

EVEREADY 

INDUSTRIES INDIA LTD.

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July 01, 2020

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 Operational Highlights for the Quarter and Year ended March 31, 2020, 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

Encl : As Above.

OPERATIONAL HIGHLIGHTS FOR THE QUARTER AND YEAR ENDED MARCH 31, 2020

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

Item	Q4 2019-20	Q4 2018-19	Gain/ (Loss) %	FY 19-20	FY 18-19	Gain/ (Loss) %
Operating Income (` cr)	224.20	311.72	(28)	1210.93	1457.73	(17)
Gross Margin (` cr)	91.75	106.39		475.24	526.69	
Gross Margin (%)	40.9%	34.1%		39.2%	36.1%	
Operating EBIDTA (` cr)	28.67	11.99	139	121.13	122.77	(1)
Operating EBIDTA (%)	12.8%	3.8%		10.0%	8.4%	
Other Income (` cr)	12.17	13.83		46.73	35.41	
Reported EBIDTA (` cr)	40.84	25.82	58	167.86	158.18	6
PBT before exceptional items (` cr)	16.74	5.48	205	68.48	82.35	(17)
Add : Profit on sale of Chennai land (` cr)	-	-		89.55	-	
Add : Profit on sale of Hyderabad land (` cr)	62.04	-		62.04	-	
Less : Chennai plant VRS (` cr)	-	0.04		-	23.25	
PBT after exceptional item (` cr)	78.78	5.44		220.07	59.10	
Net Profit (` cr)	63.73	4.04		179.57	47.26	

Operational Highlights

- The turnover for the quarter and the year 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 by ` 40.4 crores during the year (` 18.7 crores during the quarter). Even the core categories of batteries and flashlights turnover was lower during the quarter and year. All the categories including batteries and flashlights got adversely impacted as optimal sales could not be achieved in March 2020 consequent to the countrywide lockdown imposed to contain the COVID crisis. Due to this disruption alone, the Company's turnover during the month was lower by around ` 60.0 crores. The lighting and appliance segment was, in addition, significantly impacted by supply constraints and price corrections which had to be undertaken to augment demand. The appliance segment further 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 of nearly 700 bps, mainly in the core segments of batteries and flashlights and EBIDTA margin expansion of nearly 900 bps due to additional cost savings measures. The discontinuance of the packet tea business further helped the Company in improving margin and releasing working capital. For the same reasons, despite an overall decrease of 17% in turnover, profitability for the full year was almost at par with that of the previous year. But for the year-end disruption, the quarterly and yearly profit performance would have been still better.
- As mentioned above, battery and flashlight volumes were lower than that in the previous year mainly as optimal sales could not be achieved in March 2020. Prior to the disruption caused by the lockdown, battery volumes were growing at around 16% during the months of January and February 2020, as the market continued to witness a reduction in dumped imports from China, post implementation of quality standards issued by Bureau of Indian Standards (BIS). Even the flashlight volumes which were on a recovery path from the third quarter of the year got stalled by the sudden stoppage in economic activities. Despite the aforesaid disruption, the yearly EBIDTA margin for the battery



segment was at its highest 21.1% on a turnover of ` 729.0 crores, mainly attributable to favourable commodity prices coupled with upward pricing revisions taken from time to time to mitigate the general impact of inflation and rupee depreciation. The segment of flashlight also had a robust margin of 15.7% during the year on a turnover of ` 165.7 crores. The battery segment is expected to show better volume growth in the forthcoming year once economic activities resume fully.

- Turnover for the lighting segment for the year was at ` 238.1 crores - down by around 26%, mainly due to supply constraints as well as unit price decrease in bulbs. It also includes a 5% turnover drop for the disruption caused by lockdown in March 2020. This has resulted in negative segment EBIDTA of ` 18.8 crores during the year due to reduction of economies of scale. We expect to improve the situation from the forthcoming year as situation returns to normalcy and new suppliers are developed along with establishment of a more stable price regime.
- Turnover for the Appliance segment was at ` 61.5 crores for the current year (` 138.8 crores in the previous year). This dip was primarily attributable to weak demand and supply constraints for key products which necessitated a consolidation of portfolio, rationalizing channels for distribution and price decreases. The segment registered a EBIDTA loss of ` 27.1 crores during the year. However, 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.
- The Company concluded sale of its surplus lands situated in Chennai and Hyderabad during the year for a consideration of ` 200.0 crores. The proceeds of these transactions have mostly been utilized for repayment of debt which would reduce overall leverage of the Company.

Outlook

- While the countrywide lockdown has been relaxed in phases thereby ensuring phased start of economic activities, the supply chains are yet to become normal given the severity of the effects of the COVID pandemic.
- The Company's core categories of batteries and flashlights, however, are witnessing a healthy demand, given the sharp decrease in dumped imports from China and the disruptions caused to the unorganized market for non-availability of supplies. The situation in the battery segment is likely to improve further once full effect of implementation of the BIS standards comes into force.
- Apart from the disruption caused by the lockdown, the Lighting segment has been adversely impacted by supply constraints. The situation is likely to improve in the forthcoming quarters as new suppliers are developed. Furthermore, 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 has somewhat faltered 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

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.

July 01, 2020

