

OPERATIONAL HIGHLIGHTS FOR THE QUARTER ENDED DECEMBER 31, 2019

Eveready Industries India Ltd. (Eveready) today declared its financial results for the quarter ended December 31, 2019.

Highlights of the standalone results are the following.

Item	Q3 2019-20	Q3 2018-19	Gain/ (Loss) %	YTD 19-20	YTD 18-19	Gain/ (Loss) %	FY 18-19
Operating Income (Rs. cr)	317.42	379.18	(16)	986.73	1146.01	(14)	1457.73
Gross Margin (Rs. cr)	122.47	138.01	(11)	393.17	427.02	(8)	526.69
Gross Margin (%)	38.6%	36.4%		39.8%	37.3%		36.1%
Operating EBIDTA (Rs. cr)	36.15	34.79	4	92.46	110.78	(17)	122.77
Operating EBIDTA (%)	11.4%	9.2%		9.4%	9.7%		8.4%
Other Income (Rs. cr)	10.53	8.63		34.56	21.58		35.41
Reported EBIDTA (Rs. cr)	46.68	43.42	8	127.02	132.36	(4)	158.18
PBT excluding exceptional item (Rs.cr)	21.58	21.21	2	51.74	76.87	(33)	82.35
Add : Profit on sale of Chennai land (Rs.cr)	89.55	-		89.55	-	-	-
Less : Chennai plant VRS (Rs. cr)	-	23.21		-	23.21		23.25
PBT after exceptional item (Rs.cr)	111.13	(2.00)		141.29	53.66		59.10
Net Profit (Rs.cr)	90.60	0.20		115.83	43.21		47.26

Operational Highlights

- The turnover for the quarter was lower than that in the previous year as the segments of lighting and appliances were adversely impacted. Furthermore, discontinuance of the packet tea segment decreased turnover. However the core categories of batteries and flashlights did not degrow during the quarter. The lighting and appliance segment was significantly impacted by supply constraints and price corrections which had to be undertaken to augment demand. The appliance segment also remain depressed due to weak consumption demand and portfolio consolidation. Despite the lower turnover, overall profitability of the company was superior to that of the corresponding quarter of previous year mainly due to gross margin expansion in the core segments of batteries and flashlights.
- Beating recent trends, battery and flashlights volume did not degrow during the quarter. While battery volumes remained flat, flashlight volume partially recovered from a somewhat dull second quarter of this fiscal. The battery market continued to witness a reduction in dumped imports from China during the quarter, post implementation of quality standards issued by Bureau of Indian Standards (BIS). While the effect of such reduced imports will be felt further during the subsequent quarters, initial signs are encouraging for the domestic industry. Favourable commodity prices and appreciation of the Rupee had a further positive impact during the quarter. Coupled with upward pricing revisions to mitigate the general impact of inflation, EBIDTA margin for the segment was a healthy 22.7% during the quarter. The segment of flashlight also had a robust margin of 14.0% during the quarter. The battery segment is expected to show better volume growth in the subsequent quarters once full effect of implementation of the BIS standards comes into force.
- Turnover for the lighting segment for the quarter was at Rs. 68.4 crores- down by around 22%, mainly due to supply constraints as well as unit price decrease in bulbs. This has resulted in negative segment EBIDTA due to reduction of economies of scale. We expect to improve the situation from the subsequent quarters as new suppliers are developed and a more stable price regime is established.



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- Turnover for the Appliance segment was at Rs. 16.9 crores for the current quarter (Rs. 41.0 crores in the corresponding quarter of last year). As mentioned earlier, this dip was due to supply constraints for key products, consolidation of portfolio, rationalizing the channels for distribution and price decrease. 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 Company concluded sale of its land situated in Chennai during the quarter for a consideration of Rs. 100.0 crores. It also concluded sale of its Hyderabad land in January 2020 for a consideration of Rs. 100.0 crores. The proceeds of these transactions have mostly been utilized for repayment of debt which would reduce overall leverage of the Company.

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.

February 14, 2020

