

IndiaRF Announces INR 615 crore (USD 83 million) Investment in Setco Group

Mumbai, India | September 07, 2021: India Resurgence Fund (“**IndiaRF**”), promoted by Piramal Enterprises Limited and Bain Capital Credit, along with its affiliates today announced an investment of upto **INR 615 crore** (USD 83 million) in Gujarat based Setco Group.

As part of the transaction, Setco Automotive Limited (“**Setco**”) will transfer its clutch business into a subsidiary, Setco Auto Systems Private Limited (“**SASPL**”), into which IndiaRF will invest through a senior debt facility and 35% equity stake in SASPL. The investment proceeds will be used for growth capital and providing working capital to enable the businesses to grow on the back of anticipated recovery in the commercial vehicles market, meet the demand in the replacement market and re-finance / repay debt facilities.

Commenting on the investment, **Shantanu Nalavadi, Managing Director, IndiaRF** said, “We are pleased to partner with Setco Automotive, as it embarks on an exciting journey to enhance its market leadership. Our partnership will drive a twofold strategy to restructure the balance sheet of the company as we also work closely with the promoters and management team, to drive rapid revenue growth and sustainable improvement in profitability. IndiaRF continues to remain focused on providing long term strategic solutions that enable an effective turnaround to profitability for high quality companies.”

Harish Sheth, Chairman & Managing Director, Setco Automotive said, “We are delighted to partner with IndiaRF at this critical juncture in Setco Automotive’s journey. We look forward to leveraging their proven global expertise in restructuring and turnarounds, and are certain that our combined efforts will help accelerate our ambitious growth trajectory towards improved performance and profitability benefiting all its stakeholders. IndiaRF’s investment will bring in significant strategic operational improvement in both SASPL and Lava Cast.”

Setco Group is a progressive, technology driven automotive component company focused on manufacturing and marketing of clutches for commercial vehicles for original equipment manufacturers (“**OEMs**”) including catering to aftermarket for OEM brands and the independent aftermarket. SASPL commands the largest share of Medium and Heavy Commercial Vehicles clutch business in India. SASPL has recently diversified into the tractor market and has started supplies to some of the tractor OEMs with few more in the pipeline. Setco Group is also backward integrated, manufacturing castings through state of the art plant housed in a wholly owned subsidiary, Lava Cast Private Limited (“**Lava Cast**”).

Wadia Ghandy and Co. were the exclusive advisors to Setco Group on this transaction.

About India Resurgence Fund (IndiaRF)

India Resurgence Fund (“IndiaRF”), promoted by Piramal Enterprises Limited and Bain Capital Credit, invests capital in the form of both debt and equity by making distress-to-control investments across sectors other than real estate, in the Indian market. IndiaRF looks to invest in businesses that require balance sheet restructuring, and engaging with companies that have fundamentally strong growth prospects linked to infrastructure and consumption needs of India and competitive on cost and quality in the export markets. IndiaRF is committed to enabling positive turnarounds that create value for all stakeholders. For more information: <http://www.indiarf.com>

About Setco Automotive Limited

Setco Automotive Ltd. is the largest manufacturer of Premium Quality “LIPE” brand clutches for medium and heavy commercial vehicles in India and a market leader. Incorporated in May 1982, currently, the company employs more than 1500 people globally. It is a Tier I supplier of clutches to all the MHCV manufacturers in India such as Tata Motors, Bharat Benz, Ashok Leyland, Mahindra and Mahindra, Volvo Eicher etc. Setco has the largest market share of India’s MHCV clutch market. Setco Automotive Ltd. has all the required global quality certifications such as IATF 16949, ISO 14001, OSHAS 18001 and VDA 6.3 and is BS-VI ready for all clutches. The company has also now started supplying Tractor clutches with new technology to Farm Tractor manufacturers. Setco Automotive Ltd. has a strategic global footprint with 4 manufacturing facilities; 2 in India, and 1 each in the UK and USA, with Research, Development and Testing Centres in India and the UK. Setco Automotive Ltd. is the flagship company of the Setco group which also includes Lava Cast Pvt. Ltd. Its CSR wing, the Setco Foundation, is working on key rural projects in which it has achieved tremendous success. For more information: www.setcoauto.com

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