

OPERATIONAL HIGHLIGHTS FOR THE QUARTER ENDED DECEMBER 31, 2020

Eveready Industries India Ltd. (Eveready) today declared its financial results for the quarter ended December 31, 2020. Highlights of the standalone results are the following.

Item	Q3 2020-21	Q3 2019-20	Gain/ (Loss)%	YTD 20-21	YTD 19-20	Gain/ (Loss) %	FY 19-20
Operating Income (₹ cr)	340.28	317.42	7	976.35	986.73	(1)	1210.93
Gross Margin (₹ cr)	149.75	122.47	22	443.27	383.49	16	475.24
Gross Margin (%)	44.0%	38.6%		45.4%	38.9%		39.2%
Operating EBIDTA (₹ cr)	68.40	36.15	89	183.73	92.46	99	121.13
Operating EBIDTA (%)	20.1%	11.4%		18.8%	9.4%		10.0%
Other Income (₹ cr)	11.39	10.53		34.02	34.56		46.73
Reported EBIDTA (₹ cr)	79.79	46.68		217.75	127.02		167.86
PBT before exceptional items (₹ cr)	61.14	21.58	183	156.64	51.74	203	68.48
Add : Profit on sale of Chennai land (₹ cr)	-	89.55		-	89.55		89.55
Add : Profit on sale of Hyderabad land (₹ cr)	-	-		-	-		62.04
PBT after exceptional item (₹ cr)	61.14	111.13	(45)	156.64	141.29	11	220.07
Net Profit (₹ cr)	50.43	90.60	(44)	132.06	115.83	14	179.57

Operational Highlights

- The turnover for the quarter registered growth - aided primarily by healthy turnover in the battery and flashlight segments. Other segments of Lighting and Appliances also witnessed a decent recovery as the economy prepared to stage a upturn from the lows of the earlier quarters. 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 wake of festive season across the country alongwith a seasonal demand for fans. As a result, turnover for the quarter grew by 7% in comparison to that of the previous year. Gross margin was significantly higher by 22% 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 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 89% as compared to the previous year.
- The turnover growth for batteries and flashlights during the quarter was at 9.4% and 15.3% respectively. As the economy opened up completely, a sustained demand for batteries was observed 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). Even flashlights registered consistent demand in keeping with the enhanced agricultural activity and sharp economic upturn during the quarter. As a result, EBIDTA margin for the battery segment was healthy at 27.5% on a turnover of ₹ 214.0 crores during the quarter, coupled with upward pricing revisions taken to mitigate the impact of higher commodity prices and rupee depreciation. The segment of flashlight also had a robust margin of 20.6% during the quarter on a turnover of ₹ 39.3 crores.



EVEREADY >>>

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- Turnover for the lighting segment during the quarter was at ₹ 70.6 crores – marginally higher than the corresponding quarter of the previous year. This was largely attributable to a partial recovery in demand as the economy opened up and the onset of festive season. The turnover growth was however muted due to supply constraints for some of the key types of LED products. The segment registered a positive EBIDTA margin during the quarter. On a year-to-date basis, the segment is at a positive EBIDTA level having fully recovered the loss incurred in Q1. The positive trend is expected to continue in subsequent quarters as demand continues to grow and supply constraints are mitigated.
- Turnover for the Appliance segment was at ₹ 18.9 crores for the current quarter (₹ 13.5 crores in the sequential quarter) as there was an uptick in demand amidst the festive season - post opening up of the economy. The turnover grew by 12.1% over the corresponding quarter of the previous year as the economy started to show a partial upturn. The segment is however yet to reach scale, post consolidation of portfolio and rationalizing channels for distribution and therefore registered a EBIDTA loss of ₹ 3.0 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 steady 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 remain steady as the rural economy revives from the adverse impact of the pandemic. Increased focus on rechargeable flashlights is also likely to benefit the segment.
- 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.

February 10, 2021

