Eveready Industries India Limited

Q3 FY25 Earnings Conference Call Transcript
February 06, 2025

Moderator Ladies and gentlemen, good day and welcome to the Eveready Industries India Limited's Q3 FY25 Conference Call.

As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during this conference, please signal an operator by pressing *' and then '0' on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Nishid Solanki from CDR India. Thank you and over to you, sir.

Nishid Solanki Thank you. Good afternoon, everyone and welcome to Eveready Industries India's Q3 FY25 Earnings Conference Call.

Today, we are joined by senior members of the Management Team including Mr. Suvamoy Saha – Managing Director and Mr. Bibek Agarwala – Executive Director and Chief Financial Officer.

Before we begin the call, let me first share our standard disclaimer:

Some of the statements that may be made on today's conference call could be forward looking in nature and the actual results could vary from these forward-looking statements. A detailed statement in this regard is available in the press release document which has been circulated to you and also uploaded on the stock exchange websites.

I would now like to invite Mr. Saha to share his perspectives with you. Thank you and over to you, sir.

Suvamoy Saha Thank you, Nishid. Good day everyone and thank you for joining us for our Q3 Earnings Call.

Let me begin by providing some macroeconomic context as it relates to our company. India continues to navigate a high inflation environment with challenges stemming from a depreciating rupee and elevated crude oil and commodity prices. That said, improved agricultural prospects, strengthening rural demand and an anticipated higher consumption by the middle-income segment provide a cautiously optimistic outlook for our operations.

I will now take you through our performance across segments and update you on the progress of key initiatives:

But first, a few headlines on the brand, distribution, and the business context:

The Eveready brand has long been synonymous with leadership and innovation. As a consumer-focused company with a beloved brand, we have consistently invested in advertising and promotions. This quarter, our campaigns spanned electronic and print media alongside below the line activation. Our brand continues to stand out and we are committed to sustaining investments in A&P. We are continuously adjusting to the evolving market by expanding our presence in modern trade, e-commerce and quick commerce while maintaining a stronghold in general trade.

As we are in the discussions, our top-end momentum is gradually picking up pace as anticipated. While we have experienced some expected cost increases in core raw materials, we have successfully maintained our gross margin within the targeted range. Our focus remains on safeguarding profitability by closely monitoring cost dynamics. Our thrust with the emerging alkaline segment of batteries continues to receive focused attention. We have finalized plans for a greenfield production facility for alkaline batteries with a capital outlay of Rs. 180 crore. This facility, located in Jammu, is expected to commence commercial production by the end of this calendar year. As the only facility in India dedicated to alkaline batteries, it will deliver operational efficiencies and support the gradual scale up of our Ultima Pro and Ultima ranges. Additionally, we intend to extend this facility into a multi-product site for greater scale and cost advantages.

In terms of present highlights, I will first take batteries:

The battery segment has delivered robust growth, both in volume and value. Carbon Zinc revenue grew by 7.6%, while alkaline batteries saw an impressive 90.8% growth albeit against the low base in the previous year. Since our brand refreshed, alkaline batteries have achieved significant momentum with Q3 volumes increasing 110% year-on-year. Our market share in this category has nearly doubled to 11% at the quarter's end, driven by strong product propositions, robust distribution and consistent marketing efforts. India's battery consumption remains below global benchmarks, and the rising penetration of alkaline batteries reinforces our confidence in growing this category further. Overall, we maintained a 53% market share in the total battery market, spanning both carbon zinc and alkaline segments.

Now onto Flashlights:

Flashlights have shown positive trends on a nine-month FY25 basis, the battery-operated segments saw a mid-single digit volume decline compared to a 17% decline in FY24. Rechargeables continue to gain traction, supported by new product introductions. Overall, flashlight revenues grew by 9.6%, with rechargeables more than offsetting the decline in battery-operated models. Our new launches such as the Siren Torch and offering for fisher folk and farmers have emerged as key performers. Additionally, the recently introduced mosquito rackets are seeing substantial growth, certainly helping us expand market reach and strengthen our brand's reputation for quality and value.

Finally, Lighting:

The lighting segment posted marginal growth with improved volumes offset by continued market-wide price erosion. While this trend persists, the impact gradually lessening. Our expanded product portfolio and growing presence in alternative channels such as modern trade, e-commerce, and quick commerce are driving volume growth. We are also building our presence in professional luminaires, which, though nascent, show promising potential. Our team remain focused on expanding the electrical outlet channel, critical for showcasing premium products like consumer luminaires.

Now, I provide some highlights on the Financial Performance:

Revenue for the quarter stood at Rs. 333.3 crore, up from Rs. 304.8 crore in the same period last year, thus a growth of 9.4%. This growth was driven by batteries and flashlights, while as mentioned lighting phase pricing pressures. EBITDA margin improved by 18.7% over same quarter last year despite forex impact and higher zinc costs. PAT grew by 56%. The YTD EBITDA and PAT margins stood at 12.1% and 6.9% respectively, both improving over the previous year. A&P expenditure stood at 11% of revenue reflecting our focus on consistent communication and market activation.

On our outlook, we remain focused on sustaining growth momentum across key categories. For batteries, we anticipate continued robust growth in alkaline batteries supported by a reasonable carbon zinc performance. As for flashlights, rechargeables prevailed by innovations in our product portfolio are gaining traction. We expect further growth as the BIS certification which we talked about in our earlier calls is now gazetted is expected to strike at the very heart of all the unethical practices of the unorganized part of the market.

On lighting, efforts are centered on growing retail and institutional segments while leveraging alternate channels. With a winning product portfolio, a revitalized distribution network, and a strategic focus on cost efficiencies, we are well positioned for growth in the second half of this year.

Thank you for your attention. Bibek and I now invite your questions.

Moderator: Thank you very much. We will now begin the question-and-answer session. We have the first question from the line of Bhargav from Ambit Asset Management. Please go ahead.

Bhargav: Yes, good afternoon team and congratulations on a good performance. So, my first question is on the rechargeable batteries. So, we've seen a very strong growth in this segment. Would you want to highlight key drivers for this and also what's the update on BIS for rechargeable batteries?

Suvamoy Saha Okay I will have to make a correction here. We are talking about rechargeable torches, not rechargeable batteries.

Bhargav Sorry, torches, yes, flashlight.

Suvamoy Saha Flashlights. So, you know the flashlights have segments. One is the battery operated one, which is the normal dry cell battery. And the other, which is the rechargeable part where you can charge the flashlight for several uses. So, rechargeable flashlights have come over the last 5 years and today occupy about 70% of the market. We are very strong in the battery operated one where we hold something like 70% odd of the market. And we have been somewhat late in trend to the rechargeable one. We have taken giant strides for the last 2 years. We have launched a few products and today we are about 30% of the market. The rest of the market is by and large unorganized with all kinds of unethical practices which I did not go about in this call, the thing is BIS has now come out with a mandatory certification which has been of course approved by the Government whereby all products, all flashlight products would require mandatory certification whether these are imported, or they are manufactured within the country. We believe that this will weed out bulk of the unorganized, so-called unethical segment. And that should turn more towards the organized part of the industry, which frankly speaking is basically us. I mean, there being some other small things here and there, but all as sort of fringe interests, we remain a strong incumbent player in space. So, that is why we believe that there are strong growth potentials. The certification requirement has just been gazette. So, after a period of 6 months when the players are allowed to sell out their products, which they have already sort of got in their inventory, then they have to follow all the norms mandated by the Government.

Bhargav So, therefore you said that maybe in the second half rechargeable flashlights should actually see a strong growth. Is that correct?

Suvamoy Saha Yes, we see the possibility of an immediate uptick to this.

Bhargav Secondly, your market share in alkaline batteries has now doubled to almost 11%. So, what led to such a market share swing? Is it that we are entering into some price wars with the market leader? And secondly, once the Jammu factory gets commissioned, what could be the savings in terms of your manufacturing cost for both Pro and Ultima range of alkaline battery?

Suvamoy Saha So, again, we have a strong incumbent player in the alkaline segment where they have something like 60% of the market share in that segment. And we were again a little hesitant to enter the alkaline segment, which was sort of emerging over time. But 2 years back, we took a decision that we would now also become a significant player there. So, we started our journey with the launch of our sub brands of Ultima Pro and Ultima in this alkaline segment. And so almost from a zero-market share, we have now come up to 11%. It is not a factor in being sort of price competitive. It is a matter of focus because we have a very large distributor vision network, and we have invested in the brand. So, it is basically fundamental marketing and distribution job, which has got us to this 11% market share. And we believe that the market should offer us the potential of up to our overall market share of 50% in due course of time. I mean, it is not going to happen overnight, but in due course of time. But towards that, we have taken this somewhat bold step of executing the implementation of a factory to sort of bolster our growth aspirations. And that is where we are.

Bhargav And so this factory being in Jammu, you enjoy some tax benefits as well, right?

Suvamoy Saha So, you also asked the question on the impact on costs and the tax impact etc. I request Bibek to take on the discussion.

Bibek Agarwala So, of course, let's divide 2-part without any fiscal benefit from the state. So, even natural progression also, if we see that cost optimized savings against the import, definitely there will be a very substantial cost optimization in domestic manufacturing because you avoid the import duty, you sweat your existing resources. So, that will give a very substantial savings and alkaline is in the price point, as you know that we are, price point is at Rs. 22 and where the margins are very thin. So, of course it will add value to that margin. And we expect 8% to 10% margin improvement is possible on alkaline part of this operation through domestic manufacturing. Further for the state benefits, as you know that Jammu has a lot of fiscal benefits they're providing, we have also applied. And we have yet to get this grant of registrations and certification in the due course it may come, but we have already applied for that at this point of time.

Bhargav And what will be the EBITDA margin in the alkaline battery business today?

Bibek Agarwala Today, you know, this is one of the segment products of the entire battery range. So, we can talk about a better gross margin or the net margin because today if you invest more on advertisement of this product, because competitions might have spent over a period of time and we are just late entrant in this category and we all know globally that alkaline will be the new force while keeping a focus on our zinc carbon. So, I can tell you that the gross margins are very thin because now in the market, 80% market is that which is a very normal alkaline battery, and the premium segment is around 20%. So, margins are much lower than the carbon zinc and that is why we think that the moment our domestic manufacturing come up that will be some hedge to that margin and of course we get a fiscal if anything from the Government and it will be added to that particular operating margin of the alkaline product.

Bhargav And lastly, what is the plan for the debt repayment?

Bibek Agarwala So, we are very much on the course of debt repayment. If you see last year Rs. 80 crore we have paid the debt. This year also by this time we have almost paid around Rs. 35- Rs. 40 crore debt and in fact we have funded the Jammu land purchase from that money. So, we are in the course of the similar kind of, if you see like to like, we'll be ending the year at the like to like of debt payment, like last year we paid around Rs. 85 crore. So, maybe year end, we are targeting around, right now we are around Rs. 245 crore debts, and at the year end we look for around maybe Rs. 230-225 crore of debt numbers we are looking for on a like-to-like basis because now as you know that we have to pay for machineries and all. So, the project I am keeping aside because of course as Suvamoy mentioned this is a Rs. 180 crore projects. On that, Rs. 20 crore of course the land we have already paid. So, because a lot of payments will be gone, but I am saying on a like-to-like basis, you could see that the borrowing stands at Rs. 225 crore, but the project cost will be addition to that.

Bhargav Great sir, thank you very much and all the very best.

Moderator Thank you. The next question is from the line of Vedant Sekhri from Artha India Ventures. Please go ahead.

Vedant Sekhri Hi, good afternoon team. First of all, congratulations on the results. I just had a question about the Jammu plant as well. What would the annual revenues that we can expect? I know you mentioned the Rs. 180 crore CAPEX. So, if you could just give a revenue estimate for that as well on an annual basis. And is this totally financed through the debt that you have undertaken or is there any other financing that would be required to this as well?

Bibek Agarwala So, of course some part will be going internally if you have, I have already mentioned that like land we have internally paid money so maybe it's a 75-25 type of financing, 25% will be internal things and 75% probably will take from the banks and other financial institutions, so that is the point you are looking for and the revenue will be, so today if there will be some other things to enjoy the better revenues from the plant, easily to start with at least a minimum Rs. 100 crore revenue and it could go to up to a Rs. 400 crore scale up in that Jammu plant.

Vedant Sekhri Sorry, I think your voice was breaking there for a second. Could you please repeat?

Bibek Agarwala So, I am saying that first year, we may start with the Rs. 100 crore revenue from that plant on annualized basis, and which could go up to Rs. 400 crore.

Vedant Sekhri I see. And my next question was about the battery-operated flashlight segment. You said that there was still degrowth in that segment, but the degrowth had come down. What would be the guidance going forward in the future on this? Are we looking to expand the rechargeable segment faster and sort of slowly phase this out?

Suvamoy Saha As I mentioned earlier, the current split of these two segments is 70:30. The battery operated one has now come down to 30% of the overall flashlight market and we expect this degrowth to continue, but I would say gradually it's lower because there are some incumbent users who are not going to shift to rechargeable. However, rechargeable is the one which will continue to see growth and so we are sort of putting lot of focus and emphasis on bulking up on this segment. As I said, we are already about to say 70% of the battery-operated market.

Vedant Sekhri I see. And my next question was just on some unit economics. I know you had mentioned in the last call that blended consumer price of a carbon zinc battery was around Rs. 10 to Rs. 12 and the alkaline battery was around Rs. 22, so the blended price of about 15 to 16. Have these numbers changed or will these change going forward in the future when the Jammu plant comes in as well?

Suvamoy Saha So, you are talking of the consumer price, the Jammu factory is going to give us benefits on the cost. As far as the market is concerned, the pricing structure is like this. There is a popular battery which is more rural oriented that sells at Rs. 14. There is a premium offering of carbon zinc which sells in the more city-like markets, which is at Rs. 18. You have correctly mentioned the value alkaline. The popular alkaline sells at Rs. 22 and then there is a premium alkaline selling at Rs. 50. So, this is the condition today. The Jammu plant is not going to change this market per se. The Jammu plant is going to add margin to our P&L. But marketing wise, whether we change the pricing structure from Rs. 14 to whatever, Rs. 18 to 20, Rs. 22 to 25, that is something that we need to take a call going forward.

Vedant Sekhri I see. And just another question on the demand volume. So, I know you mentioned in the last call that there's a 50-50 split between retail and OEMs. And within OEMs, there was a prominent usage in electronic voting machines. Is there any other particular segment that has come up as a prominent user of the carbon zinc batteries?

Suvamoy Saha No. So, OEM, as in EVM, is sort of a spiky kind of volume. I mean, it takes place only when elections are there. But there is a very steady throughput of OEMs, you know, which is blood pressure, monitor machines and host of medical devices and stuff like that. Many other electrical tools like electronic toothbrush, shavers. These are all ongoing. I mean, EVMs are when the elections take place, so that time, those times, the volumes take a spike. But that is as and when. But of course, in India, elections take place every year, so that's good news for the key manufacturers.

Vedant Sekhri Understood. Just two final questions. One is on the advertising expenditure.

Suvamoy Saha I will just take one more minute on this. That 50-50 split that you talked about applies only to alkaline. Carbon zinc is almost entirely B2C.

Vedant Sekhri Understood. Just the last two questions. One would be on the advertising expenditure that you had mentioned, the promotional marketing. It was around 11%. Do we expect this to be consistent going forward as well? That is question number one. And two, if you could just throw a bit more light on the electrical outlet division expansion, what are we exactly getting to in terms of numbers when we talk about revenues and margins for this particular division?

Suvamoy Saha So, I will request Bibek to answer the A&P part, but as far as the electrical distribution is concerned, we today work with about 250 odd active distributors. Our aim is to make it at least double in the short run. That is something where we need to put in a lot of hard work because this doesn't happen just like that. It may appear simple that you go and appoint somebody, and he starts taking your stuff and selling out to the market. But it's a little bit of hard part because it requires due diligence, it requires verifying market credentials, etc. So, that is where the hard work can be if you say little bit of time in expanding that channel is taking place.

Bibek Agarwala So, with respect to A&P, while we are all looking forward to a 10% to 11%, but it does not mean that always it will be 10% to 11%. As the revenue is scaled up, maybe that we can restrict ourselves to 8% to 9% as well, but it is a matter of time. But at this point of time, I think quite some time we have not advertised and now since last 6 to 8 quarter we are building on the TVCs and other digital media, more hoarding of the advertisement. So, at this point of time, 10% is looking forward for the next couple of quarters at least, but once revenue becomes sizable, then at that point of time, we'll look for, because at that point of time, we may restrict to absolute value rather than talking about the percentage.

Vedant Sekhri Understood, sir. Just a final small question. On the alkaline segment, as you mentioned, you've experienced very robust growth in market share for this quarter. Is there any guidance for next quarter and for end of FY25, what we could expect for the market share for alkaline segment?

Suvamoy Saha By end of this financial year?

Vedant Sekhri Yes, so quarter end and the financial year.

Suvamoy Saha So, we are currently at 11%. I would imagine to remain somewhere around this level by the next 2 to 3 months. But we would keep on this journey, whereby our next step would be to go to 20% kind of level. And as I said, the aspiration realistic or otherwise is to go to the 53% that we hold in the overall market.

Vedant Sekhri I see, understood. Those are all the questions I asked. Thank you so much for answering those questions.

Moderator The next question, which will be from the line of Arnav Sakhuja from Ambit. Please go ahead.

Arnav Sakhuja Thanks for taking my questions. So, I just wanted to understand a bit more on the alkaline battery segment. So, I know that you said that, like you mentioned earlier in this call, that it was a strong distributorship as well as the grand reputation that has built our market share to the current level of 11%. But over and above this, do we see a strong growth in the entire battery market in India itself?

Bibek Agarwala So, as Suvamoy mentioned, actually if you see, alkaline is really growing up, like we may be growing 2x rate, but as a segment it is showing at least very strong double-digit growth. And we look forward to the segment to grow up, while the carbon zinc may remain flat or a very marginal volume growth, but this segment has a lot of potential to grow. And that is evident from our initiative that we have taken to set up our plant in Jammu, that alkaline plant.

Arnav Sakhuja So, what are some of the growth drivers that are driving the growth of alkaline battery segment as compared to carbon zinc segment?

Bibek Agarwala So, this is very much accepted for the high drain devices. Now as you see the penetration of high drain devices are coming up, whether it's the toys or the playstations coming up, a lot of housing complexes are coming with automated digital doors. So, the usage of the, as you know that alkaline batteries are having 4 to 8x depending on the premiumness, whether you are going the value alkaline or you are going premium alkaline, that could be much better for you like in a blood pressure machine you don't want to change in every 3 to 6 months, but if you put the alkaline battery it could go for a longer period of time. So, basically the more and longer usage durations and sometimes they are more adaptable to the high drain devices. So, this penetration leads to the more usage of the alkaline batteries in India right now.

Arnav Sakhuja Thank you, got it.

Moderator Thank you. The next question is from the line of Chirag from Keynote Capital. Please go ahead.

Chirag Yes, thank you for the opportunity. My apologies. I joined the call a little late. Is it possible for you to give me revenue bifurcation between battery, flashlight and lighting for Q3?

Bibek Agarwala Sure. So, for quarter three, right?

Chirag Yes.

Bibek Agarwala So, for a quarter three, the revenue of the battery is around 65%, flashlight 11% and 23% for lighting.

Chirag And what was the EBITDA margins for all three segments?

Bibek Agarwala Battery holding around 14% and flashlight 4% and lighting is almost flat.

Suvamoy Saha Maybe you can give the YTD also?

Bibek Agarwala Yes, so let's take the YTD which will give you a better picture because sometimes you do spend A&Ps and all so I am giving that while the revenue saliency almost remain the same during the year, but at the operating margin level battery is 60%, flashlight 10% and the lighting is flat, which brings to 12% our operating margin for the YTD.

Chirag So, is it correct to say that because of the increasing mix of alkaline in our battery portfolio, this is one of the reasons for fall in GP margin on a QoQ basis?

Bibek Agarwala So, if you see our of course alkaline battery has a pressure on the margin because of the price point, but if you see compared to last year, we have grown on the battery operating margin, marginally compared to last year. But you are right, it has some pressure on the margin, but because zinc played a very important role in that or raw material plays a very important role, so we are favorable compared to last year YTD numbers in the consolidated battery operating margin.

Chirag In fact, actually I was just looking at the trend. Based on last year's trend where we were improving our gross margin from 44% from Q4 to almost 47% in Q2 FY25. In

Q3 only, we saw that 43.7% gross margin coming. So, then prices were up for like 10% in last one quarter and it has come it is actually normalizing back to the earlier level. So, can I say that going forward in the next quarter or so, our gross margin will revert back to 45% levels?

Suvamoy Saha It depends on the mix also, right? So, it certainly could improve, but you know always we don't consume the raw material on a real time basis. Because you know the battery has a manufacturing time lag, you need to have a battery age for certain period. So, at least 2 to 3 months price lag will come in the manufacturing cost. So, we look forward that depending on the battery mix prices, it may improve. But at this point of time, it is very difficult because what has happened as I said that these are 2 to 3 months lack period happens. But certainly we'll try to keep closer to this number.

Chirag Fair enough. Is it possible for you to give me a revenue breakup of battery between carbon zinc, premium alkaline and normal alkaline batteries?

Bibek Agarwala So, YTD basis, I am just giving you the numbers for that. Out of the segment, around Rs 615 crore is carbon zinc and alkaline is around Rs. 41 crore. 15% of that is a premium battery, alkaline.

Chirag 15% is premium of Rs. 41 crore, right?

Bibek Agarwala Yes.

Chirag And as you said that currently the gross margins in our alkaline battery, this is around 20% and once we start our Jammu plant, it would rise by 10% more. I am still able to see that the gross margin of alkaline battery is far lesser than what we have in carbon zinc batteries, but overall on an absolute basis the gross profit what we will earn on alkaline and carbon zinc would be similar right?

Bibek Agarwala May not be because if you see my premium zinc come at Rs. 18 and alkaline comes at Rs. 22. So, the math may not work in that way. If alkaline claims to be a 2x or 3x better performing, but if you see the price parity, it's two way between the premium zinc and the alkaline battery at this point of time.

Chirag Great. So, the performance of battery improves as someone shifts from carbon zinc to alkaline and the replacement demand of these products would be slower than the carbon zinc batteries. Plus, I am able to see that the margins what we will be earning on this particular project is 1x times the asset turns. I am trying to understand this, what is the reason for us to shift to a lower margin business with one time asset turn. Is it just because the market is trending on that side, or is it our strategic decision that we have to focus more on alkaline side?

Suvamoy Saha Let me first tell you that our focus remains extremely engaged with the carbon zinc segment. If I were to cannibalize carbon zinc by getting in alkaline, I will be shooting myself in the foot. So, there is no aspiration on the company side to sort of improve on alkaline and dilute our carbon zinc saliency. The only reason we give alkaline and we also have to naturally nurture that part of the market which typically is the high drain market which is gradually emerging in India. India has primarily been on very low drain devices like clock and flashlight and remote control. Now, we are seeing the emergence and that is where alkaline needs to be put and needs to be used. And if we stay away from that market, then other players will come and now presently because India is a very price sensitive market, there is this concept of value alkaline which frankly speaking does not prevail at these prices anywhere else in the world. And we expect that this is going to improve over time. We would have some advantage being a manufacturer, whereas the others who are playing in the Indian market are totally for us. So, I think we should not be ignoring this segment, while we should also not be giving up any position on the carbon-zinc side. Have I answered your question?

Chirag Yes. It was quite clear to understand the reason for you to take steps as it is well required. So, my next question is related to the mix of revenue in flashlight. What is our revenue bifurcation towards battery operated and rechargeable?

Suvamoy Saha So, 60% is battery operated and 40% is rechargeable.

Chirag And, I wanted one update that keeps coming in our quarterly filings that there was a CCI penalty on us for Rs. 170 crore, out of which 10% for which we have already paid, any update on the same that how it is going, legal matters are going in which way?

Suvamoy Saha So, there was a hearing supposed to be on 28th-29th of January, which has now been deferred to the 5th of May. So, basically not much movement has taken place on this case. We would of course robustly defend our position. Since the start of this case, maybe some 4 or 5 years back, there has hardly been any hearing. The case lies with the NCLAT and as Bibek has mentioned, the next hearing is only in May.

Chirag Right. Yes, thank you. Thanks for the clarity. So, the last question from my end. It's about the peak debt levels which we can expect in the coming year as I am pretty sure because of the plant expansion there would be a debt increase on our books. So, currently as you said that it is around Rs. 225, 225 to 230 crore, what can it be at peak levels?

Suvamoy Saha Maximum, I think maybe another Rs. 100 odd crore because if you take some, we'll also pay back some. So, as we have got Rs. 150 odd crore of debt we need for this plant. So, maybe if I add that mathematically and Rs. 50 odd crore I will repay as a part of my, so maximum I think around Rs. 325 to Rs. 330 odd crore would be the peak, and we'll try to because we're in that limit.

Chirag Yes, thank you.

Suvamoy Saha I will wait until any other CAPEX comes.

Chirag Fair enough, thank you, thank you for the answers.

Moderator Thank you. The next question is from the line of Vipul Shah from RW Equity. Please go ahead.

Vipul Shah Thank you for the opportunity. In the recent budget, the honorable Finance Minister has rationalized or I would say removed the import duty on zinc. So, is that something which will be of direct benefit to us in our COGS in the future?

Suvamoy Saha The duty removal is on the zinc ash, scrap zinc ash not on the virgin zinc material.

Vipul Shah So, there is no impact on us of this move which the FM has made.

Suvamoy Saha Yes, this is for the zinc ash not for the virgin core which is the material that we use.

Vipul Shah Alright. Secondly, how should one read into this reappointment of Mr. Saha, which is now proposed and will last for six months, from March to September 2025?

Suvamoy Saha Yes, so what would you like to know about this? This is a factual statement that you made.

Vipul Shah No. So, I said how should one, as an investor think, I think company is in very capable hands. So, from that perspective, is there something which one should read into it or it's just a normal resolution which will again be revised at that point.

Suvamoy Saha Understood. Let me respond. So, roughly given the extension, we had 8 months. The objectives for me are two-pronged, primary objectives. One is to see a succession plan installed and executed by the time I leave this position. Number two is we would focus on consolidating the gains that have started accruing to the company. We have gone through somewhat of a difficult journey over the last 2 years. And for all the hard work, the gains have only started coming to us now. It is now, again, it is very easy to filter away the gains. It will be my endeavor with the team to make sure that these gains are sort of consolidated and held on.

Vipul Shah Got it. So, in that respect, is a formal announcement or something in the offing for the succession plan to be in place?

Suvamoy Saha So, you know in due course of time, I mean we are still talking of 8 months, so obviously there will have to be an announcement at some stage and then the execution of that plan, it will happen in due course.

Vipul Shah Alright. It's been such a pleasure hearing you on calls every time. So, that is the whole purpose. We believe the company was in or rather is in very capable hands.

Suvamoy Saha Thank you very much. I take that as a huge compliment.

Vipul Shah Thank you, sir.

Moderator Thank you. The next question is from the line of Mehul Savla from RW Equity. Please go ahead.

Mehul Savla Hello. Yes, it's a half question, maybe half suggestion is that our battery business is the core and we're doing a lot on the alkaline side. Just wondering while as investors, we like to get every tiny bit of information, is it okay to share the entire breakup of our batteries business between the carbon zinc-carbon and alkaline and within alkaline mix because I am sure competition has their ears on to see what we are doing.

Suvamoy Saha Yes, thanks. So, I think probably you missed it, I was just saying one gentleman has already asked a similar point. So, I think, so as you know, just I am giving in a value term around Rs. 615 crore is our carbon zinc batteries, YTD basis, and Rs. 41 crore is alkaline business.

Mehul Savla My only suggestion was that whether we should be giving out this level of detail on calls which are publicly available to even competition from a business point of view.

Suvamoy Saha Okay, point noted. And so I understand. So, you are just saying that segment-wise revenue numbers are better than if we publish.

Mehul Savla Yes. The color of the mix is good enough, I think, probably instead of getting into very specific numbers between specifically on the battery side or alkaline side.

Suvamoy Saha Thank you very much. Thank you for the suggestion.

Moderator The next question is from the line of Chirag from Keynote Capital. Please go ahead.

Chirag What will be the sustainable gross margin going ahead?

Suvamoy Saha Sustainable gross margin? Sustainable gross margin for any specific business you are asking for or the company as a whole?

Chirag Company as a whole.

Suvamoy Saha I guess we should look for 40%, it will be our inspiration to be there in a 39% to 40% but it all depends on that. So, as you know as of now, we have achieved 38% plus, so if you ask me, our aspiration will be towards 40%, but it's a highly commodity-driven business. So, our aspiration is when I say 40%, but we are around 38% plus at this point in time.

Chirag If I am not wrong, we are currently at 42%-43%, right? No, it's not 38%.

Suvamoy Saha So, maybe the material margin from the report you are saying, is the gross margin of it.

Bibek Agarwala So, in that case, if you ask me, we have 55% actually. 45% is a pretty good gross margin level we are looking for because as I said that material mix keeps changing time to time. Now zinc prices will be softened. So, 45%, 1% plus and minus could be the good enough.

Chirag Fair enough. And, just one suggestion as one of the earlier participants said that it's sensitive information related to batteries should not be published in a granular level. It's fair to say that it is the internal strategy of the company. But as we have already discussed the broad segment revenues for the quarterly basis for flashlights, lighting and battery, it would be great if you could start giving that in your press release itself because this is something that we track every quarter basis.

Suvamoy Saha So, point well noted and it will be considered from the next quarter. Okay, thank you so much for the suggestion. It will be done.

Moderator I would now like to hand the conference over to the management for closing comments. Over to you, sir.

Suvamoy Saha Thank you, everyone, for taking time out to join us on these earnings call today. I hope we have adequately answered all your questions. If you still have more queries, please reach out to our Investor Relations team, and we'll be only too happy to address those. Thank you once again, and look forward to contacting you again in the next quarter.

Moderator Thank you. On behalf of Eveready Industries India Limited, that concludes this conference. Thank you for joining us. You may now disconnect your lines.