

OPERATIONAL HIGHLIGHTS FOR THE QUARTER ENDED SEPTEMBER 30, 2020

Eveready Industries India Ltd. (Eveready) today declared its financial results for the quarter ended September 30, 2020. Highlights of the standalone results are the following.

Item	Q2 2020-21	Q2 2019-20	Gain/ (Loss)%	YTD 20-21	YTD 19-20	Gain/ (Loss) %	FY 19-20
Operating Income (₹ cr)	372.63	348.28	7	636.07	669.31	(5)	1210.93
Gross Margin (₹ cr)	173.46	137.31	26	293.93	261.03	13	475.24
Gross Margin (%)	46.5%	39.4%		46.2%	39.0%		39.2%
Operating EBIDTA (₹ cr)	75.77	31.59	140	115.33	56.30	104	121.13
Operating EBIDTA (%)	20.3%	9.1%		18.1%	8.4%		10.0%
Other Income (₹ cr)	10.95	16.60		22.63	24.03		46.73
Reported EBIDTA (₹ cr)	86.72	48.19		137.96	80.33		167.86
PBT before exceptional items (₹ cr)	65.21	21.09	209	95.50	30.16	217	68.48
Add : Profit on sale of Chennai land (₹ cr)	-	-		-	-		89.55
Add : Profit on sale of Hyderabad land (₹ cr)	-	-		-	-		62.04
PBT after exceptional item (₹ cr)	65.21	21.09	209	95.50	30.16	217	220.07
Net Profit (₹ cr)	58.02	18.38	216	81.64	25.24	224	179.57

Operational Highlights

- The turnover for the quarter did recover part of the losses of the previous quarter - aided primarily by healthy turnover in the battery and flashlight segments. As the economy opened up more fully. The segments of Lighting and Appliances also somewhat recovered from a poor Q1 – though having still under-performed in comparison to the previous year. The core segments of batteries and torches registered significant turnover increases over the corresponding quarter of the previous year attributable to a healthy demand coupled with a sharp reduction in cheap Chinese imports. . In addition, battery and flashlight price increases to mitigate the negative impact of rupee depreciation aided turnover. The segments of Lighting and Appliances also witnessed a spike in demand in the run-up to the festive season across the country. As a result, turnover for the quarter grew by 7% in comparison to that of the previous year. Gross margin was significantly higher by 26% in comparison to the previous year due to a better turnover mix towards the more profitable segments of batteries and flashlights. This coupled with lower employee cost, lower distribution cost, lower promotional spends and lower overheads as the various establishments of the Company continued to be run in a restricted manner in the COVID environment enhanced profitability. Consequently, operating EBIDTA was higher by 140% as compared to the previous year. The discontinuance of the packet tea business further helped the Company in improving margin and releasing working capital.
- Battery volume for the quarter was 7.4% higher than that in the corresponding quarter of the previous year. Flashlight volume was flat in comparison. The turnover growth during the quarter was at 14.1% for batteries and 8.6% for flashlights. As lockdown restrictions were removed, a healthy demand for batteries and flashlights was observed in the midst of a normal monsoon season and also as the market continued to witness a sharp reduction in dumped battery imports from China, post implementation of quality standards issued by Bureau of Indian Standards (BIS). All segments of batteries registered growth during the quarter. As a result, EBIDTA margin for the battery segment was healthy at 31.1% on a turnover of ₹ 239.6 crores during the quarter, coupled with favourable commodity prices and upward pricing



EVEREADY >>>

INDUSTRIES INDIA LTD.

1, MIDDLETON STREET, KOLKATA - 700 071
PHONE : 2288-2147, 2288-3950
FAX : (033) 2288-4059
E-mail : contactus@eveready.co.in
Website : www.evereadyindia.com

revisions taken to mitigate the impact of a nearly 7% rupee depreciation .The segment of flashlight also had a robust margin of 27.9% during the quarter on a turnover of ₹ 59.7 crores.

- Turnover for the lighting segment during the quarter was at ₹ 62.1 crores – almost equivalent to the corresponding quarter of the previous year and a substantial recovery from a poor Q1. This was largely attributable to regularization of supply chains as the economy opened up from lockdown restrictions, leading to pent up demands being serviced. There was also heightened demand in the run-up to the festive season. This resulted in a positive EBIDTA margin during the quarter. On a year-to-date basis, the segment has fully recovered the loss incurred in Q1. The positive trend is expected to continue in subsequent quarters as demand continues to return to normalcy.
- Turnover for the Appliance segment was at ₹ 13.5 crores for the current quarter (₹ 5.9 crores in the sequential quarter) as there was an uptick in demand post opening up of the economy from lockdown restrictions - though it was still lower than the corresponding quarter of the previous year. The segment is yet to reach scale post consolidation of portfolio and rationalizing channels for distribution and therefore registered a EBIDTA loss of ₹ 4.2 crores during the quarter, though the quantum of loss has reduced substantially in comparison to the corresponding quarter of the previous year. As the segment scales up in the near future, revenues should start matching the cost structure in the forthcoming years and should result in positive impact on the financials.

Outlook

- The Company's core categories of batteries and flashlights continues to witness a healthy demand, given the sharp decrease in dumped imports from China and the disruptions caused to the unorganized market in the midst of the pandemic. The situation in the battery segment should continue to look positive as imports continue to remain low with the BIS standards having come into force – providing a level playing field to domestic manufacturers. The flashlight segment is also likely to benefit as many of the unorganized gray market players may have been adversely impacted by cash flow constraints arising out of economic disruption. Furthermore, Government focus on restricting imports from China are likely to benefit both the segments.
- The Lighting segment could partially recover from a weak consumption demand and supply constraints arising out of the pandemic. The situation is likely to improve in the forthcoming quarters as normalcy is restored in demand and as supply sources are stabilized. Once normalcy is restored in the supply chain, the Company would be able to augment its turnover through its various channels of distribution.
- The turnover in the Small Home Appliances category is yet to reach scale due to an overall weak demand. Apart from that, supply constraints have also impacted turnover for some of the key products in the category. The current COVID situation is expected to impact demand for the category in the near-term as consumers are likely to curb discretionary spending over essential purchases. However, in the medium to long term, with growing disposable incomes and Government's initiative towards rural electrification, this category is expected to improve
- Given the outlook, the Company is expected to maintain high operating margins in the forthcoming quarters.

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 and appliances. Eveready has an extensive distribution network of 4000 distributors reaching all the way down to 5000 population towns.

November 13, 2020

