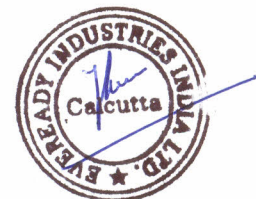


OPERATIONAL HIGHLIGHTS FOR THE QUARTER ENDED JUNE 30, 2019

Item	Q1 2019-20	Q1 2018-19	Gain %	FY 18-19
Operating Income (Rs cr)	321.04	383.34	(16)	1457.73
Gross Margin (Rs cr)	123.72	142.09	(13)	526.69
Gross Margin (%)	38.5%	37.1%		36.1%
Operating EBIDTA (Rs cr)	24.71	34.84	(29)	122.77
Operating EBIDTA (%)	7.7%	9.09%		8.4%
Other Income (Rs cr)	7.43	3.70		35.41
Reported EBIDTA (Rs cr)	32.14	38.54	(17)	158.18
PBT excluding exceptional item (Rs cr)	9.07	23.60		82.36
Less : Chennai plant VRS (Rs cr)	-	-		23.25
PBT after exceptional item (Rs cr)	9.07	23.60	(62)	59.10
Net Profit (Rs cr)	6.85	18.35	(63)	47.26

Operational Highlights

- The operating results for the quarter was inferior to the previous year due to lower turnover across all segments. The dip in turnover was attributable to weak consumption demand, especially in the rural sector – as higher inflation and interest rates plagued the economy. The segment of Lighting and Appliances was significantly impacted by supply constraints and no government orders for fans as compared to last year. The Appliance segment was also somewhat impacted on account of consolidation of the portfolio and channels of distribution. As a result, despite superior performance in the battery and flashlight segment, the overall profitability of the company was inferior to that of the corresponding quarter of last year.
- Battery volume remained subdued during the quarter. The market saw heightened activity in respect of dumped imports from China - in apprehension of mandatory quality standards issued by Bureau of Indian Standards (BIS), which came into effect from May 2019. Despite lower volumes and impact of a depreciation rupee, EBIDTA margin for the segment was a healthy 19.1% during the quarter, riding on lower employee cost and lower distribution costs. The segment of flashlight also had a robust margin of 14.4% during the quarter. The category is expected to show better volume growth from the second quarter of the current year subject to effective implementation of the BIS standards.
- Turnover for the lighting segment for the quarter was at Rs 57.9 crores- down by around 22%, mainly due to supply constraints as well as unit price decrease in bulbs. We expect to improve the situation from the third quarter of the current year as new suppliers are developed. This has resulted in negative segment EBDITA due to reduction of economies of scale.



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- Turnover for the Appliance segment was at Rs. 16.6 crores for the current quarter (Rs. 36.0 crores in the corresponding quarter of last year). As mentioned earlier, this dip was due to supply constraints for key products, consolidation of the entire portfolio and rationalizing the channels for distribution. Lack of government orders during the quarter also impacted the turnover. However, as the consolidation in the segment takes full effect, revenues should start matching the cost structure in the forthcoming quarters and should result in positive impact on the financials.
- The packet tea segment had an EBIDTA loss of Rs 2.1 crores during the quarter. The Company has for some time held the view that the segment was not able to reach the desired scale and has had limited share of the packet tea market due to its inability to invest money behind its various brands. The segment has therefore continued to register losses which has negatively impacted the overall Company financials. Considering the situation, the Company has entered into an Asset Transfer / Assignment / License Agreement with Madhu Jayanti International Private Ltd. for transfer and / or license of the relevant trademarks. The asset transfer agreement was executed on 4th July 2019 and will positively impact the Company's financials and also partially ease out the working capital position.

Background

Eveready is the country's market leader of batteries and flashlights - selling more than 1.2 billion batteries and nearly 25 million flashlights. Apart from these, Eveready offers a basket of other products - LED, LED based Luminaires, GLS lamps & other lighting products, packet tea and appliances. Eveready has an extensive distribution network of 4000 distributors reaching all the way down to 5000 population towns.

August 14, 2019

