



## Eveready Industries India Limited

### Q2-FY24 Earnings Conference Call Transcript

### November 08, 2023

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**Moderator** Ladies and gentlemen, good day and welcome to the Q2 FY24 Earnings Conference Call of Eveready Industries India Limited.

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 '\*' then '0' on your touchtone phone. Please note that this conference is being recorded.

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

**Siddharth Rangnekar:** Thank you, Michelle. Good afternoon, everyone, and welcome to Eveready Industries India's Q2 and H1 FY24 Earnings Conference Call. We have with us today Mr. Suvamoy Saha – Managing Director, Mr. Bibek Agarwala – Chief Financial Officer.

Before we commence, let me first share the standard disclaimer. Some of the statements made on today's call could be forward-looking in nature and actual results could vary from these forward-looking statements. A detailed description in this regard is available in the press release which has been circulated to you earlier and is also available on the Stock Exchange website. I would now like to invite Mr. Saha to share his perspectives with you. Thank you and over to you.

**Suvamoy Saha:** Thank you, Siddharth. Good afternoon and it is our pleasure to welcome you all to our earnings call today. I will commence my remarks with some pointers on the developments during the quarter and progress made by us during this period.

As you are aware, Eveready comprises of three distinct business segments. The first and the core category being that of dry cell batteries. Then, we have our other traditional category of flashlights and the recently initiated category of LED lighting and associated items. All these businesses rest on the two pillars of our company, brand and distribution. Majority of all businesses are run with brand Eveready, the premium portfolio with the brand Eveready Ultima, and the smaller part being run with PowerCell and Uniross brands. As indicated in our earlier calls, over the last one year or so, we have been engaging ourselves with making these two pillars



stronger with a view to move to attractive growth in a sustainable manner. With this in view, lately we are spending much higher than the historic norms towards advertising and promotions. Ours is a consumer facing company and it is vital that we engage with them on an ongoing basis. I am pleased to advise that in every category that we are present, there is affinity and salience around the brand and our investments with focused amounts is only going to solidify that bond. Apart from increasing spends during the quarter, we overhauled our brand logo to the new infinity avatar with a transformed tagline of "Give Me Power, Give Me Red." Consumer research formed the core of this revised architecture, and the results are pleasing.

Similarly, in order to achieve this robust growth agenda across our three categories, we are in the process of a revamp of the distribution infrastructure in keeping with the requirements of the market. This entailed a pruning down of the overall distributor count to enhance efficiency in the higher tier areas, introduction of a super stockist network in replacement of many small dealers to access and service more effectively the remote areas. In doing so, we have met with some challenges over the last quarters in settling down with the right choice of channel partners and getting our internal ecosystem in complete alignment with the new architecture. We did expect some amount of disruption during the implementation of the new route to market. However, the total transition is taking more time than what we had budgeted for. The distribution initiative, while the correct one for long-term sustainability of the business, is causing some temporary pain. Our growth objectives as guided earlier for the first half was not met. Revenue growth was at 2.4% against our target of high single digit. We are recalibrating our target for the second half, in particular the third quarter.

Once again, I reiterate that we are on the right track and we had to necessarily take this journey as the earlier route to market was not upgraded in over 2 decades. My management team and I are confident that we will have every last wrinkle out of the way in the course of the next few months of the current financial year.

Let me now get to the specifics of our three business categories. While continuing to focus on our traditional carbon zinc batteries, the quarter saw our launch of the latest technology Ultima Pro batteries in the premium end of the market. Our communication with the launch of this high technology premium range captures key product attributes while conveying the essence of the Eveready brand. During the quarter, we saw a handsome jump of volumes in our latest offering of this premium portfolio with growth moving ahead of the market trend.

On the cost front, the industry is benefiting from lower raw material prices and stability in exchange rates. As a result, there has been a marked improvement on the margin front of the battery business unit despite a higher charge on account of A&P. The overall battery revenue for the half year remained flat due to constraint purchasing by trade following the RTM revamp as explained in my remarks earlier, which will normalize in the coming months. However, due to good movement of our secondary and tertiary sales, we maintained our market share in batteries at 53% plus as per the latest Nielsen report.

Now I come to flashlights. Flashlights have seen interesting SKU introductions from us in the growing rechargeable category. We believe that our offering provides the

right quality product and a feature value proposition. As mentioned in our earlier calls, we made a late entry to this segment of torch market with a view to protect our traditional but de-growing battery operated torches. The market is rife with innumerable offerings from unorganized players at very low price points with larger than reality promises. While the consumers eventually get disappointed with such products, it is still a task for organized players given an already established pattern of rural consumers down-trading in the recent times. However, we remain confident that with our superior product proposition, we will be able to secure a healthy share of the market. While we are receiving a reasonable traction for our range of rechargeable torches, the battery-operated torch market is de-growing faster than our earlier estimates. Combined with delayed and erratic monsoon in parts of the relevant geography, the uptake of flashlights was slow in the rural segment during the quarter. As a consequence of this, our flashlight revenues remain flattish.

I shall turn my attention to our LED lighting business. We have seen a sharp value degrowth in the market triggered by lower cost of production which the players passed on. The degrowth for the market is estimated at upwards of 10%. We, however, managed a growth of 8.4% over the half year, which we believe to be a reasonable achievement. Historically, this market has seen healthy growth, the volumes remain strong, and it is expected that the present value degrowth on account of pricing initiatives is temporary. Thus, the market is expected to return to its usual buoyancy within a short span of time. Our teams have made good inroads, both with the exclusive electrical outlets as well as in the general trade. Over time, we have also worked upon getting a portfolio suitable for the market and now we have an extensive range of offering including the segment of emergency lamps in which we are one of the leaders in the market. We continue to remain optimistic of growth in this category.

I shall now share some key aspects of our performance during the second quarter. The company reported flattish revenue due to reasons already explained in my earlier comments, namely challenges emanating from the restructuring of the RTM, a faster degrowth of the battery operated flashlights, a slower than estimated pickup of the rechargeable flashlight segment and an overall value degrowth of the lighting market. On the profitability front, however, there is growth to report. EBITDA came in at Rs. 46.3 crore giving us a margin of 12.7% relative to Rs. 43 crore and 11.4% margin in the second quarter of the last year. Favorable trends in key raw materials and stability in exchange rate aided the margin performance which came in despite moderated revenue and higher A&P spends. We are not taking our pedal off the accelerator yet for A&P spends and some of the margin benefits are getting duly ploughed back in the business. The company reported a PAT of Rs. 25.5 crore for the second quarter with 74% growth over the same quarter of the previous year.

I will now summarize our position as we stand today. The current quarter's revenue was muted, but the assignable causes are identified and countermeasures are in place. Our financial performance has been significantly better than our expectations. We have made investments both in the brand and the distribution infrastructure. We have brought new product offerings to the market with our latest generation battery products, the feature-laden rechargeable flashlights and the robust portfolio of lighting products. We believe that we have worked on all areas which provide a healthy path to sustainable growth. The third quarter will still be

muted but hopefully thereafter we shall start deriving benefits from our transformational efforts.

In the overall, we believe that our journey remains meaningful and we will push ourselves for faster improvements. I conclude my remarks here and we'll now request the moderator to open the forum for question and answer.

**Moderator:** Thank you very much, sir. We will now begin the question and answer session. The first question is from the line of Nirav Seksaria from Living Root Analytics. Please go ahead.

**Nirav Seksaria:** So, I just wanted to know that does the new promoter have the representation in the management?

**Suvamoy Saha:** So first of all the new promoter is incidentally more than one year old. So I don't know whether that classifies as new. Yes, the promoter has representation in the board. He has no representation in the management.

**Nirav Seksaria:** Hi, I'm Nirav's colleague. So I have one question. We were previously investors in Eveready about some 7-8 years back. At that time, of course, under the previous management, Mr. Khaitan, you had launched the LED and you had launched some small consumer appliances as well. So I believe you have moved out of your main decision to move out of the small consumer appliances. Going ahead sir, what is the idea as in investor entering today into Eveready, what should be the expectation from an investor point of view as in the company will be focusing on what? Because we all understand the brand story and the distribution story very well that you know you have distribution across so many outlets and Eveready brand itself is an enduring brand which has been there for few decades. So if you can just help me with what is the target in terms of revenue and which areas are we going to focus on?

**Suvamoy Saha:** Sure, Nirav. So Yes, I confirmed that we have moved out of the appliances category altogether, that the journey we completed sometime early last year. With regard to LED lighting, this happens to be our, I would say, a very important part of our business on which we are banking for growth. So, our brand and distribution is highly synergic to the category and it is some, I would say brand is of course there, the distribution is kind of unique. Apart from Wipro, no other company because Wipro also has an FMCG business, no other company has the kind of footfall in the retail outlets, in the Kirana outlets that as we have, so that is one unique proposition we bring and would be sort of a platform for growth in this part of the business. Apart from that, we also have today a separate channel which is currently focusing only on the exclusive lighting outlets. So we have on the distribution side and also held by the latest revamp of the RTM that I mentioned in my remarks earlier, I think we are quite uniquely positioned to leverage the entire distribution system of Eveready. Okay, we have already talked of the brand, so I'm not going into that anymore. What else was required was to develop a very robust portfolio of products that is not only relevant for the Kirana stores, which is naturally the lower end of the product spectrum, which are lamps, battens etc., but even going higher end, with down lighters, panels etc. So we have developed that entire and I must not forget to mention the emergency lamps which go both in the electrical outlets as well as the Kirana outlets. So we have got a very robust portfolio today, very wide and so I

think we are uniquely positioned to get leverage out of this segment and it remains the huge cornerstone of future growth potential.

**Nirav Seksaria:** Right. So sir, which areas will you be, geographies will you be focusing on the LED portfolio? I mean, apart from the lights, you said down lighters and other stuff also hanging lights.

**Suvamoy Saha:** So Nirav, it is like this, Eveready has been for whatever our size of turnover has always been Pan India. There is no region preference. We are absolutely all over the country and for our lighting business also we will follow the same model.

**Nirav Seksaria:** So right now lighting business is what percentage of the revenue?

**Suvamoy Saha:** So currently the lighting business is about 22% and we hope to grow it to something like 35%-40% in the course of the next 3-4 years. That is our aim.

**Nirav Seksaria:** I'm saying lastly, last question in terms of the battery business. Has the battery business seen robust growth?

**Suvamoy Saha:** So battery business traditionally has been growing at, I would say, mid single digit. But the growth is not extremely high or any such thing, but it is a very steady kind of growth. So we flow with that kind of growth most of the times that is what explains our steady market share over several years and certainly the last few quarters. And as I have been mentioning in my calls earlier, that there is a potential for growth once new devices come into the country, but that is as and when it comes at this point of time....

**Nirav Seksaria:** So it is a pricing growth or revenue growth?

**Suvamoy Saha:** So it is a combination of both pricing and volume. So typically, I would say the total in the market would grow by 6% to 7% of which volume would be about 2%-3% and balance would be pricing.

**Moderator:** Thank you. The next question is from the line of Aditya Makarya from HDFC. Please go ahead.

**Aditya Makarya:** Firstly, can you give us an update on the case on the ongoing matter with KKR? Is a resolution expected any time soon? Because, sir, this is preventing us from infusing fresh capital in the business. And hence our foray into newer categories is being constrained because of this matter, which now I think is over 12 or 15 months, some such a long timeframe.

**Suvamoy Saha:** So Aditya, this particular case proceeding is in the arbitration court, which has given a kind of final date for coming out with a decision towards the early part of 2024. So we have to wait for the timeframe for the decision to come out.

**Aditya Makarya:** Second is on the lighting business. Do you think we have miscalculated the growth potential of this business because despite us having a two or three or maybe sub 5% market share, we're clearly not seeing the kind of growth which early entrants should see. I mean, with our brand and distribution, we should hardly be scaling up

much faster. So do you think that there is something we have miscalculated in the way the lighting business dynamics are?

**Suvamoy Saha:** Sorry, I have to disagree with you there with your conclusion as I mentioned in my remarks. I first speak of this year, that this financial year the first half that we have gone by. You see the results of all leading lighting companies. They are all in serious degrowth, I don't want to name the companies but I would say a high single digit degrowth. The market overall is de-growing by more than 10%. In that, we have grown by 8.6%. So I would not agree with the point that we are miscalculating our growth potential. I think we are growing very handsomely. Last year, we grew by something like 25% odd which again, I think was much higher than the market level of growth. So as you rightly said, maybe some of this higher growth momentum is coming to us because we are still a relatively smaller player and as you know we scale up obviously the growth percentage will come down, but to get back to the main point we are growing very handsomely relative to the market.

**Aditya Makarya:** So when you were referring to route to market which led to change in your distribution strategy that was for which particular segment sir?

**Suvamoy Saha:** It was for the whole company's distribution system, which encompasses both general trade as well as electrical trade.

**Aditya Makarya:** So we are continuing to revamp our electrical distribution network because I thought we were pretty much through with that last year, right? Because we have...

**Suvamoy Saha:** No. We completed that, the implementation in terms of execution steps got completed sometime in March, which was FY23. But the impact of the changes etc. were more prominently felt post that, which were the first two quarters and again we are still continuing with some of the finishing work in this quarter in the third quarter.

**Aditya Makarya:** So just last thing you said you grew 8.5% in lighting in the first half, so the batteries and the flashlights is what has led to the lower revenue?

**Suvamoy Saha:** Yes, both were flat.

**Moderator:** Thank you. We'll take the next question from the line of Rishab Sumani from Artha Ventures. Please go ahead.

**Rishab Sumani:** I wanted to ask you regarding your topline and bottomline. So in this quarter, you've done Rs. 365 crore, which is lesser than last year this quarter, so Rs. 375 but your profit is still higher. It's Rs. 25 crore versus Rs. 16. So can you shed some light on what's driving this increase in the bottomline despite the contraction in the topline?

**Bibek Agarwala:** Thank you for this question. As Suvamoy has explained about the complete segment-wise revenue that where we stand, major reason of our profit expansion is basically softening the raw material prices. So the zinc is the key raw material for our battery product where there is a softening of the prices of the zinc and which has led to our gross margin expansion following the bottomline increase from operating margin. And from below the operating margin to the PAT level, if you see

our bank charges, last year there was a one-time amortization charges of sub-upfront fees, and this year it is not there. So these are the two major reasons whereby despite we are holding the flat revenue, our bottomline and PAT has expanded.

**Rishab Sumani:** Thank you, sir. I also noticed that there's a new line item in your balance sheet for intangible assets under development. So can you shed some light on that as well?

**Bibek Agarwala:** This is basically mostly some software because we have got into SAP implementation in the company. So SAP and we have taken Salesforce automation called Bizom. So these works are under progress. Once this gets completed, it will convert it to the intangible assets.

**Rishab Sumani:** On the cash flow statement, we can see some proceeds from sale of PP&E. So, which, what equipment or plant were we selling, did we sell this half?

**Bibek Agarwala:** This could be a normal sales. In the meantime, if you have any other questions, so in the meantime, I'll get this in.

**Rishab Sumani:** The last question I had was regarding the net cash generated from operating activities. So this half, it's almost Rs. 100 crore compared to Rs. 17 crore for last year. So what has changed? Is it all led by the softening of the raw material costs, or what is causing this Rs. 80 crore increase in operating activities?

**Bibek Agarwala:** This is mostly because of the profit has increased and there was a last time, one time charge was there which is not there. And if you see our working capital also last year, it was disproportionately high, around Rs. 70 crore orders have increased. This year we have managed to manage our working capital also. This all has led to our better cash flow, operating cash flow position.

**Moderator:** Thank you sir. The next question is from the line of Dhruv from Ambit Capital, please go ahead.

**Dhruv:** Hi team, had a couple of questions. So just wanted to understand, you know, where do our margins start to peak out? So we've seen a fairly decent 2-year journey with respect to margin expansion. But you know what, when do you see your margins hitting a peak and if you can give a color on that and in what range it could be.

**Bibek Agarwala:** So let's give you like with respect to let's talk about a gross margin which I'm talking about, because of the zinc price reductions, we have got approximately 300 bps our margin got improved and consequently it flows to our bottomline. So as our expectation is always go to a mid teen level of operating margin and which we are still holding. And as you have spoken about that the current year, we are looking for a double digit operating margin to start with against 8.4% of the last year. So still we are holding on that.

**Dhruv:** And we've seen a slightly higher CAPEX in the first half. So just wanted to understand that?



**Bibek Agarwala:** So there are some technology investments going on in the company. We are implementing SAP and we are implementing some software which I've just now spoken about. So that is one of the major investments going at this point of time. And we have given advances for some machineries and all. So that is the way that investment looks like. It will be equalized maybe over a period of time.

**Dhruv:** And Mr. Saha spoke about the RTM changes, per se. And we wanted to understand that when do these changes get normalized and growth really starts to kick in? Will we see it starting from Q4 or in the next full year? And I wanted to get an update if that main project, when does that end? Because if I'm not wrong, your other expenses are slightly tilted because of that.

**Suvamoy Saha:** So Dhruv, let me take this one. As I mentioned that the RTM execution steps were completed sometime in March. But the first two quarters, we had to sort of content with the changed scenario, which included ourselves also getting attuned to that, getting our channel partners sort of aligned to that. And that has spilled over even to the third quarter. It is very difficult to say whether it will take 2 or 3 more months but certainly within this year we will get all that sorted out and I think we should be back to our growth momentum certainly from first quarter of the next financial year if not fourth quarter of this year. But third quarter will be muted as I already have indicated.

**Dhruv:** And sir Bain project?

**Suvamoy Saha:** The Bain project is now completed as of this 15th of this month.

**Dhruv:** And sir, if I may just even one data question. So if you could just share the revenue and the EBITDA of different verticals, that would be great. Thanks.

**Bibek Agarwala:** So in this quarter, our revenue from batteries is holding around Rs. 246 crore, flashlight Rs. 42 crore, and lighting is Rs. 85 crore, that is with respect to our revenue. And with respect to battery as overall profitability, batteries are holding around Rs. 46 crore, operating margin Rs. 47 crore, flashlight Rs. 4 crore and lighting is around Rs. 4 crore negative.

And just to answer one question that's been asked in between, about the proceeds from the sale of assets, it is actually Rs. 20 lakh we sold our old car. So there are a lot of pool cars were there, and we have actually liquidated those sales, and that is mostly from that.

**Moderator:** Thank you, sir. The next question is from the line of Arnab B, an individual investor. Please go ahead.

**Arnab B:** See, in the last quarter we call, I remember discussing this point that the tertiary sale had shown a jump. And with some time lag, sooner or later, it will also show up in the sale of Eveready's primary sale. Now, obviously, I understand that because of this RTM, new route to market, it didn't reflect the growth in tertiary sale that we have seen is probably not reflecting. Either my understanding is wrong or there is a general time lag and right now because of new route to market, the time lag is longer or maybe this is not the right way to interpret how soon the tertiary sale



growth in case of battery could be reflected in Eveready's primary sale number. Is that a right way to interpret it or am I really?

**Suvamoy Saha:**

Let me try to answer your question and then you tell me if I have been able to clarify properly. See, normally primary sale to secondary sale to tertiary sale, there is very little time lag. The whole process is determined by tertiary sale because the consumer buys something that gets demanded from the distributors and then in turn the distributor makes an order and requisitions that stock from the company, right? Ideally, the time lag, even realistically, the time lag is quite minimal, but what happens sometimes as it has happened in our case, due to the RTM revamp, there were islands of overstocking, understocking etc. which disrupted this flow a little bit. As a result, while tertiary is continued to be strong and obviously that tertiary is being feed by the secondary channels, it didn't finally result in a primary sale. And that got manifested in primary sales showing flat because we only record the primary sale. We do not record thereafter. We track secondary sale, we track tertiary sale, but we do not record. What is recorded is what we sell to our distributors. So again to come back to your question, there is really hardly any time lag.

**Arnab B:**

Got it sir, that totally clarifies my first question. I'll just state another question. Again, for last couple of quarters, management is guiding that whole year operating margin would be in double digit, right? Now obviously so far it has exceeded that and everything is great operating margin wise, but historically we have seen that the fourth quarter rarely, I mean, I think last time we barely breakeven, right operationally and I suspect sales are generally lower in the fourth quarter because of seasonality factor; however, you would not probably reduce your advertising and promotional expense so chances are we will barely breakeven. So with that, do you still foresee operationally as a whole year basis you would do double digit OPM?

**Bibek Agarwala:**

You are absolutely right. But we also learned from how things are going on. As of now, you are seeing that above 12% gross margin we are sitting on our first half is always higher than the second half. So we are very conscious about that and we are constantly monitoring. Last year itself, we started advertising. Before that, earlier we are not doing. So we have taken account of that. And still we believe that the way we are focused on our margin expansion with the growth ambition and cash flow generation. So we still hold that by the year end, we'll be able to get to the double digit.

**Moderator:**

Thank you. The next question is from the line of Alisha Mahawla from Envision Capital. Please go ahead.

**Alisha Mahawla:**

So just wanted to check this change in distribution network and route to market, which like you said, you all are working on ironing out. Is this largely complete or what is the timeframe when we expect that the challenges that we are facing, we will be able to overcome them?

**Suvamoy Saha:**

Alisha, I had explained in my earlier remarks and also in the answer to one of the questions. We completed execution steps on the RTM in March of this year. In the quarters thereafter, namely the first and the second quarter and even in the current quarter, we are having to sort of realign ourselves, the whole channel structure and ourselves internally into this new sort of kind of structure that we have built. And we

don't think that it will take us too many months ahead to get all the fixes. And we are quite confident that certainly by the end of this year, the RTM chapter would become completely stabilized.

**Alisha Mahawla:** No, while I did get that I was just trying to understand one, what's the kind of challenges we're facing into a separate question? Will it be possible for you to share what is the current distribution network that we have, what was it earlier and what's the change where it is?

**Suvamoy Saha:** Yes, I'll certainly do that. So, you know, we were working with 5,000 distributors at one point of time. With the size of turnover, the 5000 number was certainly too excessive and as a result, the company was actually trying to service remote areas directly where the service efficiency was simply lacking. Even in the larger towns we had far too many distributors dividing the business among themselves and did not make much business sense for them to be totally engaged in that kind of small turnover. So what we have done is we have brought that number down from 5000 to 1000. So this has given rise to a lot of consolidation in the main towns, meaning say our town had 8 distributors. We have cut that down to say 2 or 3 or 4. And then we have replaced that entire small dealer network that we had in the rural side or let us say in the remote areas by a super sub infrastructure where the super has now become the distributor directly with the company and all those small dealers have become his sub dealer. Now this has meant where did the challenge lie? The challenge lies in pruning that number down to 1000 from 5000, main selection, bringing some new people, changing some people etc. There is a human element to it and also issues relating to working with new partners, people working with new enhanced territories, enlarged territories. So these lead to some amount of, I would say, gaps and with many of those they have gone very smooth, with some of them we have found a little bit of challenge which we are ironing out. So as I said the first two quarters we did that and so at the end of the first half, we had a revenue growth of 2.5%. This quarter and the second quarter was flat. This quarter is also going to be muted, but I think we will see positive development from the fourth quarter.

**Alisha Mahawla:** Sir, my next question is on the A&P front. I believe you mentioned earlier that we believe that we would want the number to be between 7% to 8% of revenue. But earlier in the call, we did mention that we've done a little bit of rebranding and introduced new campaigns also. What was the ad spend during this quarter and where do we expect it to be next to?

**Suvamoy Saha:** So, this quarter we went to something like 12% of the revenue. That was because this quarter was when we launched our Ultima and Ultima Pro, the latest technology, new generation batteries which was addressing the premium segment. That was sort of accompanied by quite visible campaign both on TV as well as in other media which is why the percentage wise, the cost shot up but that will normalize in the next two quarters that will normalize, we are guiding. We have said this earlier we would come down perhaps this year to a 10% kind of level and then maybe in the following years, as turnover increases maybe we would go down to something like 8, 8.5, 7 something like that.

**Alisha Mahawla:** And just one last question, any revenue aspirations that we would like to share for next year or maybe for the 3-5 year goal that we may have?

- Suvamoy Saha:** So, you know, we have all along said that this company is currently pivoting its existence on growth. But whatever we have discussed and explained during this call, we have gone into a situation where we have not been able to meet that aspiration. We would certainly like to go back to that double digit growth aspiration for the next financial year. So that is the guidance at this point of time. We cannot give you an exact number just at this point because there are variables which we need to figure out but certainly a double digit growth would be something that the management team would certainly chase.
- Moderator:** Thank you. Sir, we have one question in the queue. We'll take the next question from the line of Rishab Sumani from Artha Ventures. Please go ahead.
- Rishab Sumani:** Thank you for answering my question regarding the sale of PP&E, sir. I wanted to ask you regarding any debt guidance that Eveready is having right now?
- Bibek Agarwala:** So at the beginning of the year, our total net debt was Rs. 367 crore. And I'm happy to say in the first half, we have reduced the debt by more than Rs. 53 crore. So now our net debt stood at Rs. 314 crore during this whole half year. And so we look forward to the year, definitely to go less than Rs. 300 crore, and depending on the business requirement. So the debt reduction journey will continue, because always we would like to have a lesser debt for us. And that's the way we stand today.
- Rishab Sumani:** So are we planning on making it debt free essentially over the coming years?
- Bibek Agarwala:** Yes, of course, yes. So our aspiration has to be next two to three years, the company should go for a debt free company. There is no reason for a company who is holding the highest market share, 53% plus market share, to have any debt in the market. So we are really working towards that. And if you see today also, we are holding the highest market share in the company despite of revenue flattening and we are continuously doing this debt reduction quarter by quarter. First quarter we did more than Rs. 25 crore, second quarter also we have done a Rs. 25 crore plus debt reduction and we believe that the journey should continue.
- Moderator:** Thank you. Ladies and gentlemen, that was the last question. 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 out the time to join us on this earnings call today. I hope we have adequately answered all your questions. If you still have any more queries, please reach out to our investor relations team, and we'll be happy to address them. We endeavor to interact with all of you every quarter through this forum. Thank you once again and look forward to connecting again in the next quarter.
- Moderator:** Thank you members of the management. Ladies and gentlemen, on behalf of Eveready Industries India Limited, that concludes this conference. We thank you for joining us and you may now disconnect your lines. Thank you.

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