

INFORMATION UPDATE

Eveready Industries India Ltd. (Eveready) today declared its financial results for the quarter and year ended March 31, 2016. Major highlights of the standalone results are the following.

Item	Q4 2015-16 (Rs.crores)	Q4 2014-15 (Rs.crores)	Gain %	FY 15-16 (Rs.crores)	FY 14-15 (Rs.crores)	Gain %
Operating Income	283.25	275.13	3	1323.30	1278.92	3
Operating EBIDTA	13.73	19.29	(29)	120.49	123.68	(3)
PBT	2.27	5.38	(58)	67.50	62.00	9
Net Profit	4.00	5.45	(27)	50.65	49.03	3

The turnover for the year registered a very modest growth as compared to the previous year due to –

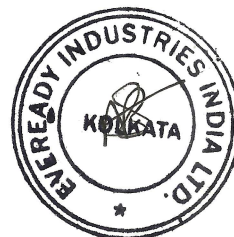
- Significantly muted consumer demand – particularly in the rural segment
- The battery market, in particular, being disturbed by poor quality dumped imports from China
- The organized segment of the flashlights category experiencing de-growth on account of back to back poor monsoon over the last 2 years, and consequently consumers down trading to unbranded products
- However, the above were somewhat compensated by a robust growth of 46% in the lighting products - contributed significantly by turnover of LED bulbs

As a result of low growth in turnover and simultaneously higher employee costs necessitated by expansion of product range and distribution and higher A&P outlay resulted in the operating EBIDTA being marginally lower at Rs 120.49 crores (Rs 123.68 crores in the previous year). Lower EBIDTA was also contributed in the current quarter by a one-time mark down of LED lamps held at higher cost as market prices came down. However, both PBT and PAT were higher as compared to previous year mainly due to reduction in finance costs at Rs 30.50 crores (Rs 33.60 crores in the previous year).

Countermeasures against Chinese dumping have been afoot for some time – both from an internal marketing perspective as well as in seeking regulatory support within the legal framework. The anti-dumping investigation on imports of 'AA' batteries (accounting for nearly 70% of the market) from China & Vietnam initiated by the Directorate General of Anti-dumping and Allied Duties is now in an advance stage of progress.

The industry players have also taken up the matter of product standards with BIS so that consumers are protected against such poor quality dumped batteries. The matter is in progress.

Marketing efforts are being pursued to spur demand in the flashlights segment, though the benefit of this may be seen only from the following financial year.



EVEREADY >>>

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The Company's efforts on scaling up of turnover of lighting products and extension of product range in the category should continue to result in high degree of growth. Growth should also come from the newly launched product segment of Appliances.

Outlook on batteries remain stable – may improve significantly if regulatory support is received against dumping of batteries in the country. Improvement measures for flashlights – while initiated – may take a while to gain root. The segment of lighting products – particularly products related to LED, and that of Appliances are expected to be major contributors of growth in the coming quarters. Given these and other measures, it is expected that top line growth will revert to higher numbers in the coming quarters and the operating margins to improve consequently.

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, CFL & GLS lamps & other lighting products, and packet tea. Eveready has an extensive distribution network of 4000 distributors reaching all the way down to 5000 population towns.

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