Eveready Industries India Ltd.

1, Middleton Street
Kolkata 700 071

Information Update

This update covers the following –

1. Financial Results for the year and quarter ended March 31, 2009
2. Future outlook as per the understanding of Company Management
3. Profile containing historical and basic information on the Company

	Rs.Cr.	Rs.Cr.	Change (%)	Rs.Cr.	Rs.Cr.	Rs.Cr.	Rs.Cr.	Rs.Cr.
	FY 08-09	**FY 07-08**	Gain/(Loss)	**Q4 08-09**	**Q4 07-08**	**Q3 08-09**	**Q2 08-09**	**Q1 08-09**
Net Sales	**860.49**	851.65	1.00	**204.20**	193.20	214.48	219.13	219.52
PBDIT *	**83.61**	76.40	9.44	**18.59**	21.69	22.03	22.71	20.29
PBT *	**17.98**	(3.32)		**3.07**	1.89	9.01	3.11	2.79
PAT	**19.40**	(19.32)		**5.59**	(6.52)	8.43	2.26	3.12

* Only operational – excludes other income from sale of real estate/assets

Highlights of the year and the quarter ended March 31, 2009

* As evident, performance of the current financial year was a significant improvement over the previous year. Last year's net loss of Rs.19.32 crores has turned to net profit of Rs.19.40 crores in the current year – a 200 % positive change.
* Historically, the fourth quarter is the quietest period in the year and Q4 of the current year has not been any different. It will however be observed that Q4 of current year has reported better results than the corresponding quarter of the previous year in profit – both before and after taxation.
* It is also evident that operational performance (PBDIT) has become stable over the last few quarters.
* Price of zinc, which has a substantial influence on input costs, has been gradually easing over the last 6 quarters including the quarter under review. However, there was adverse impact on margins from a weak Rupee related to imports or materials linked to foreign exchange, which together account for nearly 40% of total consumption.
* Lower demand continued to prevail in the battery business – volumes for the current year were about 8 % lower than the corresponding period of last year.
* Attractive growth continued in the flashlights business. Flashlights volumes were 84 % higher than last year.

Review of operations

Dry Cell Batteries

Batteries went through significant price increases to offset material cost push in the recent past. Cumulative price increases for the various battery types ranged between 20 per cent and 50 per cent. This met with stiff consumer resistance and demand started slowing down. Unfortunately, the price increases had to be persisted with due to input costs continuing to prevail at high levels. This de-growth was most pronounced in 'D' size batteries, which is mostly consumed in the price sensitive rural segment.

This trend of de-growth continued to prevail during this financial year. YTD volumes stood at 92 %.

This phenomenon of volumes being affected was not unique to the Company but was experienced by the market as a whole. The Company's market share remained by and large at the same position. 'Eveready' – 45.3 % : 'Powercell' – 5.8 % : Total – 51.1 % (AC Nielson : April 2008 - March 2009).

Flashlights

The phenomenon of consumer resistance to pricing actions was also very significant in the flashlights business. Similar to the trend in batteries, flashlights business also experienced de-growth of volumes. The impact was most significant in the 'brass' segment of flashlights – predominantly used in the rural areas.

As a mitigation measure and with a view to giving consumers a value-for-money option, the Company introduced a new class of flashlights. This new segment has popularly come to be known as the 'LED' segment due to usage of LED bulbs being used as the light source. The Company has been at the forefront of introduction of this new segment and has encouraged consumers to take to it due to the value proposition of lower battery consumption.

Initially introduced as a value offer, this segment has now started offering life-style products. Usually in plastics, these come in multifarious styling & colour, and are offering choices to consumers across the aesthetic range and several price points. These have become the standard for flashlights in the country.

From the Company's perspective, this measure is positive. The brass flashlights were profitable and were good for consumption of D size batteries but remained for long period of in-use with consumers. The new LED torches are equally profitable and displays much lower in-use period and is good for battery consumption (mainly AA). Current trends indicate that these flashlights are increasing overall torch user-ship significantly. Being energy efficient these have longer replacement cycle – however once the cycle sets in it will be positive to overall battery consumption.

The LED flashlights were introduced at the beginning of the last financial year. The improvement caused by it to flashlight volumes in the current quarter and the preceding 3 quarters can be seen in the table below.

Quarter	Sales volume as a %age of that of corrsp. quarter of previous year
Q1 08-09	197 %
Q2 08-09	195 %
Q3 08-09	165 %
Q4 08-09	184 %

Packet Tea

The packet tea business continued with its steady performance through leveraging of the distribution network of the Company. Current share of the market stands at 2 – 8 per cent in the various markets of the country. Sales volumes were in line with previous year in a very competitive market scenario. Turnover for the current quarter was at Rs.20.12 crores – almost at the same level of the corresponding quarter in the previous year. The year's turnover was at Rs.81.67 crores against Rs.78.03 crores last year.

Lighting Products

The Company started distributing compact fluorescent lamps (CFL) through the Company's distribution network during the current year. The launch of the products took place in June 2007. The products were received quite enthusiastically by the market.

The Company's distribution which is at a tangible differentiation from usual electrical trade, and brand 'Eveready' creates a long term value-enhancing proposition in this business. However, the results of the current year did not show improvement from the previous year mainly due to supply problems faced as supply sources got finalized and stabilized during the year. Overall market conditions were also disturbed during the current quarter due to anti-dumping being imposed against Chinese & Vietnamese products and due to certain proposed changes in mandatory specifications. The market is however now returning to normalcy.

It is expected that in the next financial year the full potential offered by this business will be optimally harnessed. The Company will now focus in increasing level of this business segment.

Turnover for the quarter was at Rs.8.94 crores against Rs.13.80 in the Q4 of last year – mainly due to the overall market situation as mentioned earlier. The current year's turnover was at Rs.36.38 crores against Rs.44.22 crores in the previous year.

Insect Repellents

The launch of Mosquito Coils and Liquid Vaporizers over the target markets across the country was completed in the last financial year. The trade and consumer response to these products was encouraging. The business is still in a nascent stage – with challenges being faced in sourcing. Current market share varies between 1 per cent and 3 per cent in the target markets. Turnover for the current quarter was at Rs.3.50 crores against Rs.2.75 crores in Q4 of last year. Current year's turnover was at Rs.12.18 crores against Rs.9.65. crores in the previous year.

Margin analysis & comments on profitability

Margins were under squeeze over the past 2 years for reasons already explained earlier and due to the current shift of product mix. However, PBDIT margin over the last 6 quarters has been stable.

The earlier rapidly rising price of zinc has gradually eased out over the last 4 quarters as would be seen from the data below. It has also to be noted in this connection that zinc usage is higher in the now de-growing 'D' size batteries, and much less in the growing 'AA' or 'AAA' size batteries. As a result, the benefit from easing of zinc price is not that significant.

Quarter	Average cost of zinc consumed at (LME equivalent $ per tonne)
Q1 08-09	2178
Q2 08-09	1792
Q3 08-09	1561
Q4 08-09	1125

A more severe adverse impact has come from the depreciating Rupee which has impacted the import or the dollar-denominated materials basket, which constitutes nearly 40 % of total material consumption.

In the overall, material costs were favourable by more than 3 % of net sales in the current quarter as compared to the corresponding quarter of the previous year. However, this was more than off-set by increase in overheads – mainly staff costs. All overheads were in line with the current year's trend – but showed up in high percentages on account of lower turnover during the current quarter.

The following table with details of margin analysis will reveal that PBDIT margins have been stable at around 10 % of net sales, which is a matter of some encouragement after the severe margin contraction suffered earlier.

As % to Net Sales	08-09 Q4	07-08 Q4	08-09 Q3	08-09 Q2	08-09 Q1
Materials cost incl. outsourced goods	62.38	65.68	66.11	61.74	64.70
Staff cost	9.83	7.08	9.00	9.22	8.76
Advt., promotions & market research	4.23	3.90	3.08	4.99	5.21
Distributions costs	5.01	4.72	4.99	4.66	5.42
Other expenses	9.51	7.46	6.57	9.06	6.68
Total Operating Costs	90.96	88.84	89.75	89.67	90.77
PBDIT *	**9.04**	**11.16**	**10.25**	**10.33**	**9.23**

* Reflects only operational PBDIT, i.e., excluding profits on sale of real estate/assets.

Current developments

- The Company launched a new range of lighting solutions in April 2009 for homes - addressing lack of electricity or the hugely prevalent power-cut situation. This range of products coming in the 'Homelite' series is creating new usage and conversion from kerosene lamps. This is expected to have significant positive impact on the revenue stream and profitability of the Company in the foreseeable future.

- The Company also launched in April 2009 the full range of General Lighting Service (GLS) lamps – the normal mass market incandescent lamp. This market is stagnant on account of shift taking to CFL lamps - but still has huge volumes, and the Company needed to enter this as it plans to be a full range player in the lighting products business. The Company's brand and distribution edge should be able to get it an attractive share of this market.

- The Company launched its high-technology batteries under the 'Ultima' series in April 2009. This will increase Company's share of shelf space in urban high-end outlets.

- The new advertising campaign on batteries with focus on the rural markets was started in April 2009.

- The Company entered into an MOU on August 29, 2007 with Housing Development & Infrastructure Limited (HDIL) for the transfer of its leasehold premises at Navi Mumbai for a consideration of Rs.115 crores. Necessary clearances are being obtained to complete the transfer. In the meanwhile, the Company had earlier received advance / EMD of Rs.61.50 crores and thereafter the balance amount on July 29, 2008, resulting in full recovery of the transaction value. The income effect for the transfer will be recorded in a following period on completion of relevant formalities.

- The Company allotted 45,00,000 convertible warrants to Williamson Magor & Company Limited (a Promoter Group Company) on October 17, 2007. Each warrant carried an option of conversion into one equity share of Rs.5 /- at a premium of Rs.53/- per share, totaling to Rs.58/- per share. The option – last date for which was April 16, 2009 – was not exercised and thus the amount equal to 10% of the underlying value of the shares at Rs.2.61 crores stood forfeited.

- Operations at the manufacturing facility at Cossipore, Kolkata was suspended from September 4, 2008, due to unjustified & illogical demands by a section of workers and in the face of very aggressive stand taken by them. This however had no impact on the operations of the Company, as supplies to the market were met by other units.

- Operation was also suspended at its factory in Hyderabad, the plant being surplus to the Company's needs. A VRS scheme agreed with the Workmen's Union has been opened in April 2009 and workmen have started opting for VRS.

Distribution of Shareholding

Distribution of shareholding stood as follows as on March 31, 2009 –

Category	% of shareholding
Promoter Group	40.17
Mutual Funds	10.08
Banks,FIs and Insurance Companies	6.42
Foreign Institutional Investors	14.69
Public & Others	28.64

Outlook

The Company firmly believes that there has not been any change in the basic fundamentals of the battery business. Need for portable energy is intrinsic to mankind and there is no substitute to batteries for it on any practical commercial scale. The demand drivers continue to be the same and India still has good potential in batteries as it consumes almost the lowest numbers of these products in the world. The recent downturn related to the severe price hikes and the inability of the consumers to absorb the same immediately. Current trends indicate that the market is gradually coming back to consumption levels as determined by fundamental demand. As India gets economically more developed, device penetration into households will increase in line with the rest of the world, boosting battery growth.

Flashlights have now shown very significant growth over the last 2 years. There does not seem to be any slackening yet in the growth rate though the base has become significantly large. This business will continue to bring significant revenue and profitability going forward.

Exciting prospects also are seen in the Lighting Products business – both from CFL and GLS products. This business will become a key focus area for the Company.

Smaller businesses like packet tea and repellents will add turnover. Focus is currently on to improve profitability in these businesses, which will see result in the next financial year.

Input cost related to zinc has eased off quite considerably – and looks set to remain range-bound around this level in the immediate future – albeit at a slightly higher level than that of Q4 FY 09. There will be adverse impact off-setting this on account of a weakened currency. Overall margin percentage will perhaps remain even on account of these larger economic factors.

Brief profile of the Company

Eveready Industries India Ltd. (Eveready) is one of India's leading FMCG Companies. Eveready possesses expertise in manufacturing, marketing and distributing a diverse range of products to the entire length & breadth of the country. Its portfolio comprises of dry cell batteries, rechargeable batteries, flashlights, packet tea, mosquito repellents and lighting products. Its market share in batteries is 51.1 per cent (AC Nielsen – April 2008 - March 2009) and in flashlights about 76 per cent (Industry data – April – March 2009). It is relatively a recent entrant in the packet tea segment. Its market share ranges between 2 – 7 per cent in the various regions where the products have been launched. Its share in the mosquito repellent market varies between 1 - 3 per cent in the various target markets. Eveready has recently commenced marketing of lighting products like CFL & GLS lamps.

Eveready is the world's 3rd largest zinc carbon player, putting to the market about 1.3 billion units a year, catering to the entire range of equipments that need portable energy. Its rechargeable products cater to the cylindrical replacement market and cordless phones. It has a complete range of flashlights – LED, plastics, aluminium & brass. Battery and flashlight products are branded as 'Eveready', 'Powercell', 'Shakti' and 'Mahashakti'. Packet tea products are branded 'Tez', 'Premium Gold', 'Jaago' and 'Classic'. Mosquito Coils are branded 'Eveready PowerOn'. Lighting products are also branded 'Eveready PowerOn'.

Key strengths of Eveready lie in its 4 core assets – powerful brands led by the iconic 'Eveready', a distribution system that is deeply entrenched, its skill of efficient mass-manufacture and its human capital.

Brand 'Eveready' has already celebrated its 100 years of existence in India. Across generations 'Eveready' has emerged as more than a battery or a flashlight; it has emerged as an idea – that of trusted reliability of the enduring and the dynamism of the contemporary.

Eveready's manufacturing facilities are located at Chennai, Lucknow, Noida, Hardwar and Kolkata.

Eveready's sales network is wide and comprises of 15 sales branches and 55 C&F points. It also comprises of a family of nearly 4000 distributors and a team of 1000 exclusive vans servicing retailers covering the length & breadth of the country. Eveready's products are available in about 3.2 million outlets, which gives it a retail penetration exceeding 65% in its class of outlets. Out of this, more than 1 million outlets are directly serviced by the Company's network.

Eveready's unique strength in distribution lies in its ability to access and service rural parts of the country. Eveready is a clear leader in its 2 mainstay businesses – batteries & flashlights.

It has taken an objective to scale up operations by adding new products to its range with a pan-Indian presence – cutting across the rural & urban divide. Towards this, products like packet tea, mosquito repellents and lighting products have been introduced.

Important Notes :

1. Eveready's Investor Relations activities are co-ordinated by Ms.Tehnaz Punwani, Sr.General Manager & Company Secretary (tehnazpunwani@eveready.co.in).
2. Eveready may be contacted for any further information or clarification on Telephone No. +91-33-2288 4436 ; Fax No. +91 33 2288 4059.
3. This Update is being issued after the Board of the Company at its meeting held on April 27, 2009 has taken on record the financial results for the year and quarter ended March 31, 2009.
4. Some forward looking statements on projections, estimates or expectations are included in this update for better comprehension of the Company's prospects. Actual results may, however, differ materially on account of several economic or market related factors.
5. This Update is also available on the Company's website: www.evereadyindustries.com . In view of this, information in this Update is also available to the public and does not therefore constitute unpublished price sensitive information under the SEBI (Prohibition of Insider Trading Regulations, 1992.