

April 26, 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 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we wish to inform that the Board of Directors of Setco Automotive Limited (the “**Company**”) in its meeting held today i.e. Monday, April 26, 2021 has, subject to the approval of the Shareholders to be obtained in an Extra-ordinary General Meeting, *inter alia*, approved the proposals in respect of the following:

1. To sell, transfer and dispose of, as a going concern and on a slump sale basis, the Company’s Clutch Business (as defined below), together with the use of all the licences, permits, consents and approvals whatsoever, and all related assets (moveable and immovable, tangible and intangible) and identified liabilities, contracts and employees, to Setco Auto Systems Private Limited, a wholly owned subsidiary of the Company (“**SASPL**”), for a lump sum consideration upto Rs. 500,000 (Rupees Five Lakh only), subject to certain adjustments at or after closing, as agreed between the Company and SASPL, subject to the approval of shareholders by means of Extra-Ordinary General Meeting. The Clutch Business, which is proposed to be transferred by the Company to SASPL *inter alia*, may include the following:
 - (a) the factory located at Vadodara - Godhra Highway, Kalol, Dist. Panchmahal - 389 330, Gujarat – India along with all plant and machinery and right, title and interest in the immovable property;
 - (b) the factory located at Plot No. 196/A Phase 1, Eldeco Sidcul Industrial Park (E.S.I.P), Village Lalarpatti, P.O. Sia Camp, Udham Singh Nagar, Uttarakhand – 262 403 along with all plant and machinery and right and interest in the immovable property;
 - (c) all licenses, approvals and consents pertaining to the business;
 - (d) all contracts pertaining to the business;
 - (e) employees pertaining to the business; and
 - (f) all intellectual property rights pertaining to the business.

The net worth of the business undertaking proposed to be transferred by way of slump sale to SASPL would be in negative and therefore the consideration for the said slump sale is proposed to be consummated at a nominal consideration. Further details of the aforesaid transaction are set out in Annexure A below.

2. Raising of funds by way of issuance, in one or more tranches, of non-convertible debentures to any financial institution, alternative investment fund, other body corporates and/or any other eligible investors or entities or persons etc. on private placement basis, for an amount not exceeding INR 350,00,00,000 (Rupees Three Hundred Fifty Crores) on such terms and conditions as may be approved, details of which are set out in Annexure B.

3. Increasing the borrowing limits under Section 180(1)(c) of the Companies Act, 2013, such that the total amount so borrowed by the Company and outstanding at any time shall not exceed Rs. 525,00,00,000 (Rupees Five Hundred Twenty Five Crores), over and the aggregate of the paid-up capital and the free reserves of the Company.
4. Creating charge and / or mortgage on the moveable / immoveable properties of the Company for the borrowings of the Company or any third party in accordance with Section 180(1)(a) of the Companies Act 2013, such that the maximum extent of the indebtedness secured by the properties of the Company does not exceed Rs. 700,00,00,000 (Rupees Seven Hundred Crore Only) at any time.
5. Increasing the limits u/s 186(2) of Companies Act, 2013 for extending loans, providing guarantees or giving securities for loans taken by any person or body corporate, in excess of the limits prescribed under Section 186(2) of the Act to be approved up to an additional aggregate sum of Rs. 975,00,00,000 (Rupees Nine Hundred Seventy Five Crores only).
6. Approving the limits of loans, issue of guarantee and provision of security by the Company under section 185 of Companies Act, 2013 up to an aggregate sum of Rs. 775,00,00,000 (Rupees Seven Hundred and Seventy-Five Crores Only), including the guarantee to be given and/ or security to be created by way of pledge over the shares held by the Company in Setco Auto Systems Private Limited and/ or any other security to be provided in respect of the non-convertible debentures issued by or transferred to Setco Auto Systems Private Limited, for an amount not exceeding Rs. 575,00,00,000 (Rupees Five Hundred Seventy Five Crores only), on the terms and conditions agreed upon between Setco Auto Systems Private Limited and the debenture holders/ debenture trustee.
7. Approving the Notice Convening the Extra-Ordinary General Meeting of the Company on Saturday, May 22, 2021 through video conferencing or other audio-visual means for approving the matters listed above.

Details as required under Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, read with SEBI Circular No. CIR/CFD/CMD/4/2015 dated September 9, 2015, are mentioned below:

ANNEXURE A: SALE OF AN UNDERTAKING

PARTICULARS	DETAILS
The amount and percentage of the turnover or revenue or income and net worth contributed by such unit or division of the listed entity during the last financial year	Turnover of Clutch Business for financial year ended March 31, 2020 was Rs. 41,807.83 lakhs and Net worth of Company as on 31st March 2020 is Rs. 23,153.92 Lakhs
Date on which the agreement for sale has been entered into	Currently, the Board of Directors have approved the proposal to sell and transfer the clutch business subject to the approval of the members to be obtained in the Extra-Ordinary General Meeting of the shareholders. No definitive document (whether binding or non-binding) has yet been entered into by the Company in this regard.
The expected date of completion of sale/ disposal	Subject to approval of the shareholders and other regulatory/ statutory approvals, if any, and completion of conditions precedent as maybe prescribed in the definitive documents to be executed, the sale is expected to be completed within two to three months from the date of the approval of the shareholders of the Company.

Consideration received from such sale/ disposal	The net worth of the business undertaking pertaining to Clutch Business proposed to be transferred by way of slump sale to SASPL would be in negative and therefore the consideration for the said slump sale is proposed to be consummated at a nominal consideration aggregating up to Rs. 500,000 (Rupees Five Lakh only).
Brief details of the buyers and whether any of the buyers belong to the promoter/ promoter group/ group companies. If yes, details thereof.	Setco Auto Systems Private Limited (" SASPL "), a company incorporated under the Companies Act, 1956, is a wholly-owned subsidiary of the Company.
Whether the transaction would fall within related party transactions. If yes, whether the same is done at "arm's length"	Yes, the transaction would be a related party transaction and shall be consummated on an arm's length basis. All requisite approvals including that of the Board of Directors and the shareholders of the Company under Section 188 of the Companies Act, 2013 and Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and any other applicable laws and regulations shall be obtained by the Company in respect of the said transaction.
Name of the entity forming part of slump sale, details in brief such as size, turnover, etc.	<p>The Clutch Business pertains to the business of auto parts & equipment, more particularly manufacturing of clutches. It includes: (i) factory located at Vadodara - Godhra Highway, Kalol, Dist. Panchmahal - 389 330, Gujarat – India along with all plant and machinery and right, title and interest in the immovable property; (ii) the factory located at Plot No. 196/A Phase 1, Eldeco Sidcul Industrial Park (E.S.I.P), Village Lalarpatti, P.O. Sia Camp, Udham Singh Nagar, Uttarakhand – 262 403 along with all plant and machinery and right and interest in the immovable property.</p> <p>Turnover and other details for FY 2019-20 from and with respect to Clutch Business INR 418.07 Crores, EBIDTA INR 41.07 Crores</p>
Area of business of the entity(ies)	Manufacturing of auto parts & equipments, more particularly clutches for the medium and heavy commercial vehicles and farm tractors and sale of such products throughout India primarily and also some of the export markets.
Rationale of the proposed Slump sale	To streamline and restructure the business in order to unlock value for the clutch manufacturing business and to create better opportunities for fund raising both in terms of equity as well as debt financing for the future growth and expansion of such business.
In case of cash consideration amount or otherwise share exchange ratio	Nominal consideration aggregating up to Rs. 500,000 (Rupees Five Lakh only). subject to certain adjustments at or after closing, as agreed between the Company and SASPL.

Brief details of change in the shareholding pattern (if any) of the listed entity.	No change in shareholding pattern of the Company on account of the proposed transaction.
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ANNEXURE B: ISSUANCE OF NCD

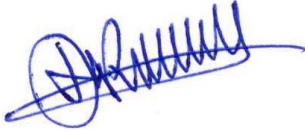
Particulars	Remarks
Type of securities proposed to be issued (<i>viz. equity shares, convertibles etc</i>)	Non-convertible debentures
Type of Issuance (<i>further public offering, rights issue, depository receipts (ADR/GDR), qualified institutions placement, preferential allotment etc</i>)	Private placement
Total numbers of securities proposed to be issued or total amount for which the securities will be issued (<i>approximately</i>)	Upto Rs. 350 Crore
In case of issuance of debt securities or other non- convertible securities, the listed entity shall disclose following additional details to the stock exchange(s)	
Size of the issue	Up to Rs. 350 Crore
Whether proposed to be Listed? If yes, name of the Stock Exchange(s)	The debentures may be Listed or Unlisted, to be determined at the time of issue
Tenure of the instrument – date of allotment and date of maturity	Expected Tenure will be 4 years but will be determined at the time of issue
Coupon/Interest offered, schedule of payment of coupon/interest and principal	These details have not been finalized as of yet and will be determined at the time of issue of the debentures.
Charge/security, if any, created over the assets	The principal amount of the NCDs to be issued together with all the interest due thereon and all amounts payable in respect thereof shall be secured, <i>inter alia</i> , by first and exclusive mortgage/charge on all the assets of the Company, charge or pledge over the shares owned by the Company in its subsidiaries (including the subsidiary in which the clutch manufacturing business is proposed to be transferred), and corporate guarantee of the Company. The security structure in respect of the NCDs shall be finalised at the time of issue by the Board of Directors.
Details of redemption of debentures	Redemption of Debentures will be as per the terms of issue of Debentures
Special rights/interest/privileges attached to the instrument and changes thereof	These details have not been finalized as of yet and will be determined at the time of issue of the debentures.
Delay in payment of Interest/principal amount for a period of more than 3 months from the due date or default in payment or interest/principal	Not applicable
Details of any letter or comments regarding payment/non-payment of interest, principal on due dates, or any matter concerning the security and/or the assets along with comments thereon, if any	Not applicable

The Board meeting commenced at 1:19 p.m. and concluded at 2:25 p.m.

We request you to kindly take the above information on record.

Thanking you,

Yours faithfully,
For Setco Automotive Limited



Hiren Vala
Company Secretary