

Corporate Performance Update:

Q4 FY18

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Note: The following study includes analysis of company's performance that announced results on or before May 14, 2018.

The performance of 476 companies in Q4 FY18 (*Chart 1 & 2*) over the last year (Q4 FY17) reveals a subdued performance picture, with net sales showing slower growth during the quarter vis-à-vis Q4 FY17 while net profits registering a double-digit decline of 19.6% vis-à-vis a growth of 18.1% in Q4 FY17. Net sales growth slowed down to 8.9% in Q4 FY18 after registering a growth of 9.9% in Q4 FY17. However, within FY18, there has been an upward movement in growth in net sales in the last 2 quarters.

Usually, the overall performance gets skewed to an extent due to the performance of banks and finance companies which are guided by other exogenous factors. Banks have been affected by NPA recognition and provisioning which finally affects profits growth while finance companies, by virtue of their operations are distinct from other services segments.

In Q4 FY18, after excluding the banks and finance companies (*Chart 3 & 4*), the performance of industry (383 companies) depicts almost similar trend as that of the aggregate sample in terms of sales. However, in terms of profits, the aggregate performance of companies witnessed an improvement and increased by over 23% y-o-y vis-à-vis a marginal growth of 1.2% registered in Q4 FY17.

The Indian economy however is slowly picking momentum leaving behind the demonetization and GST implementation issues that hampered industry performance between Q3 FY17 and Q2 FY18.

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Chart 1: Net sales growth rate (%) 476 cos

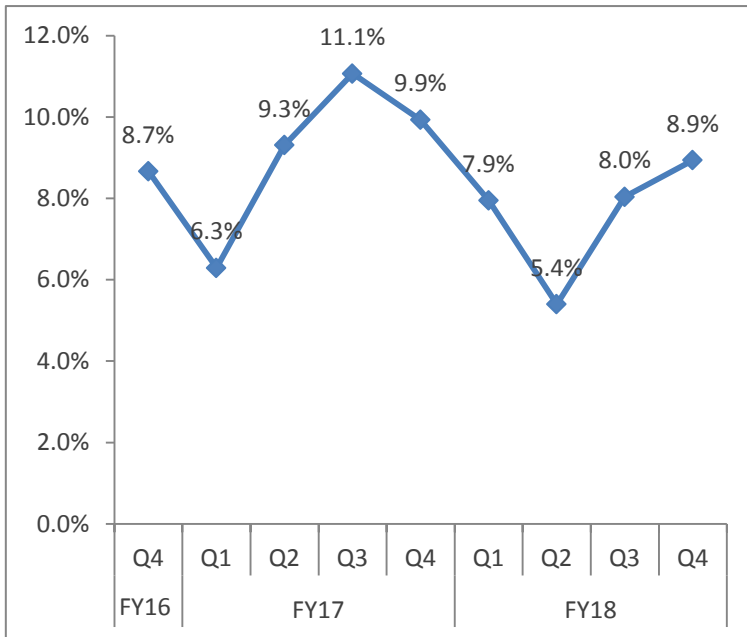
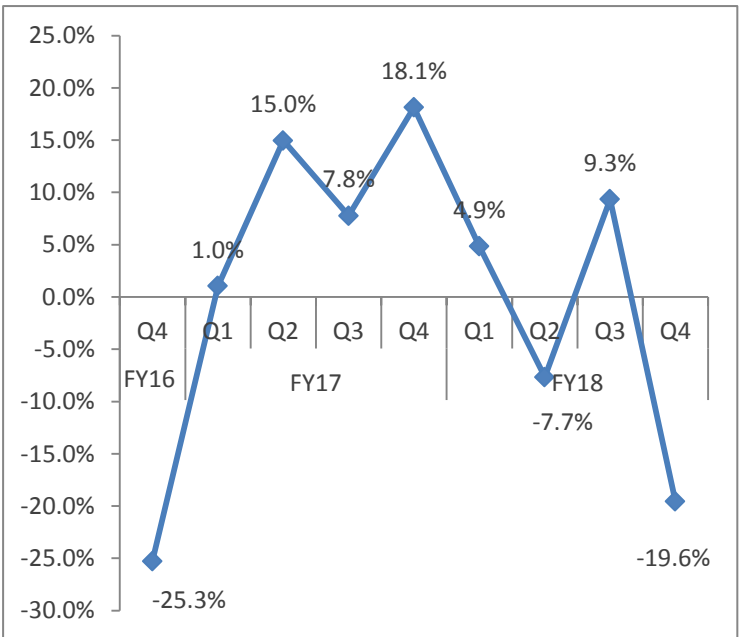


Chart 2: Net profit growth rate (%) 476 cos



Source: AceEquity

Chart 3: Net sales – Excluding banks and finance (%)

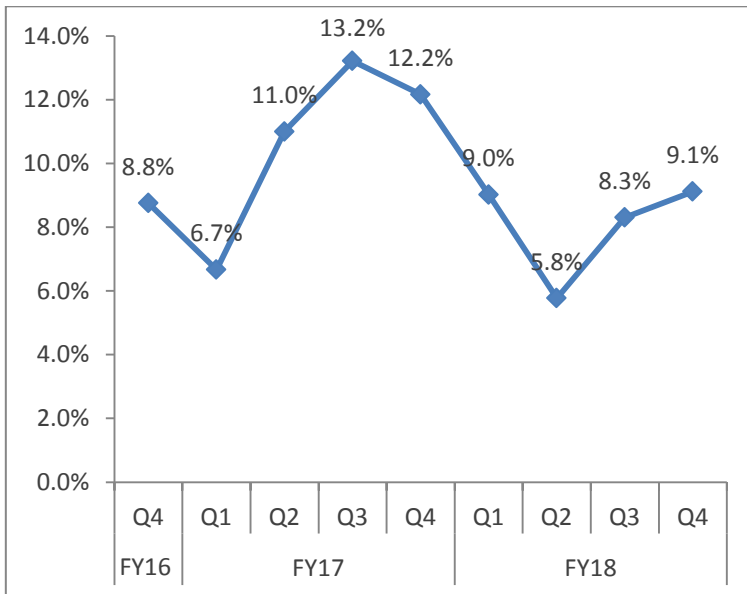
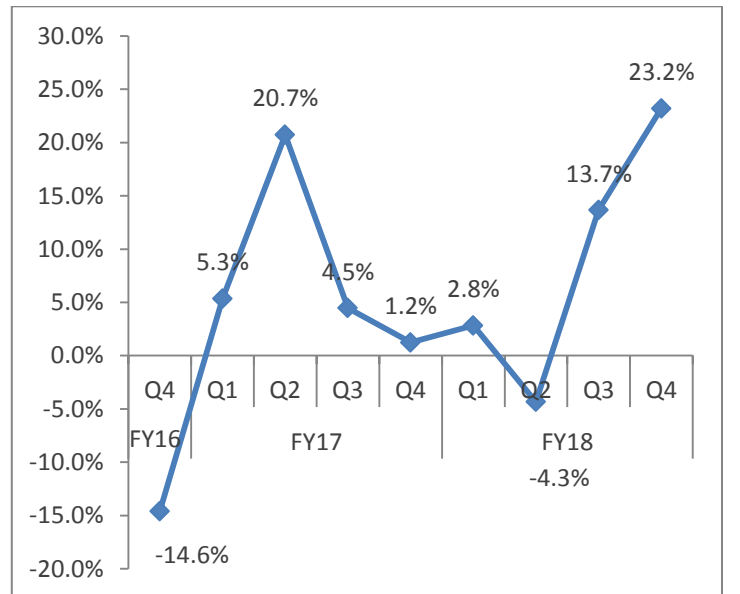


Chart 4: Net profits – Excluding banks and finance (%)



Source: AceEquity