APRIL 14, 2016

CARE REVISES THE RATING ASSIGNED TO THE BANK FACILITIES OF EVEREADY INDUSTRIES INDIA LIMITED

Ratings

Bank Facilities	Amount (Rs. crore)	Ratings[1]	Remarks
Long-term Bank Facilities	19.44 (reduced from 50)	**CARE A+ (Single A Plus)**	**Revised from CARE A (Single A)**
Total	**19.44 (Rs. Nineteen crore and forty four lakh only)**		

Rating Rationale

The revision in the rating assigned to the bank facilities of Eveready Industries India Ltd (EIIL) takes into account the improvement in financial performance in FY15 (refers to the period April 1 to March 31) and 9MFY16 marked by improvement in profitability margins and capital structure. The rating continues to draw strength from the long track record of operations, significant experience of the management, established brand presence with leadership position in the battery and flashlight segments, wide product range and strong distribution network.

The ratings continue to be constrained by the volatility in the price of raw materials and foreign exchange fluctuation risk. The ratings also take note of the recent foray of EIIL in the kitchen appliances segment and risk associated with the ongoing expansion project. Successful completion of the ongoing project, maintaining profitability margins and capital structure along with increase in scale of operations through successful diversification into new segments are the key rating sensitivities.

Background

EIIL was incorporated as Ever-Ready Company (India) Ltd in June, 1934. In 1959, after takeover by the Union Carbide Corporation, U.S.A (UCC-USA), it became a subsidiary company of UCC-USA and the name was changed to Union Carbide Company Ltd (UCCL). In 1994, UCC-USA sold of its entire stake in UCCL to the B.M. Khaitan group of Kolkata. Subsequently, in 1995, the name of the company was changed to EIIL.

EIIL is a major player in the domestic FMCG sector engaged in manufacturing & marketing of dry cell batteries (carbon zinc, rechargeable and alkaline), flash lights and trading of packet tea and lighting products. In March 2016, EIIL launched its kitchen appliances and home appliances products in the Northern and Eastern parts of India.

The B. M. Khaitan group is a Kolkata-based group of companies having major interest in battery, tea, construction, chemicals, etc. with EIIL being the flagship company of the group.

In FY15, EIIL reported PAT (after deferred tax) of Rs.49.03 crore (Rs.13.60 crore in FY14) on total operating income of Rs.1,278.92 crore (Rs.1,153.41 crore in FY14). During 9MFY16, the company reported a PAT of Rs.46.65 crore on a total operating income of Rs.1,040.03 crore.

Analyst Contact

Name: Mamta Muklania
Tel: 033-4018 1651
Cell: + 91 98304 07120
Email: mamta.khemka@careratings.com

****For detailed Rationale Report and subscription information, please contact us at www.careratings.com**

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[1] *Complete definition of the ratings assigned are available at www.careratings.com and other CARE publications*

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In case of partnership/proprietary concerns, the rating assigned by CARE is based on the capital deployed by the partners/proprietor and the financial strength of the firm at present. The rating may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor in addition to the financial performance and other relevant factors.

CONTACT

Head Office Mumbai

Mr. Sanjay Kumar Agarwal
Mobile: + 91 8108007676
E-mail: sanjay.agarwal@careratings.com

Mr. Amod Khanorkar
Mobile: + 91 9819084000
E-mail: amod.khanorkar@careratings.com

CREDIT ANALYSIS & RESEARCH LIMITED
Corporate Office: 4th Floor, Godrej Coliseum, Somaiya Hospital Road, Off Eastern Express Highway, Sion (East), Mumbai - 400 022
Tel: +91-22-6754 3456 | Fax: +91-22-6754 3457 | E-mail: care@careratings.com

AHMEDABAD
Mr. Mehul Pandya
32, Titanium, Prahaladnagar Corporate Road,
Satellite, Ahmedabad - 380 015
Cell: +91-98242 56265
Tel: +91-79-4026 5656
E-mail: mehul.pandya@careratings.com

BENGALURU
Mr. Deepak Prajapati
Unit No. 1101-1102, 11th Floor, Prestige Meridian II,
No. 30, M.G. Road, Bangalore - 560 001.
Cell: +91-9099028864
Tel: +91-80-4115 0445, 4165 4529
E-mail: deepak.prajapati@careratings.com

CHANDIGARH
Mr. Sajan Goyal
2nd Floor, S.C.O. 196-197, Sector 34-A,
Chandigarh - 160 022.
Cell: +91 99888 05650
Tel: +91-172-5171 100 / 09
Email: sajan.goyal@careratings.com

CHENNAI
Mr. V Pradeep Kumar
Unit No. O-509/C, Spencer Plaza, 5th Floor,
No. 769, Anna Salai, Chennai - 600 002.
Cell: +91 98407 54521
Tel: +91-44-2849 7812 / 0811
Email: pradeep.kumar@careratings.com

COIMBATORE
Mr. V Pradeep Kumar
T-3, 3rd Floor, Manchester Square
Puliakulam Road, Coimbatore - 641 037.
Tel: +91-422-4332399 / 4502399
Email: pradeep.kumar@careratings.com

HYDERABAD
Mr. Saikat Roy
401, Ashoka Scintilla, 3-6-502, Himayat Nagar,
Hyderabad - 500 029.
Cell : + 91 9820998779
Tel: +91-40-4010 2030
E-mail: saikat.roy@careratings.com

JAIPUR
Mr. Nikhil Soni
304, Pashupati Akshat Heights, Plot No. D-91,
Madho Singh Road, Near Collectorate Circle,
Bani Park, Jaipur - 302 016.
Cell: +91 – 95490 33222
Tel: +91-141-402 0213 / 14
E-mail: nikhil.soni@careratings.com

KOLKATA
Ms. Priti Agarwal
3rd Floor, Prasad Chambers, (Shagun Mall Bldg.)
10A, Shakespeare Sarani, Kolkata - 700 071.
Cell: +91-98319 67110
Tel: +91-33- 4018 1600
E-mail: priti.agarwal@careratings.com

NEW DELHI
Ms. Swati Agrawal
13th Floor, E-1 Block, Videocon Tower,
Jhandewalan Extension, New Delhi - 110 055.
Cell: +91-98117 45677
Tel: +91-11-4533 3200
E-mail: swati.agrawal@careratings.com

PUNE
Mr. Rahul Patni
9th Floor, Pride Kumar Senate,
Plot No. 970, Bhamburda, Senapati Bapat Road,
Shivaji Nagar, Pune - 411 015.
Cell: +91-78754 33355
Tel: +91-20- 4000 9000
E-mail:rahul.patni@careratings.com

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