Eveready Industries India Ltd.
REGD. OFFICE: 2, Rainey Park, Kolkata - 700 019
CIN: L31402WB1934PLC007993

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The National Stock Exchange of India Ltd. Exchange Plaza, C-1, Block G, Bandra Kurla Complex Bandra (E), Mumbai - 400 051 [Symbol: EVEREADY]	BSE Limited Phiroze Jeejeebhoy Towers, Dalal Street Mumbai - 400 001 [Scrip Code: 531508]	The Calcutta Stock Exchange Limited 7, Lyons Range Kolkata - 700 001 [Scrip Code: 000029]

Dear Sirs / Madam,

Sub: Disclosure under Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 – Transcript of Earnings Conference Call – Q1 FY27

In continuation to our letters dated 31st July 2026 and 10th August 2026 and pursuant to Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed the transcript of the Earnings Conference Call for Q1 FY27 held on 10th August 2026.

The transcript of the Earnings Call is available on the website of the Company at: https://www.eveready.in/investors/#investor-meet-call.

This is for your information and record.

Yours sincerely,
For Eveready Industries India Limited

SHAMPA GHOSH RAY Digitally signed by SHAMPA GHOSH RAY

Shampa Ghosh Ray
Company Secretary

Encl: as above

Eveready Industries India Limited
Q1 FY27 Earnings Conference Call
August 10, 2026

MANAGEMENT:	MR. ANIRBAN BANERJEE – CHIEF EXECUTIVE OFFICER MR. BIBEK AGARWALA – EXECUTIVE DIRECTOR AND CHIEF FINANCIAL OFFICER MR. ANIRBAN GHOSH – GM FINANCE AND HEAD OF INVESTOR RELATIONS
MODERATOR:	MR. PARTH CHAUHAN – ADFACTORS PR

Moderator: Ladies and gentlemen, good day, and welcome to the Eveready Industries India Limited Q1 FY '27 Earnings 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 the conference call, please signal an operator by pressing star then zero on your touchtone phone. Please note that this call is being recorded.

I now hand the conference over to Mr. Parth Chauhan from Adfactors PR. Thank you, and over to you, sir.

Parth Chauhan: Good evening, everyone. Thank you, and welcome to Eveready Industries India Limited Q1 FY '27 Earnings Conference Call. We have with us Mr. Anirban Banerjee, Chief Executive Officer; Mr. Bibek Agarwala, Executive Director and Chief Financial Officer; and Mr. Anirban Ghosh, GM, Finance and Head of Investor Relations.

Before we proceed with the call, I would like to mention that some of the statements made in this call may be forward-looking in nature and may involve risks and uncertainties that are difficult to predict. The company undertakes no obligation to update any forward-looking statements to reflect developments that occur after the statement is made. Documents related to the company's financial performance, including the investor presentation have been uploaded on the stock exchanges and the company's website.

I now hand over the conference call to Mr. Anirban Banerjee for the opening remarks. Thank you, and over to you, sir.

Anirban Banerjee: Thank you. Good evening, everyone, and thank you for joining us for Eveready Industries earnings call for the first quarter of the financial year 2027. We have already circulated a detailed presentation on the company's performance during the quarter, and I hope you found the information useful. I will highlight only the key points.

First, I would like to quickly touch upon the operating environment that we experienced during the period under review. The quarter was characterized by a dynamic operating environment. While consumer demand remained resilient across our key categories, global businesses continue to navigate persistent geopolitical uncertainty, supply chain disruptions and inflationary pressures. Commodity markets remain volatile with currency fluctuations adding further uncertainty to input costs. Despite these macroeconomic headwinds, our focus remained on disciplined execution, prudent price actions and delivering sustainable profitable growth.

Zinc prices continued to remain elevated at around $3,500 per ton compared to levels of below $3,000 per ton during a major part of last year. In addition, several key raw materials, including electrolytic manganese dioxide, electrodes, acetylene black and lighting products and components also witnessed inflationary trends. While these factors exerted pressure on our cost structure, our calibrated pricing actions and continued focus on operational efficiencies enabled us to protect our margins and maintain profitability.

During Q1 FY27, Eveready delivered another quarter of resilient financial performance, marking its seventh consecutive quarter of year-on-year revenue growth. Revenue for the quarter stood at INR407.7 crores, registering a growth of 9% year-on-year. EBITDA came in at INR61.5 crores while maintaining an EBITDA margin of 15.1%. Profit after tax stood at INR37 crores, representing a growth of 22.3% over the corresponding quarter last year. These results reflect the strength of our business model and our continued focus on profitable growth.

Coming to the battery business, the segment delivered another strong quarter, recording 11.9% revenue growth, supported by healthy performance across both alkaline and carbon zinc batteries. Our alkaline battery portfolio continued to be the key growth driver, delivering close to 48% volume growth during the quarter.

We also strengthened our position in the premium battery segment with our market share expanding to 18% within the alkaline sector, reflecting results of our premiumization strategy. The category remains a significant long-term opportunity for Eveready, and we remain committed to strengthening our leadership position through investments in manufacturing facilities, innovation and distribution channels.

Our carbon zinc battery business also delivered a stable performance, delivering volume growth commensurate to the industry. Through calibrated pricing actions and continued focus on scale efficiencies, we were able to protect profitability while reducing manufacturing costs across our legacy portfolio.

An important milestone during the quarter was the commencement of commercial production at our Jammu facility on the 29th of May. The plant strengthens our manufacturing capacity, improves operating leverage and supports expansion of our alkaline battery business. The facility provided us with scale, flexibility and supply chain resilience required to support the next phase of growth.

The Jammu facility also opens new opportunities in white labelling and export markets, strengthening our ambition to emerge as a globally competitive manufacturer in the alkaline battery segment. During the quarter, we also witnessed strong growth across our digital channels, particularly through Q-commerce, quick commerce and e-commerce, showcasing changing consumer buying preferences and the strength of our omnichannel distribution strategy.

Moving to our flashlight business, the overall demand remained soft due to delayed onset of monsoon, which deferred seasonal demand and resulted in lower volumes of conventional battery-operated flashlight. Overall, the segment revenue declined by 6.7%. Our rechargeable flashlight portfolio remained a key growth driver, delivering over 20% revenue growth during the quarter. Growth was supported by continued product innovation, premium product offerings and increasing consumer adoption of rechargeable solutions. As consumer preferences evolve, rechargeable flashlights continue to offset the structural slowdown in the traditional battery-operated segment.

We are also actively working towards expanding the usage of flashlight beyond the traditional rural and seasonal applications by developing products suited for urban consumers and newer everyday use cases, thereby broadening the addressable market for the category. We also introduced our hybrid flashlight, Eveready's first patent-applied flashlight product, which combines the convenience of rechargeable technology with the reliability of conventional batteries.

Our lighting business delivered an encouraging quarter, registering healthy 13.7% growth. The business benefited from strong demand across key product categories, while the pricing environment showed signs of stabilization after a prolonged period of price erosion, improving revenue visibility and supporting margin resilience. We also witnessed healthy volume growth in our higher-margin categories, particularly emergency LED bulbs and electrical accessories, reflecting the strength of our product portfolio and market execution.

As the lighting industry continues to evolve with increasing adoption of energy-efficient LED solutions, we remain focused on strengthening our portfolio through premium offerings and innovative products. We also continued to expand our presence in adjacent electrical categories with our electrical accessories portfolio gaining momentum, led by the encouraging performance of insulation tapes and the introduction of products such as wires and MCBs.

Innovation continues to remain central to Eveready's long-term growth strategy. During the quarter, we launched India's first portable liquid mosquito vaporizer, an innovative mosquito repellent solution featuring a rechargeable battery-powered portable design that enables consumers to carry the liquid vaporizer while traveling or within the rooms and indoor, etcetera. This represents Eveready's first patent-applied innovation in the anti-mosquito liquid vaporizer category and has been launched across select markets.

The quarter also saw the launch of a rechargeable flashlight, better known as SHOR with the feature of an animal alarm for farm protection. The torch is designed to help farmers protect crops from animal intrusion through a powerful combination of light and sound, having a 100-decibel alarm combined with a red UV strobe light.

Within our emergency portfolio, the company launched the Xtrabright emergency LED bulb, offering double the illumination provided by an emergency bulb during a power cut for a superior lighting experience. We also continue to reinforce our leadership as a market leader in the organized mosquito racket category.

Looking ahead, we remain optimistic about sustaining our growth momentum through the remainder of the year. Our premiumization strategy continues to gain traction, investments in manufacturing and innovation are beginning to yield results, and our distribution network continues to expand across both traditional and emerging channels. While commodity prices and currency movements remain key watch areas, we remain committed to taking timely actions to protect profitability while delivering sustainable long-term value creation. Thank you.

Moderator: Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Subham Jain from Counter Cyclical.

Subham Jain: So, my questions are on 2 fronts. Firstly, on the market side. Our market share in the dry cell segment has grown from 50-ish levels to 58% currently as per the PPT. So, I just wanted to understand on whose cost are we earning this? Second would be that Amazon Basic has launched their product SKUs around batteries. So, some opinion on that front. Are we facing any competition on that? How large is our e-commerce and that part of portfolio?

Second would be on the regulatory side. If you could help us or give an update on the BIS norms and Make in India, any competition from the Chinese front and the extended producer responsibility side of any cost that we are going to incur or incurring currently?

Anirban Banerjee: Thank you for the question. I think the question is 3 parts. You have a question on market shares. You have a question on BIS. You would also like to know more about the compliance, etcetera, right? So, from a market share point of view, our growth in market shares typically are coming from the alkaline sector. So, when we mentioned that during the call that our alkaline market shares now are hovering around 18% and moving upwards, correct?

While that being said, our larger market shares are held by the carbon zinc, which are broadly about flattish in nature. And as a result, the more the alkaline continues to grow and the more the salience of the alkaline within our mix also starts increasing, the overall market shares will also tend to move up in the given future.

As far as the BIS is concerned, the BIS on flashlight took the entire of last year to be implemented. So as of today, the on paper implementation is complete. What needs to be seen currently is the absorption and the adoption of the BIS with many of the non-branded organizations within India. And that is a compliance that will need to be driven further.

And we are yet to see that being played out in the market. That being said, our flashlights are completely compliant with the BIS norms and all our production facilities are geared up and producing only BIS available flashlights.

Bibek Agarwala: Shivam, I think what you have referred to one point to just add what Anirban is talking. So, you have seen in investor presentation, this 58% market share has been given on the carbon zinc sector, okay? So, it is especially for the carbon zinc. Now coming to the 2 points of BIS, what Anirban has said. So, we are fully compliant, and we are looking forward that very rigorous implementation of the same. It is just January this year, early started. So maybe 2 to 3 quarters, it may take time as we see.

With respect to the EPR compliance, there are some operational and with the pricing mechanism, there are some challenges for which we are working with the Ministry of Environment and Climate Change and the Pollution Control Board.

Moderator: The next question is from the line of Saloni from Molecule Ventures.

Saloni: So, my first question is regarding the Jammu plant. In the past, we have mentioned that since we used to earlier import and now, we will be manufacturing from our own plant, we can expect a higher operating margin. So, can you give us the guidance on what kind of OPM we will be earning from the alkaline sales earlier versus what we can expect to earn at INR100 crores level, let's say, in first year and at the peak capacity level at INR400 crores level?

Bibek Agarwala: So just as Anirban mentioned in the call, just end of May, we have done the commercial production of this plant. And as we said that in a very sustainable capacity utilization, at least we are looking for 10% margin increment from our Jammu plant. So, this is the first year like so we'll be stabilizing. And after a year and so when fully stabilized, we expect definitely a 10% margin up there.

Saloni: So, when you say the 10% margin increment, you mean 20% operating margins from that plant, right?

Bibek Agarwala: No, no. So, let's say, it's gross margin. When you go for any particular SKU size, the margin health of the particular product is the gross margin of the product. So, I'm talking about that gross margin of the product will be 10% up.

Saloni: Okay. And any idea on the operating margin, sir? As and when it scales up and you must have an idea at optimum utilization, some kind of a margin we would be expected to earn?

Bibek Agarwala: Today, if you see, alkaline is around 6% to 7% of the total portfolio of the company, right? So gradually, as we intend to see more than 50% growth is coming in this category. So, you can just calculate that if it is 6% to 7% of the total portfolio and then 10% on that increase, what bottom line impact will be there.

Saloni: Sir, the next question is regarding the cannibalization effect that is happening. So, at the end of the day, the customers that we will be targeting for the alkaline product is the same as the carbon zinc product. It's just that the value addition is happening because of the price point being high in the alkaline category, which would lead to some increment, so the sales growth as such is not shifting significantly due to this cannibalization effect. Is the understanding correct?

Anirban Banerjee: I'm not sure about the cannibalization effect. That is not something that we are monitoring immediately at the moment. The way the consumers are trading up are to do with devices and batteries come into play when you have devices at home. So, what's probably going to happen over the decade is that there will be a lot of trade-up in the kind of devices that you are using.

So, what used to be at one point in time, a lot of television remotes and clocks or torches at home is giving way too many other devices, including smart remotes, lots of toys, blood pressure machines and optical mouses, etcetera. Many of these devices consume much more power than what a typical zinc battery might throw up.

And as a result, while the number of people consuming the batteries might remain similar, the consumption of power per household is likely to go up by the adoption and the increased penetration of many of these high-drain devices. And it is in that juncture is where the alkaline chemistry comes in helpful where they will cater to some of these increased demands.

And as a result, our understanding of immediate cannibalization may not be correct because only at the saturation of some of these high-drain device demand is where there might be a cannibalistic impact. I hope that makes it clear.

Moderator: The next question is from the line of Saket Kapoor from Kapoor and Company.

Saket Kapoor: Sir, firstly, with respect to the Jammu facility, congratulations to the team for commercialization. And if you could just give us our key priorities for the coming 2 years or 3 years on a holistic way, how are we going to sweat this asset, realign the portfolio. And as you have mentioned in the opening remarks about the white label activities that also we are contemplating. So just some more colour on the same in terms of setting the tone for the Jammu facility.

Anirban Banerjee: It's an interesting question. So, on the Jammu facility you are right, it is connected to the alkaline chemistry. The alkaline chemistry is, in turn, connected to stronger devices appearing in India. And thus, if I were to take a view over the next decade, as I was mentioning in my earlier answer, the consumers in India will soon or are continuing to trade up many devices. The number of devices per household is slowly going to increase.

These devices will consume more energy and power than the earlier devices, which was much more simpler, simple remote or a simple clock compared to a medical device or a computer gadget or a remote-control toy or an optical mouse, etcetera. Some of these will consume much more power. And as a result, our estimate is that over the decade, the growth of the alkaline chemistry in batteries is going to be significant already over the last 2 to 3 years.

The CAGR of the growth of alkaline is more than 20% by value terms and volume. And thus, it is at that time with a view to the future that we have moved ahead with the Jammu plant more from localization and setting up for the future capacity needed to cater to increased devices penetrations in India over the next couple of years, right?

Of course, as there is capacity, it will lead to a growing local demand, right, which will be eventually connected to a growing penetration of battery-operated devices in India seeking much more power. It will also be an opportunity to scout and solve for battery white labels across many other countries in the world, which might be seeking to buy it and source it from Asia, etcetera.

So, India with a plant in Jammu would be a good alternate to scout for many of probably it could be retailers, it could be large institutions wanting alkaline in their own white labels. And that is something that we will also reach out for over a period of time. So, between the domestic demand and potential for exporting in white label, the facility is of significance given that it's the only one alkaline facility in India at the moment.

Saket Kapoor: Correct, sir. So, sir, again, congratulation to the team for the EBITDA margin of 15%. And as per your opening remarks, sir, we are confident that these numbers are workable and can be exhibited during the year also. I think so the commodity inflation, the other have now become a part and parcel. So, have we aligned our working in a sense that these margins we can exhibit on a sustained basis going ahead also?

Anirban Banerjee: We are in line for trying to carry on what we have delivered. And that is what the aspiration is, and that is what the plans and the discipline is there in order to ensure that we move ahead with a similar kind. Now that being said, I think the exigencies that are happening in the world outside cannot be contained. And thus, we will monitor it on a very short-term basis to keep seeing that what modifications need to be done to ensure that we broadly hit the numbers that we are looking to achieve.

Saket Kapoor: My point was, sir, are there any one-offs for us to factor in going ahead? Or these are purely operational set of numbers that we have exhibited because of the efficiencies and the good work that you have just alluded to?

Bibek Agarwala: So, you may take it because there is no such one-off or any extra gain is there. So, this is purely an operational efficiencies because a lot of calibrated price actions has been considered during the quarter, considering what the price increase. As Anirban mentioned, our key component zinc, which was hovering less than $3,000 during the last whole year, now started exhibiting upwards of $3,500. So that is why one has to get prepared for them along with a very sustainable and profitable growth. And that is the way the team has taken a decision and hence, the result is here.

Moderator: The next question is from the line of Mithun from Kivah Advisors.

Mithun: There was some news report of one of your Japanese competitors potentially having to close their plants in India. I just wanted to understand any update on that? And could that also help you gain market share? That was the first question. The second one was in terms of your expansion into other areas like wires and cables, just wanted your thoughts on any specific targets you have in that space? And any market share that you think you can garner there?

Anirban Banerjee: So, look on your first point on the competitor, I think it is speculative in nature for me to comment on it. But in any market, at any point in time, should any brand were to vacate, typically, the other brands would play in to occupy the space. And that is all where I would put it at, given that we have absolutely no idea about what the competitive nature would be. Whatever pans out in the market, we will get automatically played by the brands in the market.

As far as the wires and MCBs are concerned, we've had the initial start, correct? We are trying to double from where we were at the close of the last financial year, right? Will that be significant amount of market share? Maybe not. But that is something that we are kind of contemplating to see that whether we can try and clock more than double in this current financial year to see that whether we can start making rounds of the market share by about 1% or 2%. But it would be preliminary given that we have just started about 6 months back.

Mithun: And what sort of capacity do you have in that space? To what level can we actually go with the current capacity?

Anirban Banerjee: The wires are sourced. We don't manufacture them. If you look at many players in the market, there are a few of them who make it themselves, and there are more than a few who source it from the other players. And thus, our entry is dependent on our sourcing. Our sourcing capacities look good enough for

2x to 3x amount of growth than what we are currently doing. So, at the moment, it looks okay.

Moderator: The next question is from the line of Vikas Shrivastav from RBC.

Vikas Shrivastav: I wanted to know an update on the GST and for all investors in terms of approvals, the quantum and the taxability as and when the GST subsidy comes? That was my first question. My second question was that are we now in a position to give a 3-year EBITDA or a turnover CAGR forecast? My third question was on, one of our directors were paid a consulting fees, I believe, a concerned person is now a whole-time director in another Burman company. Are we still paying him that INR2 crores of consultancy fees? Or has that stopped now? Those are my first 3 questions.

Bibek Agarwala: Thank you, Vikas-ji. So, with respect to the Jammu incentive, the status remains the same. There is not much movement. So, there is no movement has happened on our GST approval at this point of time, but we are in a very advanced stage of the discussion with the industries department. And so, they keep saying that things are moving progressively. But as of now, we have not gotten any formal approval. That is the first with respect to that.

Second, as in my last call also, I've spoken about that now this is the time has come up for which you have to give a little bit of long-term things, and I have requested about 2 to 3 quarters' time because you have seen this is a very sustainable 7-quarter growth we have given, and this is one of the highest revenue and operating margin generated quarters. So now the team's confidence is on the up because we do want to give you something which is very calculated planned way so that the execution is also parallel important. So just request you to bear with us for another 1 or 2 quarters before we give you for the long-term things.

With respect to one of the whole-time director remuneration, our NRC and the Board has approved and has seen the commitment of the directors to the company. He could adequately devote the time, can give a decision-making guidance and he's a very strategic pivotal person, so he is doing good contribution to the Company, and that is why the NRC and Board has approved this compensation.

Vikas Shrivastav: I wanted to know what exactly is our entitlement? What is the quantum? How is it paid? And how is it taxable? Just a little bit of flavour, what can we expect when it is approved? That was question number one. And as Eveready brand, is there any plan for any M&A now that we have spent so much time on the brand and it's such a strong brand, why are we not exploiting it in a much larger manner?

Bibek Agarwala: Okay. So first, like you want to understand what is the scheme, right? I think I have explained last time also and let me tell you again. So, the scheme of the Jammu investment is that whatever the capital investment you do, you get 3x refund in the terms of the GST revenue calculation. This is the incentive scheme, okay? It is on the plant and machinery.

So government has in 2021 has come up with some NCSS scheme there in Jammu and on that Jammu that if the company is getting registered in the NCSS, then they are eligible not on the total investment on the plant and machinery investment, which is equivalent to 3x of the eligible plant and machinery in the form of GST, whatever we pay in the state over a period of 10 years.

And with respect to the M&A and what is the company, as I told you, this will be a part of our long-term horizon vision, whether we should go on any acquisition or we'll focus on building and investment on our existing core that we are internally deliberating. And when we come up to you in the next 2 to 3 quarters, our long-term firm plan in that it will be incorporated.

Vikas Shrivastav: I think the capital amount on plant and machinery is about INR50 crores to INR75 crores, is my understanding, right?

Bibek Agarwala: No Sir. In Jammu, it will be around INR90 crores to INR95 crores will be our plant and machinery.

Moderator: The next question is from the line of Danesh Mistri.

Danesh Mistri: Congratulations on a good set of numbers in these trying times. And I just had 2 questions. The first is that on the Jammu plant, which is there, are we kind of capitalizing some of the start-up expenses? Or is it just already expensed out in the P&L? That's number one, especially as the plant ramps up. You said that you started only on May 29.

The second question is more in terms of the lighting division. After a long time, we've seen price stability in lighting. I just want to know where does it go from here? What are you seeing on the ground? And have we continued to break even in this segment?

Bibek Agarwala: So, I think 2 parts of your question. One is the preoperative expenses and another is the lighting. So, I'll take the first one. So, with respect to the pre-operating expenses, these are all capitalized, right? As per accounting standard, any expenses till the time of capitalization. So, it is all capitalized. After 29th of May, expenses are being charged to P&L. Anirban, if you would like to on the lighting part.

Danesh Mistri: So, on the preoperative part, how will we treat it, sir?

Bibek Agarwala: It has been added to the assets.

Danesh Mistri: So, it has been added to the assets. Okay, okay. Got it, got it. Understood, sir. Yes, sir. And on the lighting, sir?

Anirban Banerjee: Yes. So on your question on the lighting, I think what's interesting and what's good about the lighting part is that after almost, I think, about 18 to 20 months, there has been a little bit of a softening of the value erosion that was occurring. And the value erosion occurred across the subsegments. And while that occurred, I think with all the macroeconomic in play, the cost push was also extremely high in the first quarter. Some of it looks to be softening a little bit, but not yet in the same lines as it was last year.

So given that, there is seemingly the move towards growth in quarter 2 and in quarter 3 is my sense of it. But how much would the growth be and how much of the cost will soften is something that we will have to have a hawkeye view in the current quarter. Will accessories and lighting accessories grow for us? It should. Do we see a lot of traction for us in the emergency bulb LED segments? We do. Will there be growth in wires from our portfolio? It should.

That being said, will the regular GLS bulb continue to grow? Maybe not. So, there are certain subsegments that will definitely do much better than the other one. In terms of cost pressures and margins is something that one needs to be watchful of and calibrate to pricing decisions in the coming quarter.

Danesh Mistri: Just a follow-up, sir, just a follow-up. In the lighting segment, sir, this time, have we broken even in quarter 1?

Anirban Banerjee: Yes. In quarter 1, we are broken even. Let's watch for it throughout the year. My sense is mostly it should hold.

Moderator: The next question is from the line of Bharghav from Ambit Investments.

Bharghav: My first question is on alkaline market share. So, we are at close to about 18% market share. Now that the factory has got commissioned, is it fair to assume that market share gains should only accelerate from here on? And if yes, then what could be the target over the next 2 years?

Anirban Banerjee: So, the market share gain has been almost from about 3% to about 18% over the last 30 months, right? That market share gain was a play of the brand and the consumer acceptance of it, even while the product was made to our specifications and was being imported into the country. As the manufacturing plant settles down and operational efficiencies improve, the quality remains the same. So, the same brand continues to play its market share journey as we go ahead.

Will it accelerate? It will continue on the similar kind of a momentum, right? Some of the margins with the operational efficiencies will look to be healthier compared to when we were importing it. And on your question on where do we see 2 years from now, my sense would be that we should be looking at anywhere between an exit share of 25% to 30% at the end of 2 years from now.

Bharghav: Understood. Secondly, in terms of the balance sheet, is it possible to give some update that obviously, we have been expecting some proceeds from your land sale plus the healthy operating cash flow generation starting this year given our margin expansion led by price hikes. So when can we become debt-free as far as the balance sheet metrics is concerned?

Bibek Agarwala: So, if you see, as of now, our debt proceedings are hovering around INR165 crores. And if you see from the lenses that we have already invested INR200 crores plus in Jammu plant. And that is an investment which has yet to yield a result. So, on that forefront, if you see that we are anyway negative borrowing, right? But if you ask me, we see shorter in the next maybe in the 4 to 5 quarters, the company should be having a positive and should be a like-to-like debt free.

Bharghav: Okay. And just a clarification on that opex front. So now that this facility got commissioned, do we expect an increase in employee cost or the cost will be similar to the first quarter run rate on employees?

Bibek Agarwala: So, your question was not clearly audible, but if you can make it out that once our alkaline plant will be operational, do we expect the employee cost to go up, right? That's your question.

Bharghav: Yes.

Bibek Agarwala: So of course, there will be some increase in the total employee cost. But earlier, we are importing FG, finished goods, which is inclusive anyway the material cost, people cost and everything. So, it will be bifurcated in the various but in isolation, people cost may not be a thing, but overall gross margin level will be better off. And on the other side, if you see that last year, we have closed the Noida plant. And that is why you could see the gain in our P&L in terms of the employee cost.

Moderator: The next question is from the line of Saloni from Molecule Venture.

Saloni: I have 3 sets of questions. So first, regarding the Noida plant that we sold off, any more asset rationalization in development as well? Or was it one asset sale that we were waiting for post the Real Touch Finance settlement? And second, before the settlement, we used to mention that we would happily inject capital once this issue gets resolved. So, are we planning for any potential fund infusion and purpose for the sale?

My third question is regarding the opportunity size again; I would like to revisit. So, as you mentioned that obviously, the basket size will increase because the alkaline value proposition will be high. So currently, if I assume a INR2,200 crores market size, what is the market size in the next 3 to 5 years that could potentially increase from this value proposition? And how much basically are we looking to tap into it? Will this single growth rate company finally get to double-digit growth rate due to this? Or will there be another driver driving the next leg of growth for the company? These are my questions.

Bibek Agarwala: Thank you, Saloni. Good questions. I think I was expecting this. So, Noida sale is not yet completed. As you see that there are 2 plots. One we have executed. And second, we are expecting to close shortly. That's one.

And as we said last year, we have started doing the rationalization of our manufacturing footprint. As a part of that, the Noida came up as one of the prominent assets. And without taking any delay to reduce the fixed cost and we have executed. In future, if we get any opportunity, we'll keep you posted, that’s the first.

With respect to the fund infusion, as of now, there is no such need of the extra fund. If you see the company is doing very well, we are paying ahead of time our debt. So, there is no such. But as a part of our long-term strategy, if we need something, then definitely, this may be considered in the due course of time. So, Anirban, something on the market share

Anirban Banerjee: So, Saloni, on your sizing of the market, the market is about INR3,200 crores. But currently, the market sizes for batteries at about close to INR4,100 crores in MRP terms across all channels and consumers put together. Out of that, roughly about INR550-odd crores would be alkaline, and that is the part that is growing at about roughly 20% CAGR.

That being said, your zinc carbon remains broadly flattish. Now assuming that if you were to do the math, the trajectory of the alkaline continues to grow, and that is what's going to fuel the growth in the country. Over the last, let's say, if I were to look at about 7 or 8 quarters, if the concern was on terms of cannibalization, it has still not appeared because even on volume terms, if we were to sell more than 2.5 billion batteries in the country, the zinc volumes have either been flattish at between a minus 1 to a plus 1 kind of a range, whereas the alkaline volumes have been at a plus 19 to plus 23 in terms of volume growth.

So, your question is right that eventually, there might come a time where the cannibalism would start appearing. And it's happened in many other countries across the world, especially in the Europe and the U.S. But by value, the battery market will continue to grow given that it is the more premium batteries that are now making inroads into the consumer houses. That is connected to penetration of high-drain devices and multiple of them.

So, number of devices increasing in the house and the penetration of each of these devices increasing amongst the consumer households in India. So, my sense that over the next 1 year or maybe 1.5 years, you may not see too much of cannibalistic instincts yet. But as the alkaline segment starts becoming much bigger and crosses maybe the 20% saliency of the overall battery market, there might see some movement, but we will take it at that point in time.

Saloni: Okay, sir. Sir, just one last question on the CCI matter. So, any update on that and potential INR150 crores cash outgo that can possibly come if it isn't in our favour?

Bibek Agarwala: So, there is next hearing date around the last week of September. But I can't comment on the possibility of what you are saying because as of now, what we are holding at this point of time that management cannot estimate rightly. So let us see in the end of September, there's a CCI hearing and any update, we will keep you posted.

Moderator: The next question is a follow-up question from the line of Saket Kapoor from Kapoor & Company.

Saket Kapoor: Just to sum it up. Firstly, sir, if you could just give us an understanding what steps are we taking to manage the zinc inflationary trend, which I think is now trending upward and you have alluded to. So how are we hedged or any price hike or how are we going to maintain our margins with zinc trending higher?

And secondly, sir, I think so just a small understanding, we have mentioned about this the Kisan torch animal alarms. So, if they are about the agriculture field protecting there, so can we can look out as outlets of tie-up with the agri players wherein at the time of purchases of herbicide and pesticide, the farmers would be alluded to the fact of also keeping pests, animals away with this alarm. So, if that suggestion goes to the marketing team. So that was my understanding.

Anirban Banerjee: Yes. Interesting questions. On the zinc part, it is like any other FMCG product where there is a commodity linkage, correct. The battery and the zinc batteries are linked in our case very highly to the prices of the zinc. Over the last quarter of the last financial year and sometime in April, between these 4 months, we've taken adequate price increases and which is what if you see has been reflecting in our quarter 1 results as well.

As far as the zinc prices are concerned, yes, it looks quite heavy and high at the moment, and we monitor it on a weekly basis. Now should there, at any point in time, be a scenario that it is overwhelming and margins are under inflection, we will have no choice but to pass on prices to the end consumer, right? And is it a good thing to do it in a very short-term intervals? No. But this year is a bit of an exceptional year across various kinds of FMCG products, including batteries.

And thus, I will not be very surprised if to manage the commodity inflation, we may have to do another round of price or margin corrections. So that answers your first point. I think it's an extremely good idea when you said that should some of these flashlights with an animal alarm be taken and encouraged through agri outlets, etcetera. I think the team's trying to tie up not only pushing it through our channels, which are deep into the rural and face farmers, but they're also trying to tie up with other agricultural product suppliers, whether it is tractors or insurance or even agricultural information portals.

And at the same time, trying to participate in a lot of the melas and mandis across some of the key semi-urban, rural farming belts in India, including using a lot of rural farmers as influencers in the new age to spread the message that in India, there is, for once, a torch, which can drive away some of the animals, which potentially harm the crops without having to run after it, without having to hit it with a stick.

And you can do all of it from a distance. Usually, it is done in the middle of the night. And hopefully, using all these channels, we will be able to propagate this torch amongst the agricultural community in India.

Saket Kapoor: Sir and lastly point on conclusion on the Jammu facility. Currently, sir, what is our monthly fixed expenses that we are incurring for the Jammu facility that will flow now through the quarterly results, I think so the second quarter?

Bibek Agarwala: No. So Saket, in isolation, we can't see that expenses, right? We are manufacturing batteries and that costs are getting uploaded in the battery cost. So earlier, what we are getting a finished cost of finished batteries, now raw material manufacturing cost and overheads are a part of the integral part of the cost. So, these are getting loaded but not directly flowing to P&L. And as we keep selling this, this will be coming at the cost of goods sold.

Saket Kapoor: Okay. Sir, you mentioned about this employee cost rationalization some point in your earlier remarks to any participant, one of the participants. Can you explain to us what benefits were you alluding to? I think so the Noida part of the story was about I think we have paid the extra amount that will pay back overhead. Other than that, I think so employee benefit expenses were flat on a quarterly basis. So that was the point or just if you could explain how will this number behave for the year as a percentage of sales or the rationalization activity, which you were just explaining.

Bibek Agarwala: So that's exactly the point that last year, quarter 1, we have a full-fledged Noida, right? And this year, we did not have the Noida. That is why you see it is almost a flat 2% to 3% increase. While as a regular course as a part of our HR practices, we keep doing employee optimization exercise. So, it is a part of our current DNA process that it is normal process. But what you see, there is no much movement because of the onetime disposal of Noida.

Saket Kapoor: And last point is on the investment in EPR and the renewable energy. How are we taking these 2-line items in the total sphere? And for Jammu facility also, power cost, what kind of investment have been gone through in the renewable space, sir?

Bibek Agarwala: So, right now, since it is only 2 months of this production, we have taken a grid connection, and we have also put up some solar panels there. So, because we are committed to the maximum solar power or renewable power energy that we have put it there. And what exactly are the questions of it? I just missed it.

Saket Kapoor: Sir, my point was about the Extended Producer Responsibility, EPR, and the total investment in the renewable energy space. What is our thought process? And how are we progressing for Eveready as an entity?

Bibek Agarwala: So, as I've spoken that on Jammu has spoken, our all the plants are now renewable energy and our focus is more on go on a leasing model or rental model that because we want to play a very asset-light model because the capital cost of these assets are changing very rapidly. So, all the plants, all large plants are having the solar power, what is the maximum possible.

And with respect to EPR, as I have explained to one of the earlier things that compliance. We are in a very advanced level dialogues. We are quite some time engaged with the Ministry of Pollution and Environment and Climate Change and Pollution Control Board as well. So, there are some operational framework on our pricing mechanism and other things are in the discussion.

So, once we get the clarity, we'll keep you updated. But however, today, we are taking all sort of initiatives, whether to promote the collection of used batteries, awareness sessions. So, we are doing from our side, best possible things.

Saket Kapoor: Okay. Just to conclude, in the lighting portfolio part, although you mentioned that the price erosion exercise is over, particularly pertaining to the cost, especially employee cost in the northern part of the country, the minimum wages part. Actually, in the Lighting portfolio, what is our differentiation?

And why are we pursuing this with go ahead? With breakeven also, we are only eyeing breakeven going ahead. So, other than the branding exercise, what is our thought process going ahead with this portfolio? This is a very crowded space and designing and all changes with a blink of eye. Your fashion changes very quickly. So just if you could just give a closing remark and thank you for all the elaborate answer.

Anirban Banerjee: No, you're right. The lighting space is a very crowded space, right? Now that being said your company has been in the lighting space for a long time. But while remaining in the lighting space, it remained flat. Now it is over the last 1 or 2 years that one has been seeing growth. So, in that aspect, is there a sufficient space for many people to play? Should be. It has a reasonable amount of size and scale across the country.

Do I need to play across the country or should it be regional? That is something that we are looking into. And technically, if you were to ask me, some 5 or 6 states in India accounts for more than 3/4 of our business, and that is what we push through from an electric and a general trade point of view.

At the same time, we have emerging channels like modern trade where we play. Now I don't think one will be able to answer the full strategy in 1 or 2 lines, but I will try my best in terms of trying to tell you that are we going to play in all segments of lighting? No, we are there. We have channels. There is a need for a portfolio. Portfolios are mainly sourced.

Some of the products that we think we will hero, we focus. For example, we focus on trying to expand and do a good job of our emergency bulbs, right? Emergency bulbs by definition, are bulbs which have batteries inside them. And anything that has a battery inside them seem to resonate well with a company which originated from being selling batteries and continues to do that well.

That being said, do we also look into parts of the product portfolio, which can get a help from our synergistic approach. So, a lot of lighting companies in India, as you rightly said, we are one of the laggards. But that being said, many lighting companies in India do not have the kind of distribution that we do. So, we are uniquely positioned in the general trade to have a distribution, which is very commensurate with the FMCG business.

At the same time, we have a separate channel, which is evolving and growing, which is to do with the electrical channels. Thus, our ability to take parts of the portfolio into some of these channels which are not only electrical and not only GT is very unique compared to many of the other players in the market.

So, in this context that should I look at a focus part of the portfolio? Yes. Should it be a couple of states in India? Yes. Should we have the advantage of a dual channel from lighting products? Yes. Are we doing consistently well in the lighting business from a top line point of view? Yes.

My sense is we have the kind of fixed costs that have sunk to be able to deliver a top line, which is probably another 1.5x to 2x on the base of the same fixed cost. So thus, I think it is a good traction to go ahead with at the moment, and we will continue to revisit should there be any change in the story.

Moderator: The next question is from the line of Subham Jain from Counter Cyclic.

Subham Jain: So, the 58% market share on the PPT side of things. Earlier, it used to be on the 50-ish level, lower 50s. Just wanted to understand which player in the Indian market is losing that share, if you have any idea?

Anirban Banerjee: Okay. So, your question is related to movements in market share.

Subham Jain: Right, right. So, if you could help us understand just the market share part of things that is happening in the industry and stuff like that?

Anirban Banerjee: Okay. So, see, Shubham, dry cell, both alkaline and zinc are dry cell. So, it is not that one is a dry cell, the other is a wet cell. Both are dry cell. Now the way the market is composed, it is obviously India is composed of much more amount of zinc than is composed of alkaline. As I mentioned a few times in the call, the alkaline is growing at about 20% to 22% CAGR, both by volume and value.

The zinc is a bit flattish. But obviously, in about a few years back, zinc accounted for more than 95% of the mix and alkaline about 5% of the mix. Today, maybe 3 years down the line, alkaline accounts for slightly above 15% of the mix. And zinc continues to dominate at 85%.

Within that, we hold, as I said, a large part of the zinc portfolio, which is what is mentioned as the 58% mark. That has remained mostly flattish as far as our shares in zinc is concerned, right? Our growth has been more in the alkaline where we had single digit shares as of 3 years back.

And as I reflect today, 3 years later, we are sitting on 18% of the alkaline market. The alkaline market is 15%. It's about 13% to 15% of the Indian dry cell market. And the combination of both of them puts us at an advantage of still having an overall market share excess of 50% of the Indian dry cell market. Hope that clarifies for you.

Subham Jain: Right. And how large would other players be, let's say, Panasonic or Nippo in India?

Anirban Banerjee: Panasonic and Nippo are close followers. They are good. So, if we are close to 57%, 58%, the balance of the market is mainly formed in the zinc business by Panasonic and Nippo, right? Nippo being a bit ahead of Panasonic is our understanding of the market. Within alkaline, there are also many players. One of our key competitors in alkaline is Duracell and they continue to hold the larger pie within the alkaline shares. Both Nippo and Panasonic are in the alkaline segment, but they might be having shares in the single digit.

Subham Jain: Right. And sir, lastly, what sort of collection expense would you be incurring in the EPR side of things? Do you have a ballpark number for that? Any projection?

Bibek Agarwala: As I said, the WIP and there is no absolute, because it is a part of our obligations. So, we are doing the initiatives. There are multiple initiatives, which have been costing multiple. And so that is the way we are taking at this point of time. And since we are awaiting some pricing clarity and regulatory clarity on that, maybe we'll be able in a better position to give a clarity on the next quarter update.

Moderator: That was the last question for today. I now hand the conference over to Mr. Anirban Banerjee for the closing comments. Thank you, and over to you, sir.

Anirban Banerjee: Thank you, everyone, for taking time out to join us on this call today. I hope we have adequately answered all your questions. If you still have more queries, please do reach out to our Investor Relations team, and we'll be happy to address those. Looking forward to connecting with you again in the next quarter. Thank you.

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