

## Setco Automotive Limited

January 25, 2022

### Ratings

Facilities/Instruments	Amount (Rs. crore)	Rating <sup>1</sup>	Rating Action
Long Term Bank Facilities	-	-	Withdrawn
Short Term Bank Facilities	-	-	Withdrawn
<b>Total Bank Facilities</b>	<b>0.00</b> <b>(Rs. Only)</b>		

*Details of facilities as per Annexure-1*

### Detailed Rationale, Key Rating Drivers and Detailed description of the key rating drivers

CARE Ratings Limited has withdrawn the ratings of 'CARE D assigned to the bank facilities of Setco Automotive Limited (SAL) with immediate effect, as the company has repaid the aforementioned bank facilities and term loan in full and there is no amount outstanding under the facility/loan as on date.

**Analytical approach:** Not Applicable

### Applicable Criteria

[Policy on Withdrawal of ratings](#)

### About the Company –

Setco Automotive Limited (SAL) is engaged in manufacturing of clutches for Medium and Heavy Commercial Vehicles (MHCV) and markets it under brand name 'LIPE Clutches'. SAL led by Mr. Harish Sheth, is the flagship company of the 'Sheth Group'. Incorporated in 1982, SAL has 4 manufacturing facilities: 2 in India (Kalol - Gujarat, Sitarganj - Uttarakhand), 1 in United Kingdom (Haslingden - Lancashire) and 1 in USA (Paris – Tennessee). The overseas facilities of SAL act as assembling units. SAL meets major portion of MHCV Original Equipment (OEM) demand in India. The product line of SAL also includes supply of hydraulics (pressure converters) and fully machined ferrous castings. SAL also set up ferrous foundry through subsidiary Lava Cast Pvt Ltd (LCPL) (JV between SAL and Lingotes Especiales (LE) of Spain) to produce fully machined ferrous castings. SAL is currently in the process of acquiring 100% stake in LCPL. In addition to LCPL, SAL has also set up a unit to manufacture diaphragm springs which it used to earlier source from Germany.

Brief Financials (YTEI) (Rs. crore)	FY19 (A)	FY20 (A)	FY21 (A)	H1FY22
Total operating income	685.30	474.95	367.92	144.4
PBILDT	101.91	40.64	-34.30	-110.9
PAT	-0.54	-49.56	-123.29	-161.0
Overall gearing (times)	2.83	6.37	-ve	-ve
Interest coverage (times)	1.94	0.71	-ve	-ve

A: Audited ; UA : Un- Audited

### Status of non-cooperation with previous CRA:

**Any other information:** NA

**Rating History for last three years:** Please refer Annexure-2

**Covenants of rated instrument / facility:** *Detailed explanation of covenants of the rated instruments/facilities is given in Annexure-3*

**Complexity level of various instruments rated for this company:** Annexure 4

### Annexure-1: Details of Instruments / Facilities

Name of the Instrument	ISIN	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. crore)	Rating assigned along with Rating Outlook
Fund-based - LT-Term Loan		-	-	-	0.00	Withdrawn
Fund-based - LT-Cash Credit		-	-	-	0.00	Withdrawn
Non-fund-based - ST-BG/LC		-	-	-	0.00	Withdrawn

<sup>1</sup>Complete definition of the ratings assigned are available at [www.careedge.in](http://www.careedge.in) and other CARE Ratings Ltd.'s publications

**Annexure-2: Rating History of last three years**

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating history			
		Type	Amount Outstanding (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2021-2022	Date(s) & Rating(s) assigned in 2020-2021	Date(s) & Rating(s) assigned in 2019-2020	Date(s) & Rating(s) assigned in 2018-2019
1	Fund-based - LT-Term Loan	LT	-	-	1)CARE D (05-Apr-21)	1)CARE D (10-Nov-20)	1)CARE C; Negative (07-Feb-20) 2)CARE B; Negative (25-Nov-19) 3)CARE BB; Negative (12-Aug-19) 4)CARE BBB-; Stable (10-Jun-19)	1)CARE BBB-; Positive (17-Sep-18)
2	Fund-based - LT-Cash Credit	LT	-	-	1)CARE D (05-Apr-21)	1)CARE D (10-Nov-20)	1)CARE C; Negative (07-Feb-20) 2)CARE B; Negative (25-Nov-19) 3)CARE BB; Negative (12-Aug-19) 4)CARE BBB-; Stable (10-Jun-19)	1)CARE BBB-; Positive (17-Sep-18)
3	Non-fund-based - ST-BG/LC	ST	-	-	1)CARE D (05-Apr-21)	1)CARE D (10-Nov-20)	1)CARE A4 (07-Feb-20) 2)CARE A4 (25-Nov-19) 3)CARE A4 (12-Aug-19) 4)CARE A3 (10-Jun-19)	1)CARE A3 (17-Sep-18)

\* Long Term / Short Term

**Annexure-3: Detailed explanation of covenants of the rated instrument / facilities- NA****Annexure 4: Complexity level of various instruments rated for this company**

Sr. No	Name of instrument	Complexity level
1	Fund-based - LT-Cash Credit	Simple
2	Fund-based - LT-Term Loan	Simple
3	Non-fund-based - ST-BG/LC	Simple

**Annexure 5: Bank Lender Details for this Company**To view the lender wise details of bank facilities please [click here](#)

**Note on complexity levels of the rated instrument:** CARE Ratings Ltd. has classified instruments rated by it on the basis of complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for any clarifications.

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### About CARE Ratings Limited:

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With an established track record of rating companies over almost three decades, we follow a robust and transparent rating process that leverages our domain and analytical expertise backed by the methodologies congruent with the international best practices. CARE Ratings Limited has had a pivotal role to play in developing bank debt and capital market instruments including CPs, corporate bonds and debentures, and structured credit.

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