EVEREADY
INDUSTRIES INDIA LTD.
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June 18, 2021

BSE Limited
P.J. Towers,
Dalal Street, Fort
Mumbai - 400 001

The National Stock Exchange
of India Ltd
Exchange Plaza, C-1,
Block – G,
Bandra Kurla Complex
Bandra (East)
Mumbai - 400 051

The Calcutta Stock Exchange
Limited
7, Lyons Range
Kolkata - 700 001

Dear Sirs,

We are enclosing herewith an Information Update for the quarter and year ended March 31, 2021, released today by the Company.

The above is for your information and records.

Thanking you,

Very truly yours,
EVEREADY INDUSTRIES INDIA LTD.

(T. PUNWANI)
VICE PRESIDENT – LEGAL
& COMPANY SECRETARY

Enclo : As Above.

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INFORMATION UPDATE FOR THE QUARTER AND YEAR ENDED MARCH 31, 2021

Eveready Industries India Ltd. (Eveready) today declared its financial results for the quarter and year ended March 31, 2021. Highlights of the standalone results are the following.

Item	Q4 2020-21	Q4 2019-20	Gain/ (Loss)%	FY 20-21	FY 19-20	Gain/ (Loss) %
Operating Income (₹ cr)	272.63	224.20	22	1248.99	*1210.93*	3
Gross Margin (₹ cr)	115.68	91.75	26	559.35	*475.24*	18
Gross Margin (%)	*42.4%*	*40.9%*		*44.8%*	*39.2%*	
Operating EBIDTA (₹ cr)	40.99	28.67	43	224.72	*121.13*	86
Operating EBIDTA (%)	*15.0%*	*12.8%*		*18.0%*	*10.0%*	
Other Income (₹ cr)	(29.83)	12.17		4.18	*46.73*	
Reported EBIDTA (₹ cr)	11.16	40.84	(73)	228.90	*167.86*	36
(Loss)/Profit before Exceptional Items & Tax (₹ cr)	(7.00)	16.74	(142)	149.64	*68.48*	119
(Less)/Add : Exceptional Items (₹ cr)	(629.70)	62.04		(629.70)	151.59	
(Loss)/Profit before Tax (₹ cr)	(636.70)	78.78		(480.06)	*220.07*	
Net (Loss)/Profit (₹ cr)	(441.20)	63.73		(309.13)	179.57	

Operational Highlights

- The turnover for the quarter registered a growth of 22% – albeit on a lower base resulting from a subdued March turnover last year - as all the segments registered growth. Volumes also grew across all the segments during the quarter. Despite the robus growth during the quarter, turnover grew only marginally for the full year due to a sluggish first quarter of the year arising out of economic impacts of lockdown restrictions. While the core categories of batteries and flashlights grew robustly during the year, the segments of Lighting and Appliances could not recover from the adverse impacts of the first quarter. The Lighting and Appliance segments were in addition impacted by supply constraints and an overall weak demand as consumers curbed non-essential purchases in the midst of the pandemic. The battery segment was facilitated by a healthy demand coupled with a sharp reduction in cheap Chinese imports. Price increases taken in the battery and flashlight segments to mitigate the impact of rupee depreciation, also aided turnover. As a result, Gross margin was significantly higher by 26% during the quarter and 18% during the year 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 43% during the quarter and 86% during the year in comparison to the previous year.
- Battery volumes grew by 18.9% during the quarter and by 6.4% during the year. The segment was benefitted by generation of a healthy demand coupled with decline in imports of poor quality products from China post implementation of quality standards issued by Bureau of Indian Standards (BIS). Furthermore, there was a disturbance in the overall supply chain for imports due to the pandemic which helped the domestic manufacturers. The impact of the pandemic proliferated the use of battery-operated medical equipments, thereby augmenting demand for batteries,

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- apart from demand for use in traditional gadgets. As a result, EBIDTA margin for the battery segment was healthy at 25.9% on a turnover of ₹ 800.9 crores during the year, also aided partially by upward pricing revisions taken to mitigate the impact of higher commodity prices and rupee depreciation. While flashlight volumes grew by 15.4% during the quarter, it registered a dip of 9.7% during the year as the category continued to receive steep competition by a large unorganized market and an overall muted demand due to restricted economic activities. The segment of flashlight also had a robust margin of 21.8% during the year on a turnover of ₹ 179.1 crores.
- Turnover for the lighting segment could not recover from the sharp disruptions caused by lockdown restrictions during the first quarter of the year and ended with a 7.2% dip during the year at ₹ 221.1 crores – despite registering a 19% increase during the current quarter. The turnover was also impacted due to supply constraints for some of the key types of LED products. Despite reduced economies of scale, the segment registered an EBIDTA of ₹ 9.2 crores during the year as against an EBIDTA loss of ₹ 18.8 crores in the previous year, as various establishments of the company continued to run in a limited manner in the midst of the pandemic. The positive trend is expected to continue in subsequent years as demand continues to grow and supply constraints are mitigated.
- Turnover for the Appliance segment dropped to ₹ 51.8 crores during the current year as against ₹ 61.5 crores in the previous year, primarily attributable to disruptions caused by lockdown restrictions during the first quarter of the year, weak demand in the midst of the pandemic as consumers curbed non-essential purchases and supply constraints for key products. The segment is yet to reach scale, post consolidation of portfolio and rationalizing channels for distribution and therefore registered an EBIDTA loss of ₹ 15.1 crores during the year, though the quantum of loss has reduced substantially from a level of ₹ 27.1 crores in 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 an overall strong demand in expectation of a near-normal monsoon. 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. Furthermore, proliferation of various battery-operated medical equipments should add filip to battery demand. 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 Company has taken price increase of around 4-5% in batteries from May 2021 to counter sharp increase in raw material costs. Similar pricing actions have been taken in the flashlight segment as well. These actions should mitigate any adverse impact on margins.
- 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 years.

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Exceptional Items & Other Income

- Exceptional Items consist of provision for outstanding amounts of inter-corporate deposits and recoverables, write-off for interest accrued on such deposits and recoverables and write-off for outstanding capital advance as on March 31, 2021. The Company has given inter-corporate deposits to certain companies (part of the promoter group) and has also paid for certain guarantees to banks / other parties who had provided loans to these companies. From time to time, in earlier years, as well as in the current year under review, a portion of these deposits were repaid by the borrowing entities to the Company on demand. Some of these deposits and recoverables amounting to ₹ 489.29 crores and interest thereon amounting to ₹ 68.42 crores are lying outstanding as at March 31, 2021. The Company had given time till February 28, 2021 to the borrower companies for repayment of the outstandings, considering the widespread economic fallout caused by the COVID-19 pandemic and the resultant lack of liquidity in the market. On expiry of the aforesaid timeline, the Company has initiated legal proceedings for recovery of the outstanding amounts, in respect of inter-corporate deposits and other recoverables from certain companies, alongwith accrued interest thereon. In respect of Capital Advance, there is an outstanding amount of ₹ 72.00 crores advance paid to a company consequent to a Memorandum of Understanding (MOU) executed on September 26, 2018 for assignment of leasehold rights of a property, by September 30, 2020. On expiry of the aforesaid timeline, the Company has cancelled the MOU and initiated legal proceedings for the recovery of the amount due in respect of the aforesaid capital advance from the company, alongwith interest thereon. Whilst the Company is putting in best efforts to recover the outstandings from the aforesaid companies, the Company has considered it prudent to make the exceptional adjustments, without prejudice to any of the legal rights and remedies to recover all the due amounts.

- In view of the exceptional adjustments towards provision for outstanding inter-corporate deposits and write-off for accrued interest and consequent legal action as aforesaid, the Company considers it prudent not to accrue any interest on outstanding inter-corporate deposits for the year, totalling ₹ 41.81 crores, without prejudice to any of the legal rights and remedies to recover the non-accrued amounts. Consequently, Other Income for the quarter includes reversal of accrued interest in respect of the earlier quarters, amounting to ₹ 31.20 crores.

- The above adjustments are non-cash items and have no impact on the operations or day to day business of the Company.

- The Company has been informed that the promoter group level restructuring has been delayed on account of the widespread disruption caused globally on account of the Covid-19 pandemic. However, it has been informed that the restructuring is under way and all efforts are being made to address the issue of outstanding liabilities.

Background

Eveready is the country's market leader of batteries and flashlights - selling more than 1.3 billion batteries and nearly 21 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.

June 18, 2021

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