

EVEREADY >>>

INDUSTRIES INDIA LTD.

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August 10, 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 ended June 30, 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.

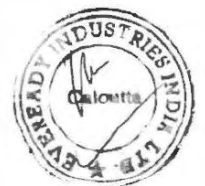
INFORMATION UPDATE FOR THE QUARTER ENDED JUNE 30, 2021

Eveready Industries India Ltd. (Eveready) today declared its financial results for the quarter ended June 30, 2021. Highlights of the standalone results are the following.

Item	Q1 2021-22	Q1 2020-21	Gain/ (Loss)%	FY 20-21
Operating Income (₹ cr)	282.14	263.45	7	1248.99
Gross Margin (₹ cr)	131.08	122.43	7	559.35
<i>Gross Margin (%)</i>	<i>46.5%</i>	<i>46.5%</i>		<i>44.8%</i>
Operating EBIDTA (₹ cr)	59.04	39.56	49	224.72
<i>Operating EBIDTA (%)</i>	<i>20.9%</i>	<i>15.0%</i>		<i>18.0%</i>
Other Income (₹ cr)	0.91	11.68		4.18
Reported EBIDTA (₹ cr)	59.95	51.24	17	228.90
Profit before exceptional Items & Tax (₹ cr)	38.87	30.29	28	149.64
(Less)/Add : Exceptional Items (₹ cr)	-	-		(629.70)
Reported Profit/(Loss) before Tax (₹ cr)	38.87	30.29	28	(480.06)
Operating Profit/(Loss) before Tax (₹ cr)	37.96	18.61	104	145.46
Net Profit/(Loss) (₹ cr)	31.19	23.61	32	(309.13)
Cash Profit (₹ cr)	38.84	21.12	84	172.54

Operational Highlights

- The turnover for the quarter registered a growth of 7% – mainly attributable to a robust pent-up demand in June as the economy started to open up from lockdown like restrictions imposed in the earlier part of the quarter to counter the second surge of the pandemic. However, the turnaround in June could not entirely offset the lockdown related disturbances in the supply chain during the earlier months. While a consistent demand for the battery, flashlight and LED segments were witnessed as trade inventories depleted during the lockdown disruptions as aforesaid, demand in the appliance segment remained muted during the quarter as consumers continued to curb non-essential purchases in the midst of the pandemic. The battery segment was also facilitated as the imports of cheap Chinese batteries remained low. Price increases taken in the battery and flashlight segments to mitigate the sharp raw material cost increases and impact of rupee depreciation, aided turnover. As a result, the Company achieved commensurate increase in Gross margin and maintained high percentage Gross margin owing to better turnover mix towards the more profitable segments of batteries and flashlights. Apart from that lower distribution cost and lower overheads also enhanced profitability. Consequently, operating EBIDTA was higher by 49% during the quarter in comparison to the corresponding quarter previous year.
- The performance of the battery and flashlight segments remained relatively unaffected despite the second surge of the pandemic. Though battery volume was flat as compared to the corresponding quarter of the previous year, the segment was benefitted by generation of a healthy demand in June as lockdown restrictions were relaxed, 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, apart from demand for use in traditional gadgets. As a result, EBIDTA margin for the battery segment was healthy at 27.4% on a turnover of ₹180.0 crores during the quarter, also



aided partially by upward pricing revisions taken to mitigate the impact of higher raw material costs and rupee depreciation. Flashlight volume grew by almost 25% during the quarter attributable mainly to healthy demand in the run-up to an expected normal monsoon wherein dealers started to stock up on inventories. Price increases to counter the adverse impacts of rising material costs also had a salutary effect. As a result, the segment registered a healthy margin of 21.6% during the quarter on a turnover of ₹60.4 crores.

- Turnover for the lighting segment during the quarter was at ₹36.2 crores – around 20% higher in comparison to the corresponding quarter of the previous year. This was primarily attributable to a healthy demand as electrical outlets started opening up from operating restrictions and economic activities started to ramp up. The turnover however did not reach the desired scale owing to disruptions during earlier months of the quarter. Despite that, the segment registered breakeven EBIDTA as against an EBIDTA loss of ₹2.1 crores in the corresponding quarter of previous year. The segment is expected to register positive margins in the forthcoming quarters as normalcy is restored in the economy and demand continues to grow.
- Turnover for the Appliance segment was at ₹6.1 crores during the current quarter – almost similar to that for the corresponding quarter of the previous year, as economic activities in the key appliance selling outlets remained disrupted by lockdown restrictions during the beginning of the quarter coupled with a weak demand in the midst of the pandemic as consumers continued to curb non-essential purchases. The segment is yet to reach scale, post consolidation of portfolio and rationalizing channels for distribution and therefore registered an EBIDTA loss of ₹3.1 crores during the quarter, though the quantum of loss has reduced from that of the corresponding quarter of previous year. As the segment scales up in the near future, revenues should start matching the cost structure in the forthcoming quarters and should result in positive impact on the financials.

Outlook

- As aforesaid, the Company's core categories of batteries and flashlights remained relatively unaffected despite the second surge of the pandemic and continues to witness a steady demand, given the decrease in dumped imports from China and an overall strong demand in the midst 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 Lighting segment could partially recover from a weak consumption demand as the economy started to open up towards the end of the quarter from lockdown restrictions. The situation is likely to improve further in the forthcoming quarters as the economy returns to normalcy and there is a revival of demand. 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. 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 1.3 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.

August 10, 2021

