

SL/BSE/NSE/19

February 6, 2019

| | |
|---|--|
| The Manager, Listing Department, National Stock Exchange of India Ltd., 'Exchange Plaza' C-1 , Block G, Bandra-Kurla Complex, Bandra (E), Mumbai-400 051. <u>Security ID: SUBROS</u> | Dy. General Manager, Department of Corporate Services, BSE LIMITED, First Floor, P.J. Towers, Dalal Street, Fort, Mumbai – 400001. <u>Security ID: SUBROS</u> |
|---|--|

Dear Sir/Madam

Sub: Outcome of Board Meeting

Pursuant to the regulation 30 and other applicable regulations of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed the following:

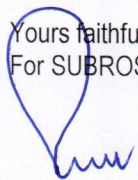
- (1) Unaudited financial results for the quarter and nine months ended 31st December, 2018, duly approved by the Board of Directors in the meeting held on 6th February, 2019 (**Annexure-A**)
- (2) Limited Review Report issued by M/s Price Waterhouse Chartered Accountants LLP, Statutory Auditors (**Annexure-B**)
- (3) Presentation to be shared with the analysts/institutional investors in respect of the above said unaudited financial results (**Annexure-C**)

The meeting commenced at 1.15 p.m. and concluded at 2.40 p.m.

We request you to kindly take the same on record.

Thanking you,

Yours faithfully,
For SUBROS LIMITED


Rakesh Arora
Company Secretary

SUBROS LIMITED

REGD. OFFICE : LGF, WORLD TRADE CENTRE, BARAKHAMBA LANE, NEW DELHI-110001
CIN :- L74899DL1985PLC020134; Tel: 011-23414946 Fax: 011-23414945
website: www.subros.com ; email: rakesh.arora@subros.com

STATEMENT OF STANDALONE UNAUDITED FINANCIAL RESULTS FOR THE QUARTER & NINE MONTHS ENDED 31st DECEMBER, 2018

| | | (Rs. In Lakhs) | | | | | |
|--------|--|------------------------------------|-------------------------------------|------------------------------------|------------------------------------|------------------------------------|-------------------------------|
| S. No. | Particulars | Quarter ended | | | Nine Months ended | | Year ended |
| | | 31st December, 2018 (UNAUDITED) | 30th September, 2018 (UNAUDITED) | 31st December, 2017 (UNAUDITED) | 31st December, 2018 (UNAUDITED) | 31st December, 2017 (UNAUDITED) | 31st March, 2018 (AUDITED) |
| I | Revenue from operations (Refer Note 8) | 51,069 | 56,403 | 44,877 | 1,60,641 | 1,41,741 | 1,96,956 |
| II | Other Income (Refer Note 10) | (155) | 576 | 436 | 832 | 784 | 743 |
| III | Total Revenue (I + II) | 50,914 | 56,979 | 45,313 | 1,61,473 | 1,42,525 | 1,97,699 |
| IV | Expenses | | | | | | |
| | a) Cost of materials consumed | 34,481 | 40,280 | 30,888 | 1,12,234 | 96,063 | 1,33,450 |
| | b) Changes in inventories of finished goods and work-in progress | 705 | (657) | 157 | (65) | (723) | 45 |
| | c) Excise Duty | - | - | - | - | 5,667 | 5,667 |
| | d) Employee benefits expense | 5,136 | 5,359 | 4,761 | 15,755 | 13,385 | 18,812 |
| | e) Finance costs | 801 | 1,334 | 1,015 | 3,537 | 2,975 | 4,121 |
| | f) Depreciation and amortization expense | 1,954 | 1,991 | 2,396 | 5,821 | 6,781 | 9,200 |
| | g) Other expenses | 5,064 | 5,490 | 4,306 | 15,404 | 12,720 | 17,984 |
| | Total expenses (IV) | 48,141 | 53,797 | 43,523 | 1,52,686 | 1,36,868 | 1,89,279 |
| V | Profit/(Loss) before exceptional items and tax (III - IV) | 2,773 | 3,182 | 1,790 | 8,787 | 5,657 | 8,420 |
| VI | Exceptional Items (Refer Note 7) | - | - | - | (334) | (182) | (182) |
| VII | Profit/(Loss) before tax (V + VI) | 2,773 | 3,182 | 1,790 | 8,453 | 5,475 | 8,238 |
| VIII | Tax expense | | | | | | |
| | (a) Current Tax | 602 | 683 | 384 | 1837 | 1,175 | 1,787 |
| | (b) Deferred Tax | 452 | 118 | (237) | 623 | 97 | 389 |
| IX | Profit/(Loss) for the period/year (VII - VIII) | 1,719 | 2,381 | 1,643 | 5,993 | 4,203 | 6,062 |
| X | Other Comprehensive Income | | | | | | |
| | <u>Items that will not be reclassified to profit or loss</u> | | | | | | |
| | (a) Gain/(Loss) of defined benefit obligations | (2) | (2) | (7) | (6) | (21) | (7) |
| | (b) Income tax relating to above | 1 | 1 | 2 | 3 | 6 | 2 |
| | Other Comprehensive Income for the period/year (net of tax) (a+b) | (1) | (1) | (5) | (3) | (15) | (5) |
| XI | Total Comprehensive Income for the period/year (IX + X) | 1,718 | 2,380 | 1,638 | 5,990 | 4,188 | 6,057 |
| XII | Paid-up equity share capital | 1,305 | 1,200 | 1,200 | 1,305 | 1,200 | 1,200 |
| XIII | Face value of share (Rs.) | 2 | 2 | 2 | 2 | 2 | 2 |
| XIV | Earnings per share (of Rs. 2 each) (not annualized) | | | | | | |
| | Basic | 2.80 | 3.97 | 2.74 | 9.91 | 7.01 | 10.11 |
| | Diluted | 2.80 | 3.97 | 2.74 | 9.91 | 7.01 | 10.11 |

Notes:

- The above financial results were reviewed by the Audit Committee and approved by the Board of Directors at their meetings held on 6th February, 2019.
- The financial results of the Company have been prepared in accordance with the recognition and measurement principles of Indian Accounting Standards ("IND AS") as notified under the Companies (Indian Accounting Standards) Rules, 2015 and relevant amendment rules issued thereafter.
- The format for unaudited quarterly results as prescribed in SEBI's Circular CIR/CFD/CMD/15/2015 dated 30th November, 2015 has been modified to comply with requirements of SEBI's circular dated 5th July, 2016 on IND AS and Schedule III to the Companies Act, 2013 applicable to companies that are required to comply with IND AS.
- Effective 1st April, 2018, the Company has adopted Ind AS 115 "Revenue from Contracts with Customers" using the modified retrospective method, which is applied to contracts as of 1st April, 2018. Accordingly, the comparatives have not been retrospectively adjusted. The effect on adoption of Ind AS 115 was not material to the financial results for the quarter and nine months ended 31st December, 2018.
- Pursuant to the approval of Board of Directors in their meeting held on 28th May, 2018 for closure of Company's overseas subsidiary Thai Subros Ltd, the management has assessed the recoverability of their investment in subsidiary as on 30th June, 2018 and recognised the provision for diminution in the value of its investment in subsidiary amounting to Rs. 14 Lakhs during the quarter ended 30th June, 2018. The Company reassessed the recoverability of their investment as on 31st December, 2018 and no further provision for diminution in the value of its investment is required to be recognised during the quarter ended 31st December, 2018.
- The Company's operations comprise of only one segment i.e. parts & components for Automotive Airconditioning Systems. Hence, no further information is required to be given in respect of segment.
- a) The Company has introduced a Voluntary Separation Scheme to provide an opportunity to the workmen of Pune Plant to opt for early separation to optimise on manpower cost and productivity improvement and incurred one time expenditure of Rs. 334 Lakhs during the quarter ended 30th June, 2018. This has been disclosed as Exceptional Item.

b) There was a fire accident in one of the plants of the Company situated at Manesar on 29th May, 2016. The fire had severely impacted the building, stocks, plant & machinery. These assets were adequately insured with reinstatement clause and a claim has been made with the insurance company. An interim amount has been received from the insurance company against the claim lodged. Special/urgent actions to restart supplies to the customers post fire accident has temporarily resulted into additional costs incurred during the nine months ended 31st December, 2017 and year ended 31st March, 2018 which have been disclosed as Exceptional Item.




- 8 Revenue from operations for periods upto 30th June, 2017 include excise duty, which is discontinued effective 1st July, 2017 upon implementation of Goods and Services Tax (GST) in India. In view of the aforesaid restructuring of indirect taxes, revenue from operations for the nine months ended 31st December, 2017 and year ended 31st March, 2018 are not strictly relatable to current period numbers. The following additional information is being provided to facilitate such understanding.

| Particulars | Quarter ended | | | Nine Months ended | | (Rs. In Lakhs) |
|---|------------------------------------|-------------------------------------|------------------------------------|------------------------------------|------------------------------------|---|
| | 31st December, 2018 (UNAUDITED) | 30th September, 2018 (UNAUDITED) | 31st December, 2017 (UNAUDITED) | 31st December, 2018 (UNAUDITED) | 31st December, 2017 (UNAUDITED) | Year ended 31st March, 2018 (AUDITED) |
| Revenue from operations | 51,069 | 56,403 | 44,877 | 1,60,641 | 1,41,741 | 1,96,956 |
| Less : Excise Duty | - | - | - | - | 5,667 | 5,667 |
| Revenue from operations excluding Excise Duty | 51,069 | 56,403 | 44,877 | 1,60,641 | 1,36,074 | 1,91,289 |

- 9 The Company has issued 5,247,150 equity shares at a price of Rs 400 per equity share (face value of Rs 2 each) on preferential basis to Denso Corporation, Japan on 7th December, 2018.

- 10 Other income for the quarter ended 31st December, 2018 reported in brackets is after netting off loss of Rs. 251 Lakhs incurred on fair value accounting of derivatives.

- 11 The previous period figures have been regrouped/rearranged/reclassified, wherever necessary.

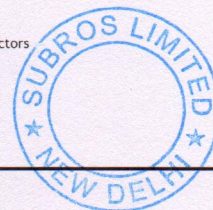
For and on behalf of the Board of Directors

SUBROS LIMITED

RAMESH SURI
CHAIRMAN

Place : New Delhi

Dated : 6th February, 2019



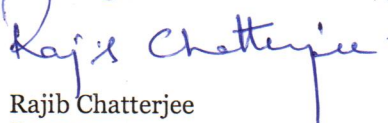
Price Waterhouse Chartered Accountants LLP

The Board of Directors
Subros Limited
LGF, World Trade Centre,
Barakhamba Lane,
New Delhi - 110001

1. We have reviewed the unaudited financial results of Subros Limited (the "Company") for the quarter ended December 31, 2018 which are included in the accompanying Statement of standalone unaudited financial results for the quarter and nine months ended December 31, 2018 (the "Statement"). The Statement has been prepared by the Company pursuant to Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the "Listing Regulations, 2015") read with SEBI Circular No. CIR/CFD/FAC/62/2016 dated July 05, 2016 in this regard, which has been initialled by us for identification purposes. The Statement is the responsibility of the Company's management and has been approved by the Board of Directors. Our responsibility is to issue a report on the Statement based on our review.
2. We conducted our review in accordance with the Standard on Review Engagement (SRE) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Institute of Chartered Accountants of India. This Standard requires that we plan and perform the review to obtain moderate assurance as to whether the Statement is free of material misstatement.
3. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.
4. Based on our review conducted as above, nothing has come to our attention that causes us to believe that the Statement has not been prepared in all material respects in accordance with the applicable Accounting Standards prescribed under Section 133 of the Companies Act, 2013 and other recognised accounting practices and policies, and has not disclosed the information required to be disclosed in terms of Regulation 33 of the Listing Regulations, 2015 read with SEBI Circular No. CIR/CFD/FAC/62/2016 dated July 05, 2016 in this regard including the manner in which it is to be disclosed, or that it contains any material misstatement.
5. The financial results of the Company for the quarter ended June 30, 2017 as included in the results for the nine months ended December 31, 2017 of the accompanying Statement were reviewed by another firm of chartered accountants who issued their unmodified conclusion, vide their report dated August 10, 2017.

Our conclusion is not qualified in respect of this matter.

For Price Waterhouse Chartered Accountants LLP
Firm Registration Number: 012754N/N500016



Rajib Chatterjee
Partner
Membership Number 057134

Place: New Delhi
Date: February 06, 2019

Price Waterhouse Chartered Accountants LLP, Building No. 8, 7th & 8th Floor, Tower - B, DLF Cyber City
Gurgaon - 122 002
T: +91 (124) 4620000, 3060000, F: +91 (124) 4620620

Registered office and Head office: Sucheta Bhawan, 11A Vishnu Digambar Marg, New Delhi 110 002

Price Waterhouse (a Partnership Firm) converted into Price Waterhouse Chartered Accountants LLP (a Limited Liability Partnership with LLP identity no: LLPIN AAC-5001) with effect from July 25, 2014. Post its conversion to Price Waterhouse Chartered Accountants LLP, its ICAI registration number is 012754N/N500016 (ICAI registration number before conversion was 012754N)



Subros



Cooling the Planet

Financial Results – Quarter 3, FY 2018-19

Investor Presentation





This presentation might contain forward looking statements which involve a number of risks, uncertainties and other factors that could cause the actual results to differ materially from those in the forward looking statements. The Company undertakes no obligation to update these to reflect the events or circumstances thereof. Secondly, these statements should be understood in conjunction with the risks the company faces.

Financial Results

Results Analysis - Nine Months FY 2018-19 v/s Nine months FY 2017-18

Results Analysis - Q3 FY 2018-19 v/s Q3 FY 2017-18

Results Analysis - Q3 FY 2018-19 v/s Q2 FY 2018-19

Way Forward



- **Steady growth in revenues in dynamic market situation**
- **Strong operational performance in Nine Months in FY 2018-19 with 18% growth in sales and 18% growth in EBITDA**
- **PBT (before exceptional) grew by 55%**
- **Growth of 43% in post tax profitability in Nine months FY 2018-19**

Financial Highlights Quarter 3 FY 2018-19

| Indicator | Amt. (Rs. In crs) | Growth* |
|--------------------------|-------------------|---------|
| Revenues | 510.69 | 14% ↑ |
| EBIDTA | 55.28 | 6% ↑ |
| PBT (before exceptional) | 27.73 | 55% ↑ |
| PAT | 17.18 | 5% ↑ |

Financial Highlights Nine Months FY 2018-19

| Indicator | Amt (Rs. In crs) | Growth* |
|--------------------------|------------------|---------|
| Revenues | 1,606.41 | 18% ↑ |
| EBIDTA | 181.45 | 18% ↑ |
| PBT (before exceptional) | 87.87 | 55% ↑ |
| PAT | 59.90 | 43% ↑ |

* The comparison with the corresponding period



| PARTICULARS | Quarter Ended | | | Nine Months Ended | | Year Ended |
|---|---------------|---------------|---------------|-------------------|---------------|---------------|
| | 31.12.2018 | 30.09.2018 | 31.12.2017 | 31.12.2018 | 31.12.2017 | 31.03.2018 |
| Net Sales | 50191 | 56336 | 44756 | 159635 | 135900 | 190751 |
| Other Operating Income | 878 | 67 | 121 | 1006 | 174 | 538 |
| Net Income from Operation | 51069 | 56403 | 44877 | 160641 | 136074 | 191289 |
| Other Income | -155 | 576 | 436 | 832 | 784 | 743 |
| Net Revenue | 50914 | 56979 | 45313 | 161473 | 136858 | 192032 |
| Raw Material Consumed | 35185 | 39623 | 31045 | 112168 | 95340 | 133495 |
| Total Material cost % to Net Sales | 70.10% | 70.33% | 69.37% | 70.27% | 70.15% | 69.98% |
| Staff Cost | 5136 | 5359 | 4761 | 15755 | 13385 | 18812 |
| Staff cost % to Net Sales | 10.23% | 9.51% | 10.64% | 9.87% | 9.85% | 9.86% |
| Other Exp. | 5065 | 5490 | 4306 | 15404 | 12720 | 17984 |
| Other Exps. % to Net Sales | 10.09% | 9.75% | 9.62% | 9.65% | 9.36% | 9.43% |
| EBIDTA | 5528 | 6507 | 5201 | 18145 | 15413 | 21741 |
| % to Net Sales | 11.01% | 11.55% | 11.62% | 11.37% | 11.34% | 11.40% |
| Depreciation and Amortisation exp | 1954 | 1991 | 2396 | 5821 | 6781 | 9200 |
| Depreciation % to Net Sales | 3.89% | 3.53% | 5.35% | 3.65% | 4.99% | 4.82% |
| Interest | 801 | 1334 | 1015 | 3537 | 2975 | 4121 |
| Interest cost % to Net Sales | 1.60% | 2.37% | 2.27% | 2.22% | 2.19% | 2.16% |
| Net Profit/(Loss) | 2773 | 3182 | 1790 | 8787 | 5657 | 8420 |
| % to Net Sales | 5.52% | 5.65% | 4.00% | 5.50% | 4.16% | 4.41% |
| Exceptional Items | 0 | 0 | 0 | -334 | -182 | -182 |
| Profit from Ordinary Activities | 2773 | 3182 | 1790 | 8453 | 5475 | 8238 |
| % to Net Sales | 5.52% | 5.65% | 4.00% | 5.30% | 4.03% | 4.32% |
| (a) Current Tax | 602 | 683 | 384 | 1837 | 1175 | 1787 |
| (b) Deferred Tax | 452 | 118 | -237 | 623 | 97 | 389 |
| Net Profit after Tax/(Loss) | 1719 | 2381 | 1643 | 5993 | 4203 | 6062 |
| % to Net Sales | 3.42% | 4.23% | 3.67% | 3.75% | 3.09% | 3.18% |
| Other Comprehensive Income (net of tax) | -1 | -1 | -5 | -3 | -15 | -5 |
| Total Comprehensive Income | 1718 | 2380 | 1638 | 5990 | 4188 | 6057 |
| % to Net Sales | 3.42% | 4.22% | 3.66% | 3.75% | 3.08% | 3.18% |
| EPS | 2.80 | 3.97 | 2.74 | 9.91 | 7.01 | 10.11 |

Financial Results & Highlights

Results Analysis - Nine Months FY 2018-19 v/s Nine months FY 2017-18

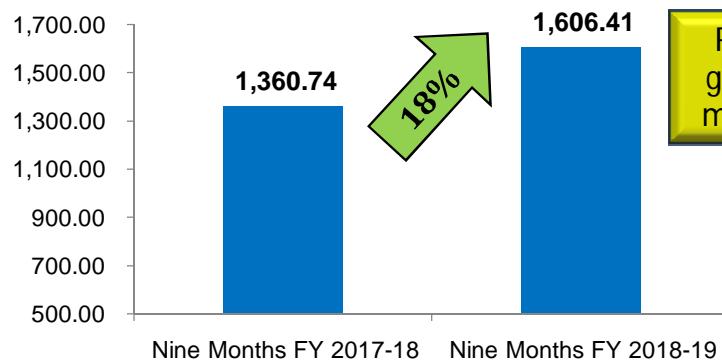
Results Analysis - Q3 FY 2018-19 v/s Q3 FY 2017-18

Results Analysis - Q3 FY 2018-19 v/s Q2 FY 2018-19

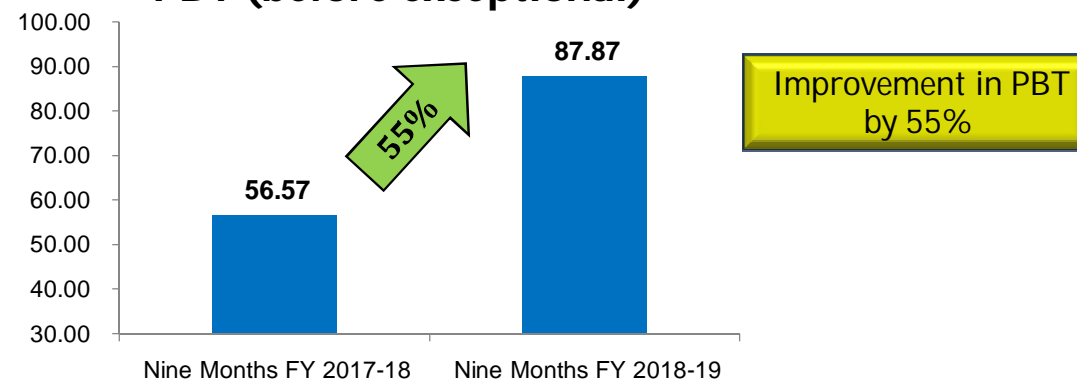
Way Forward



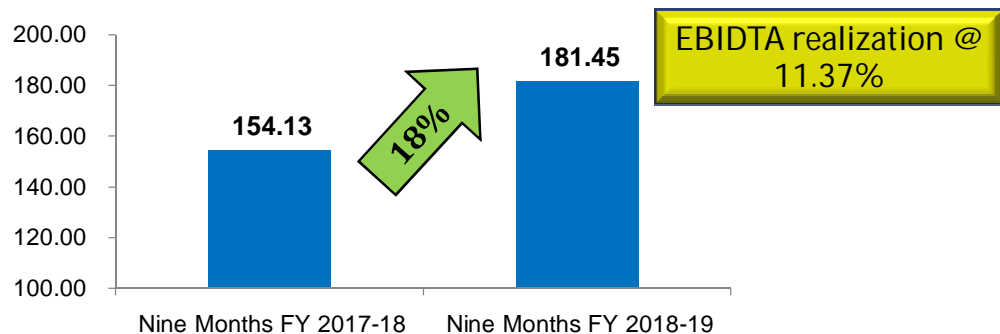
Revenues



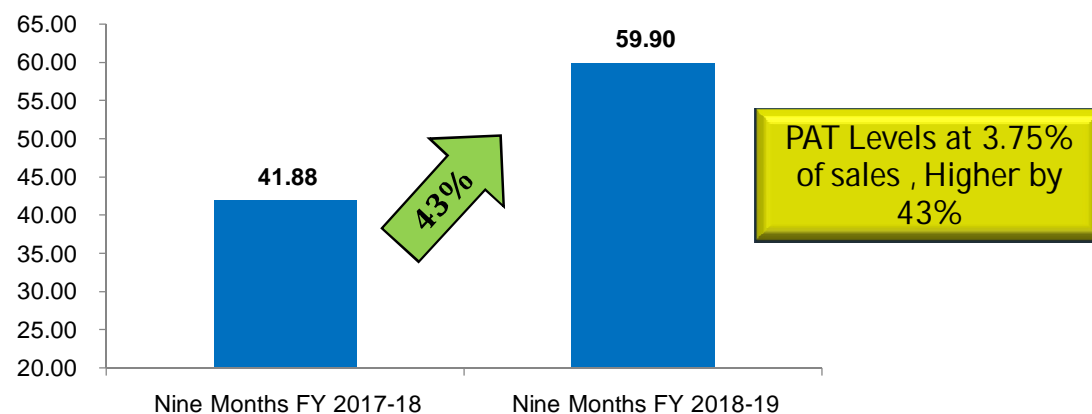
PBT (before exceptional)



EBIDTA



PAT





| Indicators | Nine Months FY 2017-18 | Nine Months FY 2018-19 | Change | Status |
|--------------------------|------------------------|------------------------|--------|--------|
| Net Sales in crs | 1,359.00 | 1,596.35 | 237.35 | ● |
| Other Income in crs | 7.84 | 8.32 | 0.48 | ● |
| Material Cost | 70.15% | 70.27% | 0.12% | ● |
| Employee Cost | 9.85% | 9.87% | 0.02% | ● |
| Other Expenses | 9.36% | 9.65% | 0.29% | ● |
| Op. EBIDTA | 11.34% | 11.37% | 0.03% | ● |
| Finance Cost | 2.19% | 2.22% | 0.03% | ● |
| Depreciation | 4.99% | 3.65% | -1.34 | ● |
| PBT (before exceptional) | 4.16% | 5.50% | 1.34 | ● |
| PAT | 3.08% | 3.75% | 0.67 | ● |

Key Aspects:

- Other expenses are higher due to increase in Freight, Packing material, legal expenses
- Finance cost is high because of MTM loss on foreign currency liabilities as a result of currency depreciation

| | | | | | |
|---|----------|---|------------------------------|---|-----------------------------------|
| ● | Positive | ● | Moderate – variation upto 5% | ● | Negative – variation exceeding 5% |
|---|----------|---|------------------------------|---|-----------------------------------|

Financial Results & Highlights

Results Analysis - Nine Months FY 2018-19 v/s Nine months FY 2017-18

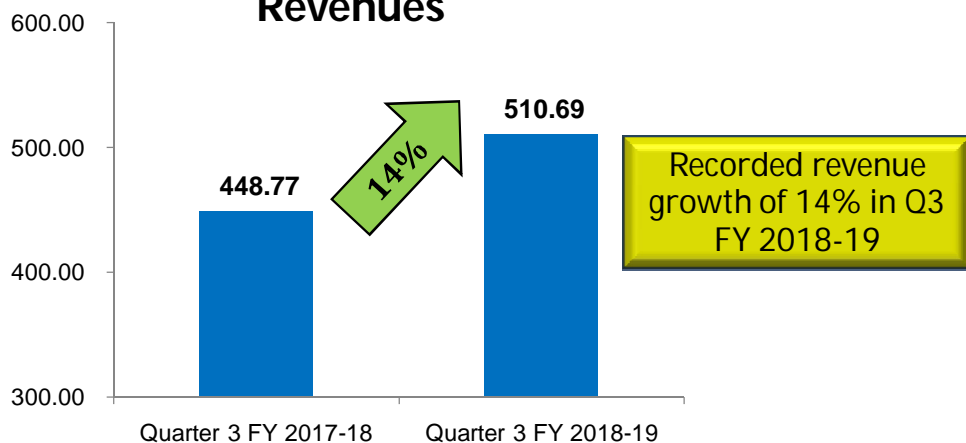
Results Analysis - Q3 FY 2018-19 v/s Q3 FY 2017-18

Results Analysis - Q3 FY 2018-19 v/s Q2 FY 2018-19

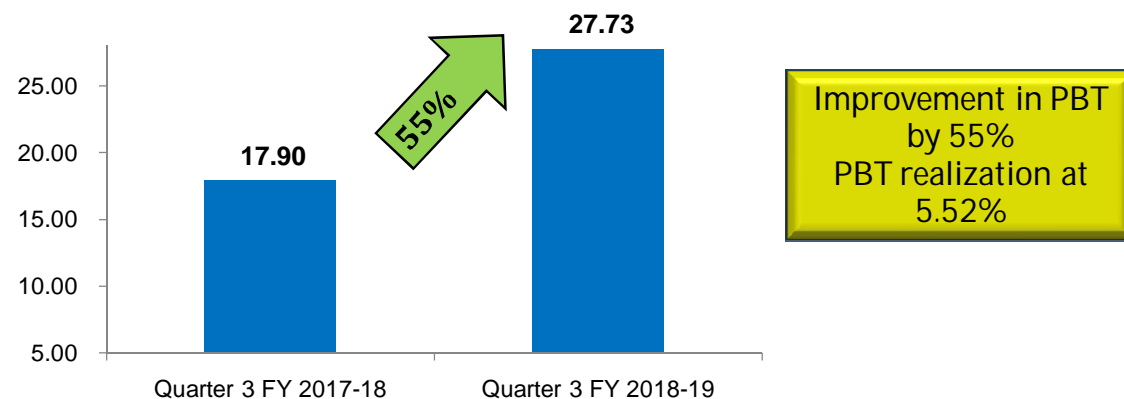
Way Forward



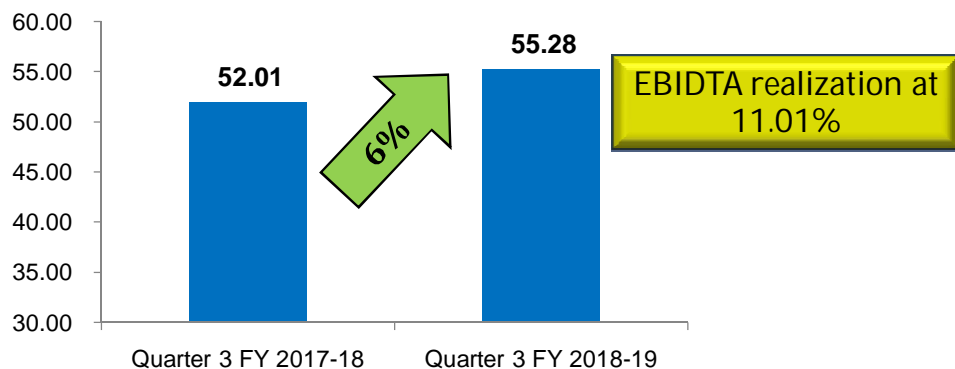
Revenues



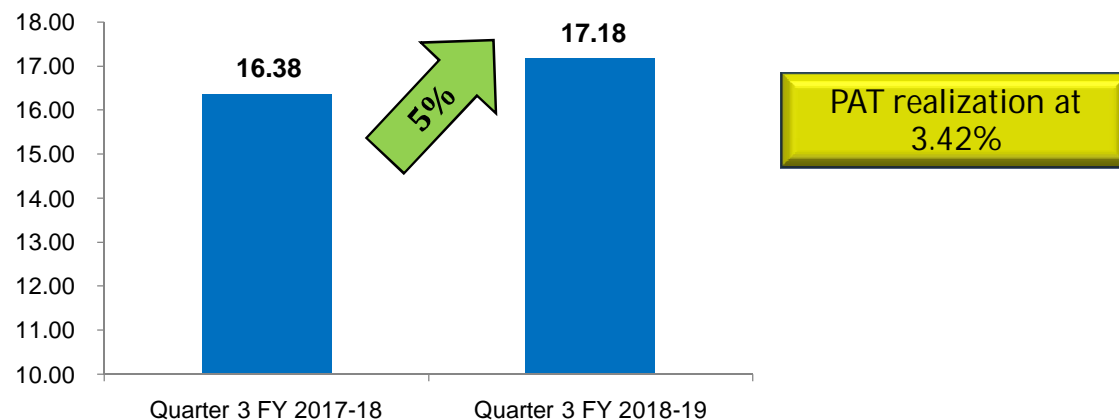
PBT (before exceptional)



EBIDTA



PAT





| Indicators | Quarter 3 FY 2017-18 | Quarter 3 FY 2018-19 | Change | Status |
|--------------------------|----------------------|----------------------|--------|--------|
| Net Sales in crs | 447.56 | 501.91 | 54.35 | ● |
| Other Income in crs | 4.36 | -1.55 | -5.91 | ● |
| Material Cost | 69.37% | 70.10% | 0.73% | ● |
| Employee Cost | 10.64% | 10.23% | -0.41% | ● |
| Other Expenses | 9.62% | 10.09% | 0.47% | ● |
| Op. EBIDTA | 11.62% | 11.01% | -0.61% | ● |
| Finance Cost | 2.27% | 1.60% | -0.67% | ● |
| Depreciation | 5.35% | 3.89% | -1.46% | ● |
| PBT (before exceptional) | 4.00% | 5.52% | 1.52% | ● |
| PAT | 3.66% | 3.42% | -0.24% | ● |

Key Aspects:

- Material cost is slightly increased due to change in product mix, currency depreciation & commodity prices
- Other expenses are higher due to increase in Freight, Packing material, legal expenses
- Other income is negative due to loss incurred on fair value accounting of derivatives after netting off realized currency gain on Hedging etc

| | | | | | |
|---|----------|---|------------------------------|---|-----------------------------------|
| ● | Positive | ● | Moderate – variation upto 5% | ● | Negative – variation exceeding 5% |
|---|----------|---|------------------------------|---|-----------------------------------|

Financial Results & Highlights

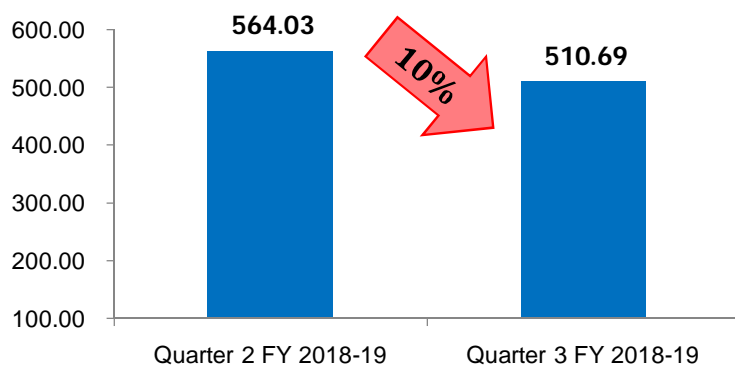
Results Analysis - Nine Months FY 2018-19 v/s Nine months FY 2017-18

Results Analysis - Q3 FY 2018-19 v/s Q3 FY 2017-18

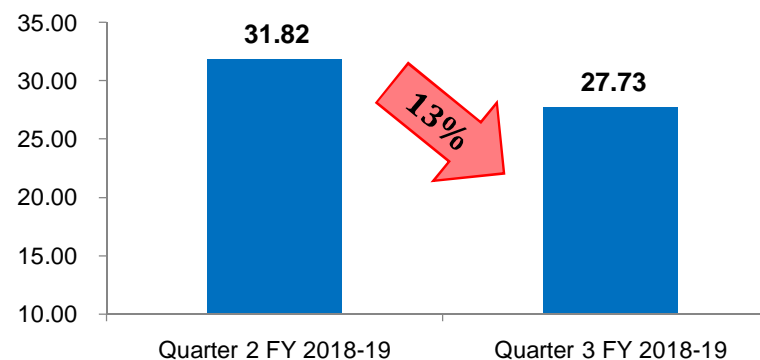
Results Analysis - Q3 FY 2018-19 v/s Q2 FY 2018-19

Way Forward

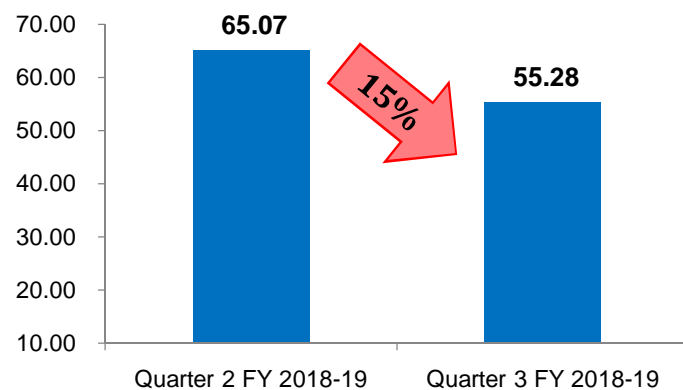
Revenues



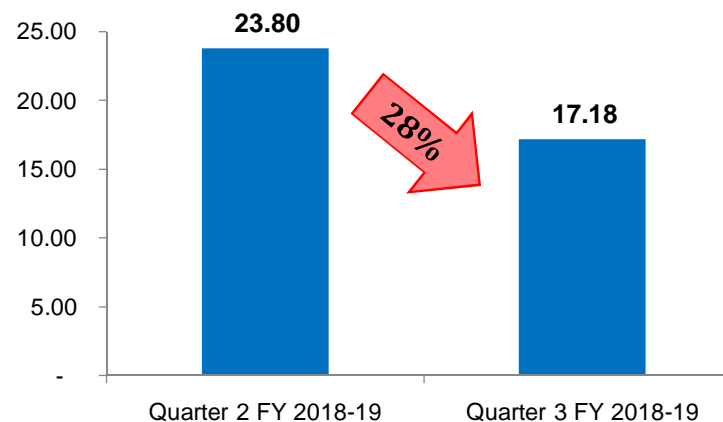
PBT (before exceptional)



EBIDTA



PAT





| Indicators | Quarter 2 FY 2018-19 | Quarter 3 FY 2018-19 | Change | Status |
|--------------------------|----------------------|----------------------|--------|--------|
| Net Sales in crs | 563.36 | 501.91 | -61.45 | ● |
| Other Income in crs | 5.76 | -1.55 | -7.31 | ● |
| Material Cost | 70.33% | 70.10% | -0.23% | ● |
| Employee Cost | 9.51% | 10.23% | 0.72% | ● |
| Other Expenses | 9.75% | 10.09% | 0.34% | ● |
| Op. EBIDTA | 11.55% | 11.01% | -0.54% | ● |
| Finance Cost | 2.37% | 1.60% | -0.77% | ● |
| Depreciation | 3.53% | 3.89% | 0.36% | ● |
| PBT (before exceptional) | 5.65% | 5.52% | -0.13% | ● |
| PAT | 4.22% | 3.42% | -0.80% | ● |

Key Aspects:

- Employee cost/ other expenses/ Depreciation are higher due to lower sales achieved in Q3
- Finance cost is reduced due to lower impact of reinstatement of Foreign currency liability in Q3 and Debt repayment
- Other income is negative due to loss incurred on fair value accounting of derivatives after netting off realized currency gain on Hedging etc

| | | | | | |
|---|----------|---|------------------------------|---|-----------------------------------|
| ● | Positive | ● | Moderate – variation upto 5% | ● | Negative – variation exceeding 5% |
|---|----------|---|------------------------------|---|-----------------------------------|

Financial Results & Highlights

Results Analysis - Nine Months FY 2018-19 v/s Nine months FY 2017-18

Results Analysis - Q3 FY 2018-19 v/s Q3 FY 2017-18

Results Analysis - Q3 FY 2018-19 v/s Q2 FY 2018-19

Way Forward



Market and Revenue Potential

Growth in Line with Indian Car and CV Segment
(Double Digit Growth in 2018-19)



Business Expansion in Bus, Railways, Truck AC, Home AC Segment
(Growth >10% over last year)



Potential of Truck AC likely to change in 2020 from Blower



Operational Aspects

Mitigating Impact of Foreign Exchange Fluctuations
(Consistent Hedging Policy)



Material Cost Down thru VA/VE, Alternate sourcing
(Focus on Localisation for De-risking FE Impact)



Improvement in EBIDTA and ROCE



Settlement of Insurance Claim





Thank You

www.subros.com