



People Advantage



Manufacturing Advantage



Integrated Play Advantage

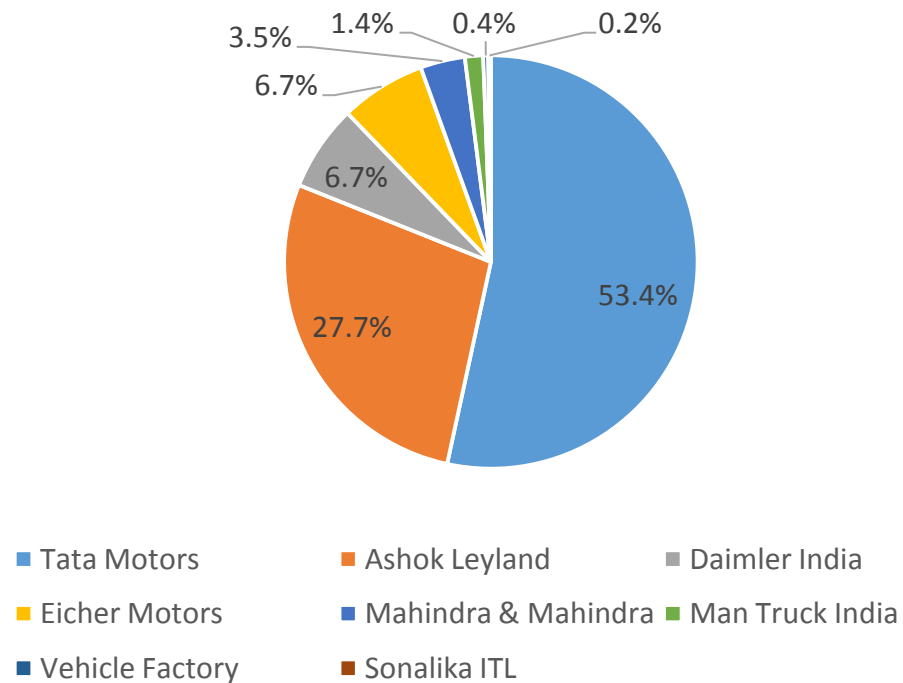


Technology Advantage

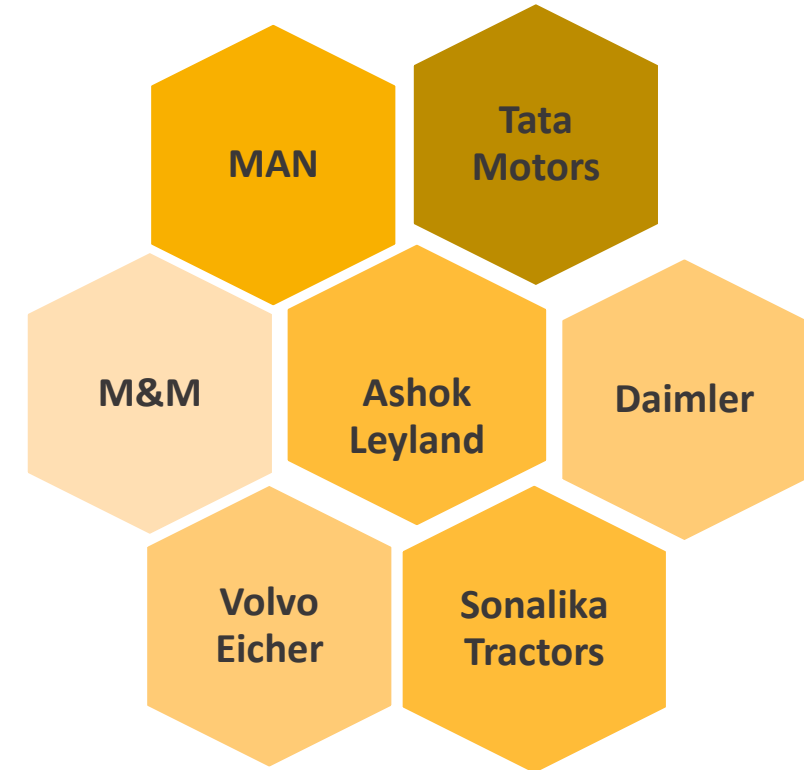


- Strong relations built over last 15 years with various OEM players.
- More than 85% of market share in MHCV space

FY18 OEM Sales



Clients



4 MANUFACTURING FACILITIES 2 India | 2 International



**Setco Kalol Complex,
Gujarat**



**Setco Haslingden, Lancashire,
UK**



**Setco, Sitarganj,
India**



Setco Paris, TN, USA

Vertically Integrated Manufacturing

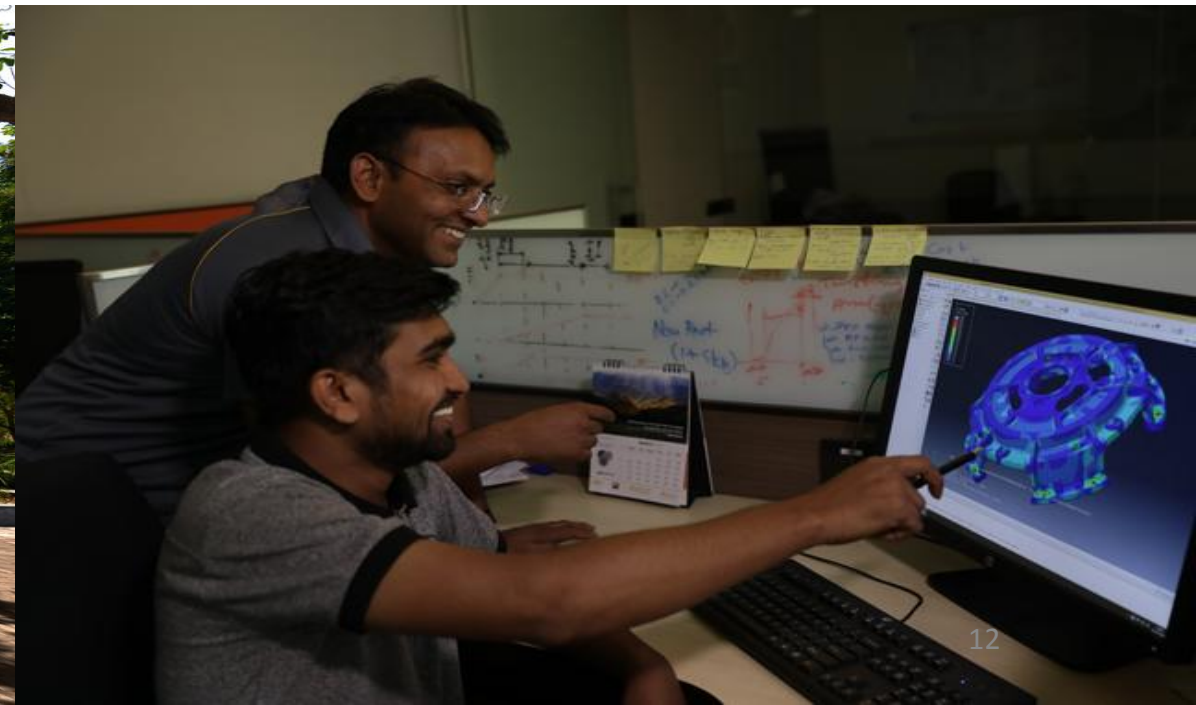
- State-of-the-art foundry with machine shop
- High tonnage press shop
- In-house surface treatment and heat treatment capability
- Diaphragm spring production

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

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

Recognitions & Awards by TATA Motors & Ashok Leyland

- R&D centre at India (recognised by DSIR) and UK are poised to play a key role in our national and global plans.
- In last 3 years, developed over 50 variants of clutches in farm and commercial vehicles (including exports)
- Engineered customized solutions to suit different power trains of OEM's for meeting BSIV/BSVI/EUROVI norms.
- R&D spend approx. 1.7% of revenues during FY18



- ❑ 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
- ❑ Being a vertically integrated clutch manufacturer with its own foundry – complex and machined castings are easily available – a big differentiation between Setco and others is that perhaps Setco is the only company which has its own foundry



Pressure Plate



Cover



Brake Disc



Brake Drum



Flywheel



Case Differential Housing



Clutch Release Bearing Hub



Retainer Transmission

- Demand remains robust, however due to stricter government regulations, there are supply constraints across the world.
- Thereby, providing opportunities for compliant foundries present in the country like Lava Cast
- Due to higher demand by the OEMs, we are envisaging capacity expansion to 60,000 MT

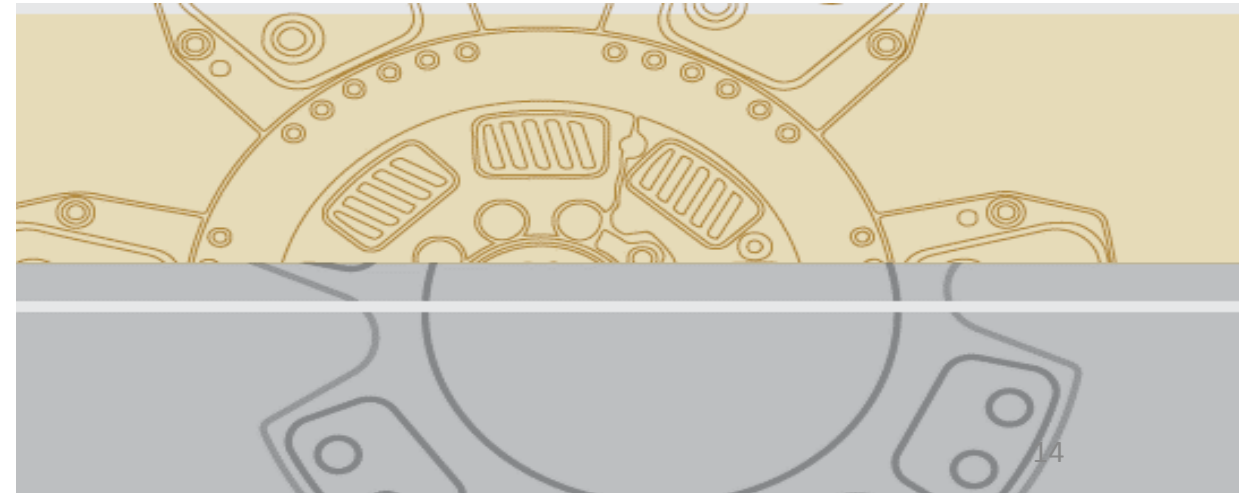


Threat of Automatic Transmission technology

- Automatic Transmission Technology not proven under Indian road conditions
- Inefficient fuel consumption.
- Application mainly in City buses which constitute insignificant numbers
- Instead Automated Manual Transmission (AMT) vehicles which require a standard clutch which Setco supplies.

Threat of Electronic / Battery operated Technology

- At present there is no suitable battery technology for load management and terrain management.
- India's environment is far more arduous duty cycles.
- Also no suitable battery product is foreseeable in short and medium-term – 15 years





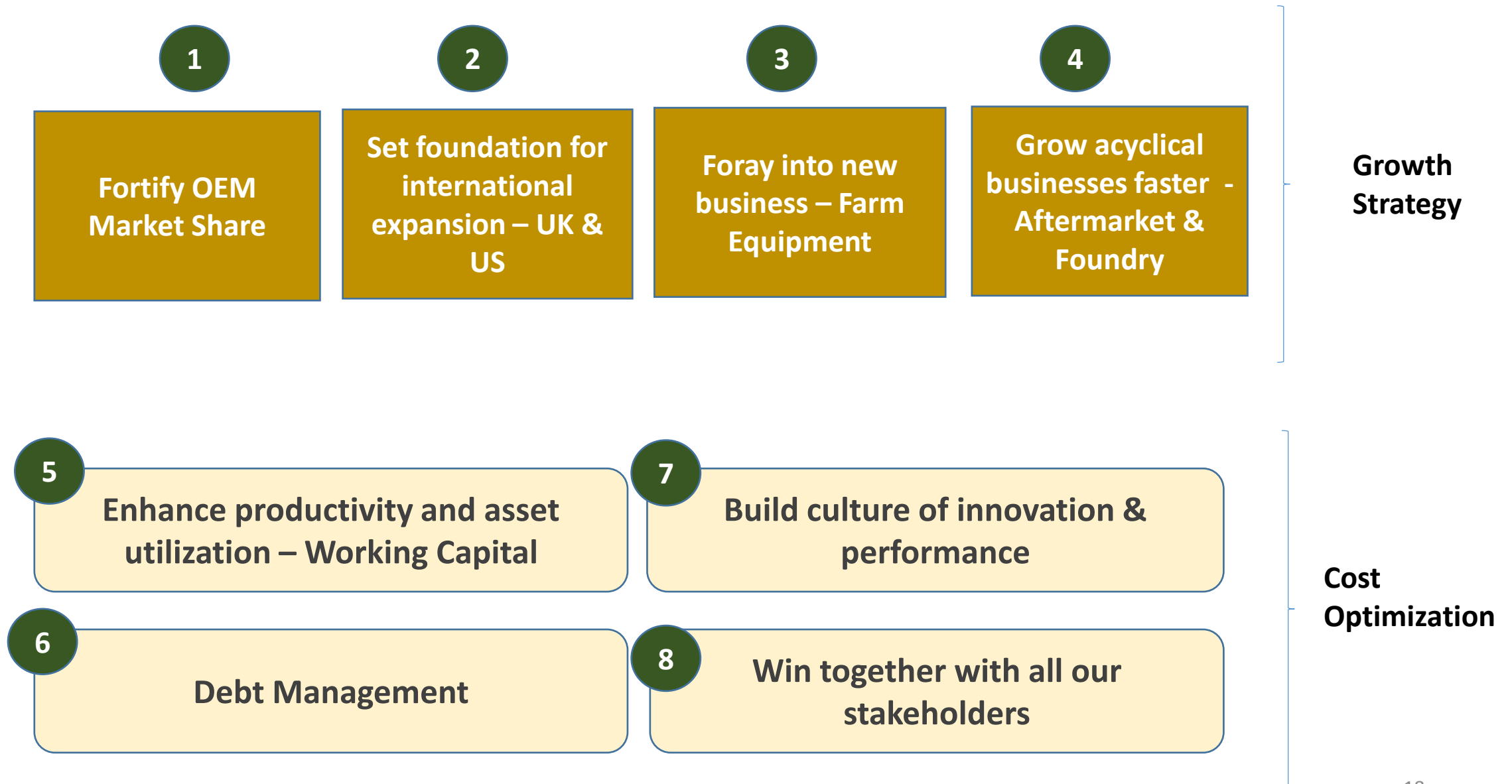
- 42 touchpoints & 23 distributors
- Wide Independent Aftermarket-own distributor network through direct distributor arrangements
- Distribution network covering retailers and garages
- Training programs and field visits on servicing and troubleshooting & maintenance of clutch systems
- Trained about 10,000 mechanics in India

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

- Turnaround of Foundry
- Completed 100,000 clutch assembly fitments at Ashok Leyland
- Started supplies into North America
- Got approval from Russia's largest OEM.
- Started supplies into Farm Tractor OE Sector and rec'd many RFQs
- Redemption of preference shares of INR 34.65crs during the year



Road Ahead



Fortify OEM market share

- Build and enhance product portfolio
- Expand network of touch-points and distribution network
- Enhance customer engagement
- Drive innovation & Leverage digital technology
- Integrating value-chain



Poised for international growth

- Company is targeting US, Europe, Middle East and Africa for future growth and is developing new products for the same
- Newly launched clutches in US markets have seen promising results
- In advanced stages of negotiations with international OEMs
- Recently opened Dubai Subsidiary to cater to middle east and African markets
- UK R&D operations provides strategic advantage
- Being a supplier to global CV manufacturers in India opens up possibilities of being a supplier to global destinations also

Opportunity in Farm Equipment

- Tractor manufacturers have recorded their highest-ever sales in FY18 at 7.11 lakh units, a 22% rise compared to FY17 at 5.83 lakh units
- The company aims low double digit of revenue contribution from this segment
- Industry is moving towards higher horse power tractors leading to growth in dual clutch technology , which currently has only one supplier in market
- There is a demand for second supplier

The major drivers of growth for the tractor industry

- Govt. initiatives of doubling the farmer income by 2022
- Increase level of Mechanization
- Improving Retail Finance
- Crop Insurance Allocation
- Huge government investments in Rural infrastructure

Source:<http://pib.nic.in/newsite/PrintRelease.aspx?relid=176598>

Enhanced Aftermarket

- Launch of second brand catering to remanufacturing stage (last stage) in M&HCV life cycle (for vehicle more than 10 years)
- Target to expand distribution network by 30-40% from current 43 touchpoints
- Aftermarkets is expected to grow long-term average of low double digit





Initiating



Engaging



Recognizing



Lives Impacted

20,000+

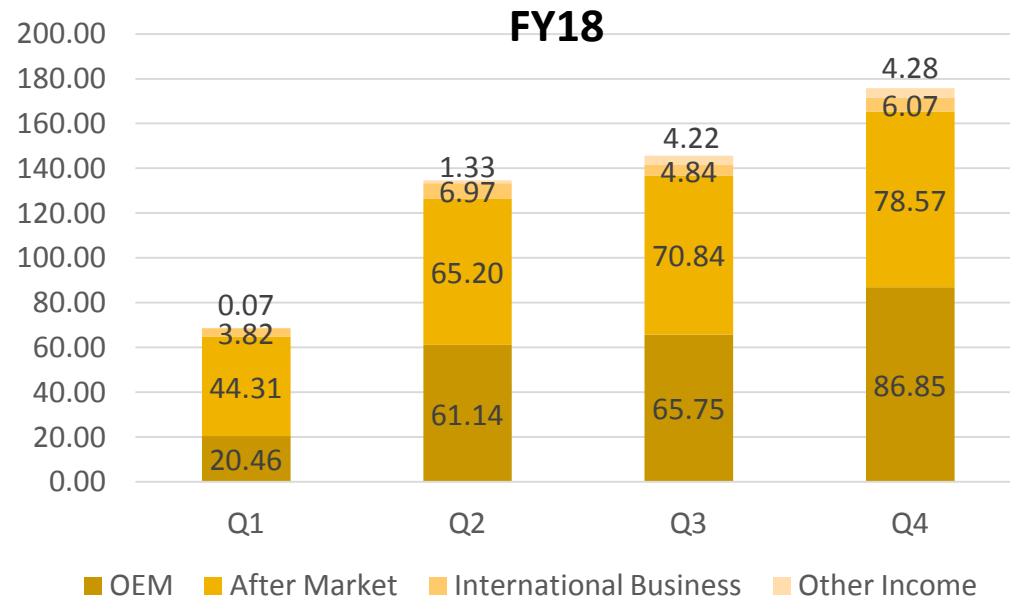


FY18 Financials

In INR cr.

	Q1 FY17	Q1 FY18	Q2-Q4 FY17	Q2-Q4 FY18	Growth% YoY
OEM	52.0	20.5	136.0	213.7	57.2%
Aftermarket	57.8	44.3	216.2	214.6	(0.7)%
International Business	3.7	3.8	15.1	17.9	18.2%
Total	113.5	68.6	367.3	446.2	21.5%

Sales values for all periods revalued on post GST basis



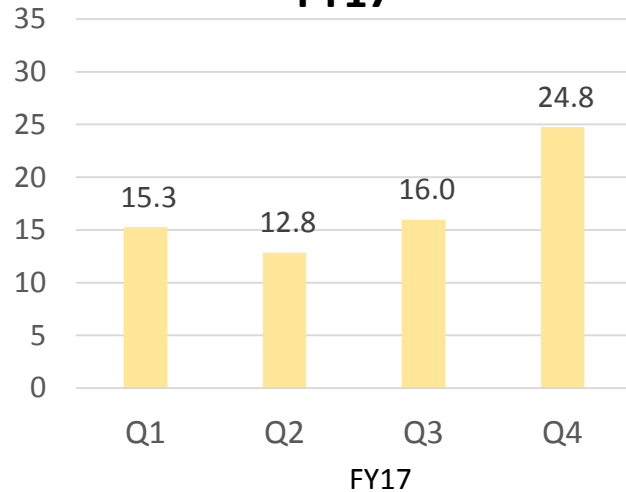
Key Highlights

- Q1 was an aberration quarter in Setco history, due to rolling-out of GST & adoption of BSIV norms .
- Excluding Q1FY18, we have grown by 21.5% over last 9 months compared to corresponding last year
- Growth would have been much higher , but supply constraints aftermarket volume couldn't be realized fully

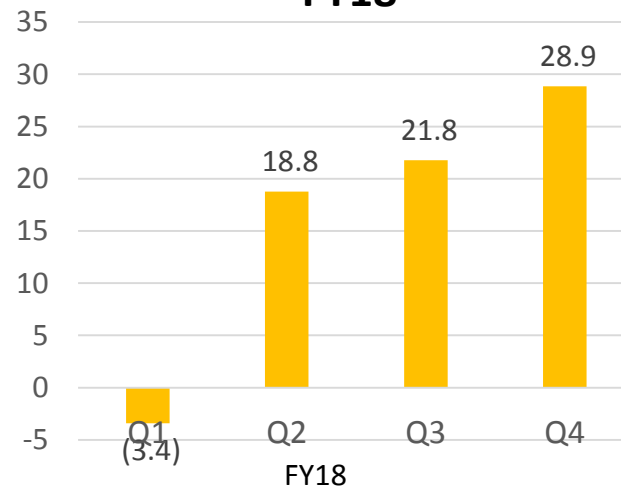
EBITDA in INR cr

FY17

220 bps
expansion
Vs Q4 FY17



FY18



EBITDA %

13.4	12.5	13.3	14.2
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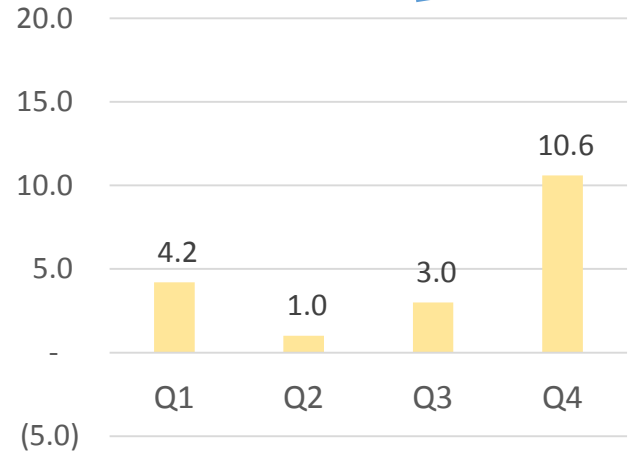
-5.0	13.9	15.0	16.4
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EBITDA Movement

- Q4FY18 EBITDA margin of **16.4%** is the **highest** in the last 4 years
- Q1FY18 performance was aberration due to GST roll-out & transition to BS-IV norms
- Trailing 9-month EBITDA margin is 15.3%, which is 2.2% improvement over last 9-month of FY17
- EBITDA for the last 3 quarters is 69.5 Cr, compared to 53.6 Cr in corresponding quarters of FY17

PAT in INR cr

FY17

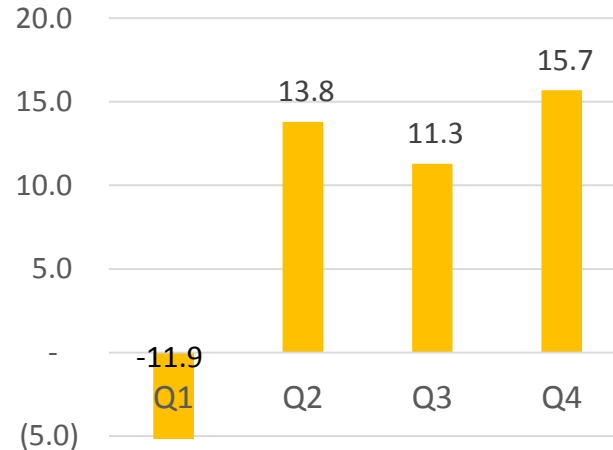


PAT %

3.7	1.0	2.5	5.6
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48 % higher Profit
Vs Q4 FY17

FY18

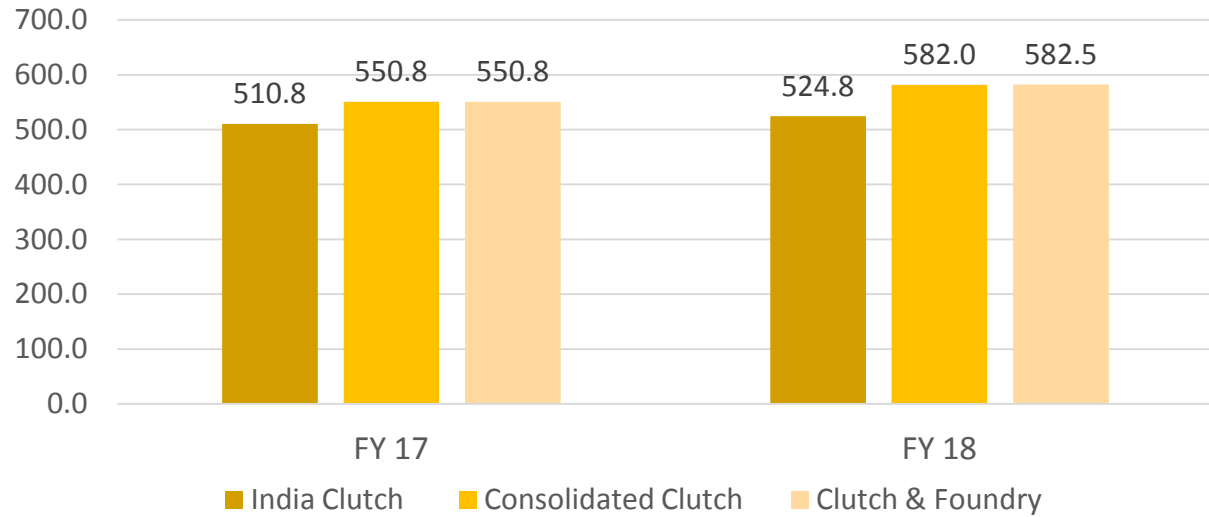


-17.3	10.2	7.7	8.9
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PAT Movement

- Q1FY18 performance was aberration due to GST roll-out & transition to BS-IV norms, resulted in first quarterly loss in the last 15 years
- Trailing 9-month PAT of INR 40.8cr is substantially higher than corresponding PAT of INR 14.6cr in FY17
- Trailing 9-month PAT margin is 8.9%

in INR cr. Revenue

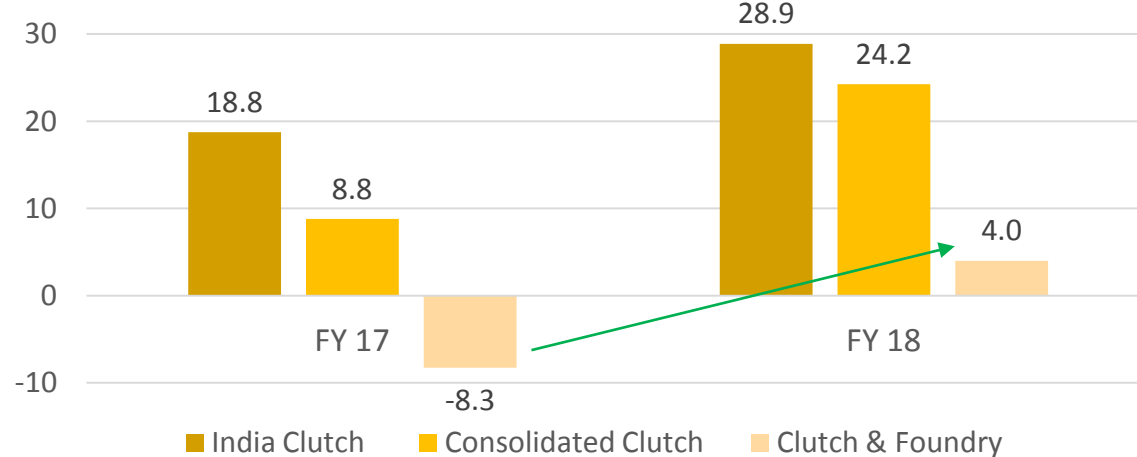


Sales values for all periods revalued on post GST basis

Key Aspects

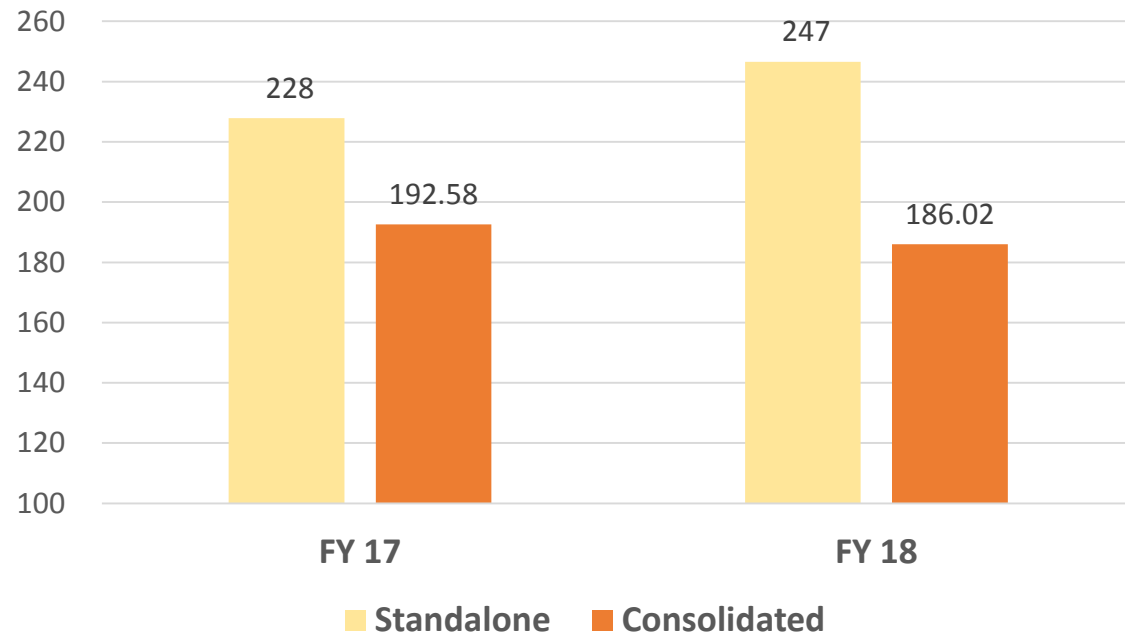
- Lava Cast remained primarily captive consumption for last 2 years; expected to cater significantly external customers from Q1FY19
- As capacity utilization increases in Lava Cast, consolidated results would be significantly better

in INR cr. PAT



in INR cr.

Net worth



DE Ratio

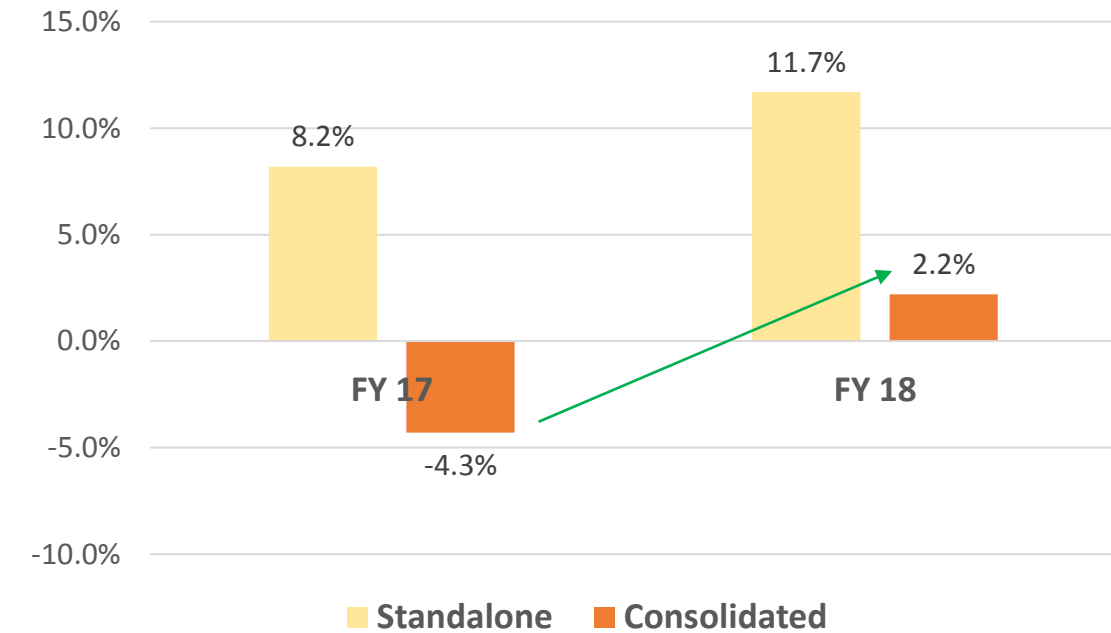


FY17

FY18

in INR cr.

ROE



ROCE



FY17

FY18

In INR cr.

	Q4FY17	Q3FY18	Q4FY18		FY17	FY18
Total Revenue	174.31	145.65	175.76		492.21	524.72
EBIDTA	24.76	21.78	28.86		68.83	66.00
EBIDTA %	14.2%	15.0%	16.4%		13.5%	12.6%
PBT	13.27	12.27	21.48		24.10	35.93
PBT %	7.6%	8.4%	12.1%		4.7%	6.8%
PAT	10.63	11.27	15.75		18.77	28.90
PAT %	5.9%	7.7%	9.4%		3.6%	5.7%

Setco Automotive Ltd.

- Looking at current demand scenario, the company is expected to grow its revenue by more than 30% in FY19
- Setco expects improvement in EBITDA margin on annualized basis which is expected to be in higher teens

Lava Cast Pvt Ltd

- Enhance capacity utilisation by 100%
- Added external customers other than Setco with potential to ramp up volumes



We Invite you to Visit Setco ...



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