PONDY OXIDES AND CHEMICALS LIMITED *POCL*®

30th January 2025

National Stock Exchange of India Ltd
Exchange Plaza, 5th Floor,
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Mumbai - 400 051

BSE Limited
Corporate Relationship Department,
Phiroze Jeejeebhoy Towers,
Dalal Street,
Mumbai – 400 001

NSE Symbol : POCL
BSE Scrip Code : 532626

Dear Sir/Madam,

Sub: Transcript of the Q3 FY 2024-25 Investor Call held on 27th January 2025

With reference to our letter dated 27th January 2025, intimating you about the link of the audio recordings of the investor call held on Monday, 27th January 2025 at 03:00 PM IST, and pursuant to Regulation 30 read with Schedule III of the SEBI (LODR) Regulations, 2015, please find enclosed the transcripts of the aforesaid Investor call.

The above information will also be available on the website of the company i.e., **www.pocl.com**

We request you to kindly take the above information on record.

Thanking you,

Yours faithfully
For **Pondy Oxides and Chemicals Limited**

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KUMARAV
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Digitally signed by KRISHNAMOORTHIKUMARAVEL
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POCL®

"Pondy Oxides and Chemicals Limited

Q3 FY25 Earnings Conference Call"

January 27, 2025

POCL® Go India Advisors Unbiased and Balanced CHORUS CALL

MANAGEMENT:	**MR. K. KUMARAVEL – DIRECTOR FINANCE AND COMPANY SECRETARY – PONDY OXIDES AND CHEMICALS LIMITED** **MR. BALAKRISHNAN. VIJAY – CHIEF FINANCIAL OFFICER – PONDY OXIDES AND CHEMICALS LIMITED** **MR. PIYUSH DHAWAN – PRESIDENT COMMERCIALS AND STRATEGY – PONDY OXIDES AND CHEMICALS LIMITED**
MODERATOR:	**MR. SANA KAPOOR – GO INDIA ADVISORS LLP**

Moderator: Ladies and gentlemen, good day and welcome to Pondy Oxides and Chemicals Limited Q3 FY '25 Earnings Conference Call hosted by Go India Advisors LLP. 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 conference is being recorded.

I now hand the conference over to Ms. Sana Kapoor from Go India Advisors, LLP. Thank you, and over to you.

Sana Kapoor: Thank you, Steve. Good afternoon, everybody and welcome to Pondy Oxides and Chemicals Limited Earnings Call to discuss the Q3 and 9-month FY '25 performance. We have on the call Mr. K. Kumaravel, Director of Finance and Company Secretary; Mr. Balakrishnan. Vijay, Chief Financial Officer; and Mr. Piyush Dhawan, President Commercials and Strategy. We must remind you that the discussion on today's call may include certain forward-looking statements and must be therefore, viewed in conjunction with the risks that the company faces.

May I now request Mr. K. Kumaravel to take us through the company's business outlook and financial highlights, subsequent to which we will open the floor for Q&A. Thank you, and over to you, sir.

K. Kumaravel: Thank you, Sana. Good afternoon, ladies and gentlemen and welcome to our Q3 and 9-month ended Financial Year '24-'25 Earnings Call. I trust you have had the chance to go through the earnings presentation, press release and financial results that were uploaded on the stock exchanges. I will take you through the results, post which we will have a question-and-answer session.

I am delighted to share that POCL has achieved a strong performance in Q3 and for 9 months ended financial year 2025, excelling on both financial and operational fronts. Before diving into the operational and financial highlights, I would like to share strategic highlights and the project updates.

On the capacity expansion front, as you are already aware, we are expanding our Lead capacity by 72,000 metric ton per annum in two phases of 36,000 metric ton at Thervoy Kandigai. This plant is fully automated advanced facility and the first of its kind in India. I'm happy to share that the erection and commissioning of Phase 1 of 36,000 metric ton per annum plant are in final stages with the trial production expected to commence in the first week of March 2025.

Capex of approximately INR70 crores has been estimated for Phase 1 and the same is funded through the process of QIP and the internal accruals. Phase 2 expansion is expected to commission by half year ending financial year '26. The capex estimated for Phase 2 is INR20 crores.

POCL has done capex of INR70 crores during 9 months ended the current year '24, '25 and is also looking at setting up of R&D facilities for the creation of value-added products, both for the current portfolio and for feasible products which will add overall value to the top and bottom line of the company.

The company has successfully raised INR175 crores approximately through QIP. These funds will be strategically utilized for long-term growth, expanding the existing and new verticals, strengthening operational capabilities and achieving our target of 2030 vision with a focus on sustainable growth, innovation and value creation for all stakeholders.

Coming to operational performance. The 9-month procurement mix of lead, plastic and copper through imports is approximately 76%, 53% and 100% respectively. Capacity utilization on year-on-year of lead, plastic and copper increased substantially on both 9 months and quarterly basis.

The production of lead has increased significantly by 34% on a year-on-year basis to 68,041 metric tons on a 9 months basis and by 6% on a year-on-year basis to 21,186 metric ton on quarterly basis. The sale of lead has increased by 33% on year-on-year to 67,577 metric tons on a 9-month basis and 9% to 21,618 metric tons on a year-on-year basis on a quarterly basis.

There is a significant increase in production and sales of plastics and copper as well as on both 9 months and quarterly basis. On quarterly basis, EBITDA per ton of lead in INR12,569 per ton up by 2% on a Q-on-Q basis and down 24% on a year-on-year basis. On a 9-month basis, EBITDA per ton of lead showed a drop of 13% to INR12,408 per ton. On a 9-month basis, sales mix between domestic and export market remained at 36% and 64%, respectively, the percentage of value-added products in the lead segment has been consistent.

Moving to financial results for our 9 months ended financial year '24-'25. Consolidated revenue increased by 30% to INR1,533 crores. That is we achieved in the 9 month's last year's full year's revenue in the current year. Consolidated EBITDA increased to INR80 crores, up by 47%. EBITDA margin increased to 5.2% compared to 4.6% in 9 months in FY '24.

Consolidated PAT more than doubled to INR41 crores, up 108%. PAT margin increased to 2.7%. On standalone basis also POCL showed a similar growth story with the revenue, EBITDA and PAT up by 29%, 42% and 73%, respectively. Coming to financial business for the quarter on year-on-year basis. Consolidated revenue for Q3 FY '25 increased by 11% to INR509 crores.

Consolidated EBITDA increased to INR26 crores, up 11%. EBITDA margin increased 5.2%. Consolidated PAT increased by 31% to INR13 crores. PAT margin stood strong at 2.6%. On a standalone basis also revenue EBITDA PAT increased by 11%, 9% and 21%, respectively. The performance on a Q-on-Q basis showed a drop because of reduced production and sales of lead, plastics and copper. The reason for the same due to year-end holidays in foreign countries, and it is the trend in the industry.

In conclusion, POCL is well positioned to achieve its target 2030 with a clear focus on expanding lead capacity, exploring new verticals like lithium-ion and delivering over 15% volume growth, 20% plus revenue CAGR and profitability growth, achieving EBITDA margin exceeding 8%, and ROCE above 20%.

Our priorities include driving 60% plus revenue from value-added products and achieving a 20% reduction in energy consumption, underscoring our commitment to sustainability with robust capacity expansion plans, implementation of stringent government regulation, strategic capex initiatives, enhanced operational efficiencies, experienced leadership and steadfast stakeholder support, POCL is passed to exceptional and sustainable growth in the years ahead.

That's all from my side. I would now request to open the floor for Q&A. Thank you, and over to you, moderator.

Moderator: Thank you very much. We will now begin the question and answer session. The first question is from the line of Amit Lahoti from Emkay Global. Please go ahead.

Amit Lahoti: Thanks for the opportunity. I have three questions, if I may ask. First is what led to sequential decline in production and sales volumes. The reason that you gave in your opening remarks doesn't actually fully answer my question. So I basically wanted to repeat the question. And do we see them back to normal levels in Q4? That's my first question?

K. Kumaravel: Okay. You can conclude other questions also.

Amit Lahoti: Sure. So the second question is, what was the share of domestic procurement in Q3? And then what is our target for FY '26? And then the third question is that since you have done a recent capital raise, the ROCE could look optically low in the next one to two quarters until you deploy the cash. So do you still stick to 20% ROE guidance for FY '26 or you might want to give a lower number to get the right anchoring to the market?

K. Kumaravel: Amit, so we'll start with your first question. So with regard to the sales volume decline, if you look at the total 9 months, we have almost completed 95% of what we achieved last year. So that's a very positive sign in terms of the growth trajectory of what we're going to end up with this year. Howsoever, if you look at the particular quarter in question.

This quarter, again, because of the calendar year ending and since we are in the automotive industry, brings a certain amount of decline in terms of quantity because of the holiday season, which is not a decline on this particular quarter standalone, but then it gets kind of compensated in the upcoming quarter.

So that will get balanced out and we should be in a way to achieve a very good quantity for this particular financial year, given that we've already completed 95% of the last year numbers in terms of volumes. Now when it comes to the share of the domestic procurement, we are at just one second...

Vijay Balakrishnan: This is Vijay. So in terms of domestic procurement, last year we were about 86% import and 15% domestic. And this year, there is a reduction in import percentage which is about 75% import and 25% domestic. And we foresee this number to continue the next year as well. With respect to your third question. ROCE, yes, this year the ROCE is around 15% to 18% is something which we can see. But next year, definitely the numbers will be 20% plus.

Management: The reason being that capital employed is not employed throughout the year in the current financial year. If it is available for the throughout the year, that return on capital employed can be seen at the expected level.

Amit Lahoti: So to be clear on the last question, coming back to the first one. So, of course, you can say that there was some slowdown in auto sector plus some holiday period affecting your sales volumes, but why was production volume low. Did you intentionally try to match market expectations on production. Otherwise, what my thought was that you could actually produce it and then sell in the month of January? What it just....

Management: Current Inventory will be more.

Management: Of course, Amit, this is something which is -- which follows a trend. If you look at the previous year also and if you do an analysis on the payers and impact on the industry level also, the export market has a trend which is overlapping on the third quarter. So that justifies it completely.

But the positive part is that quarter 4 is going to improve anyways because there is a certain amount of tonnage that was attributed to quarter 3 that will get transferred to quarter 4. So this is something industry related, Amit.

K. Kumaravel: Again, this holiday because of holidays, imports also is getting delayed in the last week of December or from third week onwards, imports also delayed because of holidays in the foreign countries.

Amit Lahoti: Okay. So you mean import of scrap?

K. Kumaravel: Import of scrap, yes. 75% is improved anyhow, 25% only domestic. So naturally, that import also is after the second week of December, import automatic delay that will pick up only from the second week of January onwards only full pickup will come.

Amit Lahoti: Okay. Thank you. Very clear. Thank you.

Moderator: Thank you. The next question is from the line of Sani Vishe from Axis Securities. Please go ahead.

Sani Vishe: Thank you for taking up my question. My question is broadly on the line of expansions and the use of proceeds from the QIP. So have you started aluminium recycling this quarter? And if not, do we plan to do so in the near future? Similarly, what is the update on the lithium-ion recycling given that we have now raised the funds, the funds are only to be used for lead expansion or we have other plans?

K. Kumaravel: So I'll answer the question. With regard to the QIP that has been raised, the majority part of it will go to the project in question which is the lead, which we're going to go live next month and that is what it is in terms of the capital employed. And of course, we are also looking at an alternative project in terms of the forward integration that we've planned for the nonferrous metal portfolio. So that is from the project side.

Coming to the lithium-ion side of the project. Of course, there is a feasibility study being done and we are in talks for implementing an R&D strategy, because if you look at the overall lithium-ion manufacturing structure, majority of it is leaching, which is part of the second phase, which is a bit of a questionable process, which has not been kind of implemented by anyone as such in India or if you see globally.

The first part of it, of course, mechanical is something which we are fully aware of. And if you look at the procurement cycle, that is going to come out in some time in FY '27. So there'll be more of plug and play prepared at that point of time. So right now, it is still at the feasibility stage. And once we get the go-ahead from the Board, we'll start the implementation.

Management: So in terms of -- your question in terms of utilization of funds out of the total QIP, INR50 crores approximately has been allotted for capex, in that the major part of that amount will be used for expansion of Phase 1 and Phase 2, and the remaining part will be used for our future nonferrous metals portfolio.

Sani Vishe: Okay, great. Thanks a lot.

Moderator: Thank you. The next question is from the line of Shweta Dikshit from Systematix. Please go ahead.

Shweta Dikshit: Hi, good evening everyone. So a couple of questions from my side. One would be on the seasonality that you mentioned in the third quarter. So if that is the case and 2Q we did around 25,000 tons of volumes -- lead volumes especially. So can we see that sales volume going back to that level in the fourth quarter? And the follow-up to that same question is the industry perspective is 2Q the strongest quarter in the year or the fourth quarter can be seen as the strongest quarter for the company?

K. Kumaravel: Yes. Definitely, fourth quarter, in terms of value, we go with the second quarter, no doubt, no doubt. Of course, there is no seasonality in the business. This is because of the year-end holidays in international level, both for supply and for customer side, this is the issue. Otherwise, there is no seasonality for the project, for these products also. What is your next question?

Shweta Dikshit: Quarter-on-quarter, on the volume side, is this fourth quarter, can we see that going back to the 2Q?

K. Kumaravel: Already based on this January performance raw material is coming in full swing, our sales also going in full swing. So we will -- whatever left over in the December quarter, definitely we'll achieve in the fourth quarter.

Shweta Dikshit: Another question being on the EBITDA per ton side, we saw and these steady state run rate of around 12,500 EBITDA per ton for lead this quarter. And it was above 16,000 in the same quarter last year. However, on the percentage side, the margins was still 5.4%. So could you explain this like how is per ton EBITDA so strong, but on the margin percentage basis, we are still at 5.4% in the last quarter last year?

Management: So when compared to -- EBITDA per ton when compared to last Q-o-Q and this quarter, the reason for reduction in EBITDA is due to increase in domestic prices of raw material. This -- our concentration import has come down. There is a 10% reduction in your pricing. So that is one of the predominant factors why the EBITDA per ton per kg in terms of lead has decreased.

K. Kumaravel: That will be partially compensated through the EPR credits which will be accrued in subsequent periods.

Shweta Dikshit: So costlier raw material because of domestic procurement you're saying?

K. Kumaravel: So this is just a transitional effect. In fact, if you look at the domestic market, I mean, the positive thing to look at here is that the domestic procurement portfolio has increased, which is good. And when you look at the overall domestic procurement panning out in the next 3 months to 6 months there will be a balancing effect in terms of the pricing, because if you look at the import price and the domestic pricing in India, there has always been a delta.

I mean, from the beginning, this is something which is a given. But then due to the implementation of EPR, which we have seen panning out. In fact, since the last quarter, again, a positive sign, that will kind of bring down the prices to the even levels and there will be a level playing field, of course, for as far as the domestic and the international procurement is concerned.

Shweta Dikshit: All right. Last question would be on the expansion that's coming in since we are beginning trial production in the month of March, as indicated in the opening comments, from which quarter onward, can we see this capacity at a full utilization level?

K. Kumaravel: So as we have mentioned in the press release, we're going to do the trials in the first week of March. Of course, the coal trials are happening in the next month. And once the trials are on, we will be seeing as close to 80% to 85% utilization in the subsequent quarter, which will be the first quarter of the next financial year.

Shweta Dikshit: All right. Thank you so much. I will join back the queue if I have further questions.

Moderator: Thank you. The next question is from the line of Aadesh Gosalia from Spark Capital. Please go ahead.

Aadesh Gosalia: Thank you so much for the opportunity. I had a couple of questions. The first question was in the opening remarks, you mentioned that there is a significant increase in our sales from the plastic and the copper segment as well. So can you just give some numbers on that, regards how much was both our production and the sales in metric tons, if that's possible?

K. Kumaravel: So do you have further questions or this is the only question?

Aadesh Gosalia: So my next question was with regards to the utilization. So I think you did answer about this to the previous participants. But just to clarify that, as we have almost reached 70% utilization. So you said that the max utilization would be 80%, 85%. And on the same lines, again that the additional capacity that we are adding since from which quarter in FY '26, shall we assume the utilization will be like at the optimum level or at par with the current capacity?

K. Kumaravel: Okay. When it comes to plastics, 9 months and that last year we have done only 612 metric tons. This year the number has increased to 2,984 metric tons approximately. With respect to copper, last year year-on-year, the numbers were 81,000 metric tons. And this year, we have reached about 249 metric tons in terms of copper.

So effectively, when compared to year-on-year basis, the numbers -- the percentage increase is about 387 percentage in terms of plastics and 206 percentage in terms of copper. Lead as you said, it is relatively about 68% -- 68.7 percentage capacity utilization when compared to 51.5% capacity utilization in the previous year.

Aadesh Gosalia: Okay. And what about the optimization of the additional capacity and the deep optimization that we will be able to achieve?

K. Kumaravel: So in terms of the optimization of the additional capacities, the Phase 1 is going to be an additional 36,000 ton, where we foresee close to 75% to 80% utilization. That could be the ideal number to foresee in the upcoming quarters because Phase 2 again is going to come back in the second half of the next financial year. For lead above 75% to 80% capacity is quite reasonable and is definitely achievable, because it has to be again backed by sales, which is part of the order book in progress.

Coming to plastics, I mean, there has been, like Vijay said, there has been quite a significant growth from about 600, 650 tons last year for the 9 months to 3,000 metric tons almost at this 9 months. So there has been reasonable growth in the plastics side. And of course, the balance 3 months, we'll be able to achieve the growth in the same number. And of course, next year onwards, we see a higher capacity utilization in plastics also.

When it comes to copper, numbers are, again, in terms of the overall volumes, it's pretty low, which is about 81 tons last year and 250 tons this year. But these numbers have a very positive trajectory because again in the quarter 4, we're looking at doing a significant amount of copper as well if you look at the entire portfolio, what we have right now.

So all are in line in terms of the trajectory and in terms of the forecast that we've panned out for this particular financial year. And of course, the next financial year also we're looking at good, good numbers, positive numbers as we foresee.

Aadesh Gosalia: Okay. So sir, the 36,000 tons that we are adding, can we assume from like the Q2 of FY '26, will be -- like the production will be at par with the current capacity of 70% utilization or 75%?

K. Kumaravel: Exact, for sure.

Aadesh Gosalia: Only Q2 will be an appropriate estimate or it can happen in Q1 also?

K. Kumaravel: Q1 of course, we've been partial. I mean, we're looking at -- yes, partially in Q1, but Q2 will be full on. Q1 is partial only for the first month. I mean, second and third months should be at an even 75% to 80% utilization.

Aadesh Gosalia: Okay. That's great to hear. And sir, just one feedback from my end that as we are focusing on these other segments like plastic, copper in our revenue mix. So it would be great if you can give the operational performance of these segments also in the presentation like we gave with regards to lead?

K. Kumaravel: The point well noted.

Management: The point well noted. Yes.

Aadesh Gosalia: Thank you so much. I will fall back in queue.

Moderator: Thank you. The next question is from the line of Siddharth Mehrotra from Kotak Institutional Equities. Please go ahead.

Siddharth Mehrotra: Hi, sir. Good afternoon. Just a small question regarding the current structure of the different verticals. So I see that the revenue between -- difference between our standalone and consolidated financials is around INR7 crores, while at the PAT's level, the difference is higher. So could you just tell me which segments are housed in standalone and which segments are housed in consolidated? And whether the new capex, the Phase 1 and Phase 2 capex, are they housed in the standalone entity?

Management: When you see on the EBITDA level, yes, see, we have POCL standalone and within POCL standalone we have lead division as well as copper division. These both divisions come under POCL standalone. When it comes to plastics, it is operating under separate subsidiary name POCL Future Tech Private Limited and we have one more subsidiary called Harsha Exito Engineering Private Limited.

So predominantly, even though -- except for some regular expenses in Harsha, if you see the overall EBITDA numbers, there will be a slight difference, but where the difference is happening is in terms of depreciation in Harsha Exito, wherein we have an asset value of lead block of about INR28 crores, which is predominantly building -- land and building. So that the depreciation is around INR2.03 crores for 9 months.

And for FX as well, we have depreciation plus interest costs, which are both put together, it's about INR3.57 crores. This only has a drastic effect on your difference between your EBITDA and overall PAT.

Siddharth Mehrotra: Okay. So does that mean that our Phase 1 and Phase 2 expansions will be a part of the consolidated entities in Harsha Exito?

Management: The Phase 1, Phase 2 for lead in question will be part of the parent company of Pondy Oxides only. What -- I mean, just to give you a heads up, Harsha Exito is the company that we had acquired through the NCLT last year. So that is what we would kind of highlighting this.

K. Kumaravel: It appeared with some buildings. So automatically, depreciation is to be charged since it is a growing concern.

Siddharth Mehrotra: Okay. Understood. And do we have any plans for merger? Because as I understand, these will obviously be used for our internal sort of projects now. So do we have a merger on the cards?

Management: The board will take it at the appropriate time. That we cannot give you anything on that now. Board has to take a call. And definitely, Board will take a call. Definitely, it is on the card.

Siddharth Mehrotra: Understood, sir. And I just wanted to check. Our EBITDA margins have been fairly stable. We are not really seeing any sort of uptick which we had guided for in our previous calls. So I mean, what are we doing to sort of get this to like higher levels? And how do we plan to achieve them? Any time line?

K. Kumaravel: Look the EBITDA margins that we've kind of indicated earlier, there will be a trajectory of growth because if you look at the Phase 1 operation that we're implementing, there's going to be a fair amount of operational efficiency coming out from the automation part of it and also the entire process as such is far more, I would say, technologically advanced than the status quo.

So there will be a good amount of marginal growth there coming from that particular production and sales from the new plant in lead. When it comes to the current operating plans, there has been a certain amount of change in fuel. So that part will also be reflecting in the upcoming quarters.

And we've shown a guidance, I mean, indicative in our projects -- in terms of our corporate report that we -- the presentation that we have given and uploaded in the site that will be transitioning from a 6% EBITDA margin on a blended level to an 8% over the next 3 to 4 years.

So that is what we kind of foresee in the upcoming years and that will kind of start panning out transitionally. Of course, not immediately in a very steep way, but yes transitionally in the upcoming quarters.

Siddharth Mehrotra: Okay. So do we have any near-term guidance, maybe say the next year, FY '26, FY '27 instead of like a 4-year, 4 years is a long time?

K. Kumaravel: If you look at the phases that we are implementing, indicatively, the first phase will -- the first phase and the second phase will increase our EBITDA margins for the project of lead that we are going to start next month. So we see an EBITDA percent of course, improved to close to 6% plus levels in the upcoming quarters. And of course, the blended will increase because if you look at the other plants.

They will continue to have these EBITDA levels until the time the automation is brought there. But then, of course, there will be a transition -- growth trajectory from the current status quo to 6% levels.

Siddharth Mehrotra: Okay. Around 6% odd-levels. Got it. And one small clarification, you had highlighted earlier in the opening remarks that this is the first of its kind plant, this particular lead expansion. So like what else different about it? I was not able to understand that exactly. Is there any different technology or lead smelters different? Did not get your point?

K. Kumaravel: So the technology remains the same. Basically, in terms of the entire engineering approach, it is far ahead of what we do in terms of recycling now. So if you look at the overall structure of lead recycling. This is far more smart, lean and integrated. So there is a certain amount of benefit in manpower, a certain amount of benefit in terms of the efficiency in fuel and in terms of the entire operational batch time, there is going to be a lot of savings.

So that's the reason why we have mentioned that it span of its kind and in the true sense, state-of-the-art plan. Of course, once it starts and once it kind of starts giving out the product portfolio, then it will, of course, reflected the numbers. So that is why we mentioned, state-of-the-art in the true sense. Yes.

Siddharth Mehrotra: Okay. Thanks a lot.

Moderator: Thank you. The next question is from the line of Sanjay Parekh from Sohum Asset Managers. Please go ahead.

Sanjay Parekh: So, one is I just missed the copper volume what would it be? What was it in this year? And what is the expected fourth quarter and what is expected next year? I just missed that one?

K. Kumaravel: So in terms of the volume for lead, so far it is close to 67,500 - close to 68,000 numbers so far for 9 months period.

Sanjay Parekh: I am asking for the copper?

K. Kumaravel: So if I look -- if you look at the entire trajectory for Q4, we should be able to, of course, cross 90,000 levels for this year ended which is again a good number considering that we did close to 70,000 tons last year. So that is as far as lead is concerned. Even in plastics, the numbers which we have done so far is about 3,000 tons.

And there is, again, the same trajectory for the year ended for the financial year and the 25 for plastics as well and likewise in copper, we have kind of increased our numbers from I mean, very meagre to 81 tons to close to 250 tons so far. And we, again, expect a good amount of growth in copper as we move ahead, I mean, a higher number -- a much higher number in Q4.

And likewise, given the presentation that we've already uploaded on the website. For lead our expansion plans are again on path. So given the Phase 1 implementation and the incremental increase to 168,000 tons in lead. And by the end of the year to 204,000 tons in lead, there will be a very sharp good amount of increase as far as production and sales is concerned for lead from 90,000 levels to, again, same growth pattern that we foresee and have highlighted in the presentation.

And as far as copper is concerned, copper is again a very important portfolio for us. So we look at it again from a very important and priority point of view after lead. And that number will also significantly grow in the upcoming quarters. Likewise, in plastics because plastics is something which is, again, complementary to lead because it's again a byproduct that we get from the recycling of the lead batteries. So that number will be directly proportional in terms of the growth actually pan out in lead.

Sanjay Parekh: Yes. No, I just -- I got this point. It's very helpful. Only one thing is copper volume next year, what is the -- I just missed the cooper volume for next year. I just wanted to understand this is the part of -- this is separate processing, right? This is not a part of the lead plant that we are expecting, copper processing will be separate or it's a part of this?

K. Kumaravel: No. So we have in total 4 verticals status quo. We have lead, copper, plastics and aluminium. Lead, again, is very -- these are hero products. So we have a priority set to, of course, given that we've already transitioned from 70,000 numbers to close to the numbers that we anticipate for this year. Copper is again a separate process.

Principally, of course, it involves similar processes in terms of the smelting, in terms of different activities that we intend to do. But yes, it is a separate vertical and we intend to reach a very decent amount of portfolio number as far as copper is concerned.

Sanjay Parekh: Okay. So you're saying volumes for copper?

K. Kumaravel: Copper volume for the full year should be roughly between -- we are expecting close to 3,000.

Management: 700 to 1,000 metric ton is something which we are expecting this year. Next year should be around 2,500 to 3,000 metric tons is something which we are expecting.

Sanjay Parekh: Right. And the plastic ramp up can reduce the losses that we have in the future plastic -- the subsidiary?

Management: True, yes. So there is -- if you look at the P&L, there the material margin is positive. Then, of course, the operating margins are positive. Now when it comes to EBITDA, yes, we -- because of different factors. There is a certain amount of gestation period that we have invested in the project to ensure that it pans out in the way that we intended to. So that will be a complete turnaround in the next financial year.

Sanjay Parekh: Sure. The last one like our asset turns are good for this business. I mean there's hardly any appreciation. So let's say, you do 6%, 6.5%, 6% margins that you're expecting next year and your asset dynamics is doing some calculation, can be around 4.5 if your projection for next year is 8? That means that 24%, 25% ROCE is a possibility.

So do you -- I mean what I'm trying to understand is, wouldn't you target that sort of scenario, which is very possible from your capital employed and planning that you're doing? All it seems that, that should not be achievable and it could be a little less. I mean, I'm just trying to understand the character of the business not getting to a number?

K. Kumaravel: So this is a very exciting time for us because, again we're expanding in lead, our focus on copper as a portfolio is extremely important for us because it again is a growing metal as far as we see in the overall market scenario. And plastics is again something which we are highly invested into in terms of time.

So we are looking forward to achieving the numbers that we've already highlighted in terms of the ROCE, the return on capital employed or the EBITDA or the asset turnover. So we are very positive about the growing scenarios that we kind of see in the upcoming quarters in the upcoming years.

Sanjay Parekh: Sure. Sure. Sir, last, just kind of because things are volatile on raw materials, finished product, currencies and our margins are limited. So a little bit. I mean, we understood from your earlier interaction, but if you can -- how do you manage this risk in a way that these margins of 5 goes up to 6 and then eventually 7. So a little bit on risk management, how do you handle that if you can help with my risk management?

Piyush Dhawan: See, when it comes to risk management, the import, it's, of course, divided into import. The procurement is divided into imports and the domestic procurement that we do. And we've done about 74% imports and 26% domestic for this particular quarter. So as far as our imports are concerned, that is again, back-to-back hedge when it comes to purchase and sales.

So there is a risk management that has been there for, for a good period, for a good amount of period in the last so many years. When it comes to domestic procurement, that is something which has come out and started, I would say, exploding or, I would say, expanding now. Because earlier, of course, there was a reservation when it came to domestic procurement.

Now we see the domestic procurement in fact, increased to good and certain amount of levers that can increase and that will increase our entire appetite in procurement as far as the entire procurement for lead is concerned. So given that EPR is transitioning, so there is a decent amount of, I would say, delta when it comes to the landed cost for the cost of a lead scrap in India and versus the cost of domestic procurement.

Of course, we know that the cash conversion cycle will improve given that the domestic procurement logistic is far more better than the inputs. But given that there is a transition in terms of the local procurement, and it is getting far more organized than what we had kind of expected.

There will be a transition of close to six months where you will see a volatility, but that this volatility is not kind of more concerning to us because they're looking at procuring larger number of batteries, because that is what our intent is, given that we're expanding our capacities and looking at sales of course, higher than what we have done so far, like we've already crossed more than 95% of our total volumes since last year, and again, the trajectory is positive.

So when it comes to risk management, the domestic will kind of improve over the next 3 to 6 months, given that EPR is going to play a very important and significant role in bringing it down to good amount of levels that are with the imports.

K. Kumaravel: To add on what Mr. Piyush has already mentioned, in terms of currency risk, right now since our import percentage has come down, we are typically a net exporter. So predominantly, the currency risk is being managed through natural hedge and the net part is being hedged through forward contracts. So over a period of last five years also, if you see, we have seen ups and downs in the markets as well as volatility remaining, but you will see consistently, our EBITDA margins are at the same level. be it currency risk or commodity risk, it has not affected our operations that you can see in the other income as well.

Sanjay Parekh: Sure. Also one thing just an observation that your -- and in many of your slide business as a glance you said, your 10-year revenue and EBITDA growth is 15%, 10 year target point. I mean I'm just taking a longer-term vision, you've set it for FY '30, 20% growth. So the question I have is this could be in this coming year based on your plan, the growth will be higher or -- because based on the plan of volume this year should be a growth, higher growth, not 20% for '26. So this year and then over a longer period, your plan is 20%. So 20% doesn't mean that FY '26 we'll have 20% growth?

K. Kumaravel: Yes.. That is exceptional year '26. Due to some new expansion plans, jerk in the volume will be there. So we are giving that average growth of the 15% to 20%. That doesn't mean '26 also be 20% growth. The higher volume will be there because of new implementation of the project.

Piyush Dhawan: Just to add, it is basically a CAGR over the next 10 years. Now we have panned out. Of course, there will be a absolute trend.

Sanjay Parekh: '26 and '27 also because you would have further capacity expansion benefits. So '26-'27 could be a higher growth and then just an aspirationally, you're talking 20%, not that you're saying every year will be at 20%?

K. Kumaravel: By 20%, we mean a stable aspirational growth over the next 5 years, 6 years. Of course, there will be things when there will be 27, 25, 24 and then, of course, there will be time when it will be an even 20. So that's a futuristic number 20 what we have given. The next year, given our capacities will expand to 168,000 immediately and, of course, 204,000, there will be a little bit of a steep curve in terms of growth, of course, but then yes overall, there is going to be a 20% CAGR in the lead segment. And the overall segment here also.

Sanjay Parekh: Okay. Thank you very much and best wishes.

Moderator: Thank you. The next question is from the line of Khush Gosrani from InCred Asset Management. Please go ahead.

Khush Gosrani: Thank you for the opportunity. Just wanted to understand if -- over long term if our domestic sourcing increases, margin should remain stable or improve from here?

Piyush Dhawan: So when it comes to our increase in domestic procurement, we just don't see increase in domestic procurement standalone because given our capacities, our requirement for volumes will be in absolute terms, growing in both imports and domestic. So, yes, reliance will be, of course, equally divided because we're looking at numbers right now, like we have 76 -- 74, 26, we're looking at an even 60-40 or 55%, 45% because both will exponentially increase.

And when it comes to margins in terms of what has transpired for this quarter, that is going to again transition to a very even level playing number for domestic and the import with the arbitrage coming down and the number becoming equal into basically either the interest cost or basically attributing to the cash conversion cycle factors. That's all, yes.

Khush Gosrani: Sure. Got it, sir. And over next, as the expansion happens, the margin growth would be restricted because the cost of these facilities would be coming on?

Piyush Dhawan: I'm sorry, can you please repeat?

Khush Gosrani: So sir, in terms of new commissioning post the trial for the 36,000 tons, we could see it taking at least one quarter or two quarters to stabilize the plant?

Piyush Dhawan: One quarter. See lead is something which is there predominantly from the beginning. So lead is not something which we have a learning curve to establish. So we see that getting, I mean, started from the first quarter itself. Of course, the first month will -- may not have that kind of utilization. But yes, overall, we see that number coming up rightfully from the second quarter.

Management: Yes, from second quarter onwards, that will come in full swing. Maybe first quarter is full period, maybe the gate would settle down in full.

Khush Gosrani: Got it. Thank you. I will get back in the queue.

Moderator: Thank you. The next question is from the line of Amit Agicha from HG Hawa and Company. Please go ahead.

Amit Agicha: Good afternoon, sir. Congratulations to the team for a good set of numbers. Most of my questions have been answered. Just like to follow up, like what are the management's expectations for demand trends across domestic and export markets in '25 and '26?

Management: Thank you so much. So with regard to the demand side or the sales side, so when it comes to lead, if you look at the overall market scenario, what has been projected in reports. And what we also foresee given that we've been in the market for so long, both are in double-digit numbers. If you see the international market, that also shows a CAGR of -- a good amount of CAGRs. And likewise, in the domestic side also, we see a good amount of growth.

Certain verticals such as your automobile and which kind of forms the main part of the lead segment, which is room we cater to. In addition to that, if we look at the telecom side, the database, the data centers increasing, even the electric vehicles increase that -- all of that has a positive impact on the growth of lead as such.

And that kind of plays out well for us, both internationally and again, internationally because of growth in such industries and domestically, primarily because, of course, the industries are also growing. But then given that the government initiatives kind of have a favorable impact on us the procurement will also increase. That come -- that is as far as the procurement is concerned.

On the demand side of it, internationally, given that these segments are growing, we also have a certain demand to cater to. So there has always been an order book that we have filled up. And again, we see the demand side internationally grow at good levels because that is -- and that was one of the rationales for the expansion for the 72,000 tons.

On the domestic front, also, if you look at all the verticals in terms of your batteries, different types, whether it is a telecom tower battery or an automobile battery, all these have a growing trend, even an EV requires a battery, even your data centers or telecom, the railways, there is a positive trend of growth due to the industrialization, given that India as a country also is positioned to play a very important role in the Asia Pacific called the Southeast Asian region.

So that kind of plays out very well for us. As far as copper is -- I mean, that is given the lead portfolio. When it comes to plastics, it more or less the supply side is complementing because that kind of is coming out from the lead acid battery, but when it comes to the demand side of it, again, we cater primarily to the automobile, to again, the battery segment to, again, a lot of engineering and industrial plastics segment. And that also plays out very well for us.

These are exciting times for recycling overall. Copper as a metal also is high on demand. And I mean if you look at the overall resources, these are end of the natural resources. And given that the nonferrous metals that we are in are again declining in terms of, if I may say, so declining on a marginal basis from the primary route, the secondary route will, of course, have a growing trend. So that kind of helps us in the larger sense of the market.

Amit Agicha: Thank you so much for explaining in detail and all the best for the future.

Moderator: Thank you. The next question is from the line of Soham Arora from Samar Wealth Advisors. Please go ahead.

Soham Arora: Congratulations for the good set of numbers. So I just have a small question regarding like you had mentioned earlier that there has been an increase in the domestic prices. So now you are increasing your domestic procurement. So is there going to have a significant effect on that?

Management: See, we look at procurement from a weighted average point of view. So when we say that we have imported 74% and domestically procured 26%, both have a positive impact. When we say that 26% is domestic and our footprint on the domestic map is improving, that should be taken on a note that our domestic footprint overall in procurement is improving. Now when it comes to the prices, as we've mentioned earlier, there is a transition.

There is a period which will overlap because there is an understanding, which we have to impact in terms of the EPR commercials to the brand owners, to the OEs to commercialize it basically and bring it back closer to levels of the landed cost of imports. It is not going to happen overnight, but it is also not going to happen over one year. It is going to happen within 3 to 6 months because that is how we see the overall market shaping up.

Soham Arora: Okay. And what is the utilization rate that you are expecting for plastic and the other segments?

Management: One second. So in plastics, we -- last year, we've done close to 50%. Last year, capacity utilization was about -- this year, the capacity utilization is close to 50%, and that will increase to, but would be increasing to the ideal mix of about 75% to 80% in the next financial year. That is as far as the plastic segment is concerned. As far as lead segment, we are at 68% status quo.

And we have, again, previously also mentioned that any percentage between 75 to 80 is very ideal for a lead vertical. As far as copper is concerned, yes, we are very positive on outlook when it comes to copper, and we see that product portfolio develop. And with the utilization levels coming to double digit at least from next year onwards.

Soham Arora: Thank you sir. Congratulations again.

Moderator: The next question is from the line of Rohit Ohri from Progressive Shares PMS. Please go ahead.

Rohit Ohri: Would you like to share any progress or developments related to the R&D facilities for the value-added products, maybe in the current portfolio or the one which are the other feasible products that are starting?

Piyush Dhawan: So as far as the R&D facilities are concerned, what we are looking at is, of course, lithium ion is an important vertical that we look at because it is something which is going to eventually coming, which is going to eventually come up. When you look at the current status quo procurement. If we look at the entire project from a point of view where it meets procurement and to the end sales.

So we also follow the entire circular concept of the entire operations. When we look at lithium-ion as far as the operational process is concerned, one part of the mechanical process is completely aligned to our expectation, but the other part you have to derive the element in a mono polymer form, for example, a lithium or a cobalt or a nickel or a manganese or phosphorus. So that is currently being derived in a compound form whether it's a carbonate or a sulphate.

So that kind of doesn't work out well because then we cannot kind of give it back to the same industry. So that is where we are going to work on over the next 2 years to 3 years -- 2 years, because we expect the entire procurement cycle to begin effective 2027 calendar year. As far as the other verticals are concerned, of course, given that we have already highlighted in the corporate report that we published about, I believe last year. So the rubber is, of course, forming part of the R&D segment.

And we look at other verticals also, I mean, the organic ones, which are already there in our current portfolio to kind of expand and we look at adding value-added products. So say, for example, we're manufacturing lead alloys. So if we were to add more lead alloys or improve the way we manufacture the pure lead then that kind of becomes a value-added product for us. Likewise, in plastics, a compound will be a value-added product.

So eventually, we see more of value-added products coming into the portfolio. And of course, the R&D will continue to grow in other verticals as well. But specifically, it will be restricted to the nonferrous segments only.

Rohit Ohri: Piyush when do you think these efforts that the team is putting in will translate or start translating into probably 100, 200, 300 bps kind of uptick in the EBITDA margins?

Piyush Dhawan: That's a journey that we've undertaken and envisaged since we started the expansion. So if you look at the numbers previously, we've been quite stable that way. Now the incremental growth or the basis points increase, like you mentioned, whether it's incremental of 20%, 25% every quarter or a 50% blended of 7% to 8% will happen over a period of time because that is the intent that is what we have envisaged.

And that is something what we will have to undergo a journey as such to ensure that we have a portfolio, a strong portfolio where we have lead -- where we have, again, plastics where we have copper and aluminium and other verticals also playing an integral role in kind of adding value addition. So that is a journey that we've undertaken for the next 3 to 5 years and that is where we are headed in the right direction.

Rohit Ohri: Okay. If you can share that I know somewhere around 94%, 95% of the revenue comes from lead. By when do you think that this pie would get shifted to somewhere around 65% or 70% portfolio of lead?

Piyush Dhawan: Over the next 3 years, 2 years to 3 years because in complementing to lead. Our focus on other verticals have also been very clear. And once the priority of lead is completed, this particular month as such. Of course, Phase 2 is a given, a priority on other nonferrous metals will also be undertaken with immediate effect.

So that way, the percentage will start also kind of -- the dependency assets will start reducing over the next quarters, you will see that, of course, happening given that the numbers in plastics will kind of start having a positive impact and also copper growing in terms of the total top line. So that way, we see that happening over the next 3 years of course, but the transition will be on an incremental basis every quarter or a half yearly quarter for the next 3 years.

Rohit Ohri: Is it possible to share the milestone in the next maybe 4 quarters or maybe 6 quarters as such. Because 3 years become slightly stretched. So your limited targets, if you'd like to share over the next 1.5 years or so for lead reducing the target?

Management: The target is to reduce from the 95% plus to 90% before the end of this financial year. Next year, probably, we bring down to 80%, '25/'26. Then thereafter bring down to 70%, every year, 10% reduction.

Rohit Ohri: Okay. That makes a lot of sense. My last question would be on any issues or any problems that we see because of PWMR, RCM or EPR coming into play, anything related to the GST or the taxes, which is slightly negative or a one-off or exceptional item for us for the current year or the next year?

Piyush Dhawan: Everything kind of also positive for us. I mean, all the government initiatives that have been undertaken, be it the BWMR in terms of stringent guidelines. So better the compliances, the stringent the compliance, the better for us. When it comes to the PWMR likewise. When it comes to EPR, again, that's a positive thing for us because we, again are an important stakeholder in the ecosystem, when it comes to recycling and manufacturing and giving it back to the circular economy or to the OE.

And likewise, I mean, GST also, so that, again, works out well in kind of transitioning from the current status quo of the unorganized segment to the organized and bringing us in a level playing field when it comes to procuring and selling. So we don't see any of the factors becoming an issue, rather those are solutions to the issues that we've faced in the past.

Rohit Ohri: Nothing from the RCM side as well. Nothing from the reverse?

Piyush Dhawan: RCM also -- so in terms of batteries, that...

Management: RCM is getting notified shortly.

Rohit Ohri: So, Piyush, you think that these unorganized players, they will continue to be competition to you? Or they will be eliminated or do you think that you will form some complementary alliances with these unorganized players going forward?

Piyush Dhawan: I think the latter one, what you said, I mean, the -- so they will start complementing and also coming to the ecosystem, organized ecosystem. Elimination is not something which is the positive approach forward. I mean bringing them aligned with an ecosystem, which is good for the entire economy of India and also in recycling is what we foresee.

So they will kind of also become part of the entire value chain proposition for us in terms of whether it is procurement of battery or the other raw materials that goes into refining.

Rohit Ohri: Are you looking at acquiring some of these smaller entities and making it larger?

Piyush Dhawan: So nothing as of now. I mean that is something which will shape up in the upcoming quarters, years. So that is something which we cannot comment on right now, but then that is something that time will tell and how they kind of react to coming into the level to the organized segment.

Rohit Ohri: Last question if Vijay can help. By when do you think that Phase 2 expansion will be achieved? And by when do you think that you will be able to get the maximum utilization from the Phase 2 of expansion plan?

Vijay Balakrishnan: Phase 2 expansion, we are expecting in the second quarter of next financial year, that is 2Q FY 2026. As Piyush rightly said, first phase we will start from April onwards and achieve about 72, 75 metric ton. And the second phase, yes, of course, we'll start our thing in the Q2 and from September and from October onwards, that also the capacity utilization will be around 70% to 75%.

Overall, for full year you can see a 56,000 for next year on a blended basis, the output should be around the range of 50 to 55 metric tons of output in the TKD plant.

Management: Incremental 72%.

Rohit Ohri: Thank you team. Thank you for answering my question.

Moderator: Thank you. Ladies and gentlemen, this will be our last question. It's from the line of Shweta Dikshit from Systematix. Please go ahead.

Shweta Dikshit: My last question is any thoughts on aluminium, whether what we're looking at for FY '26, I suppose FY '25 that the segment was put on a pause, but how are we looking at it? What's the future outlook for the segment? Any clarity there?

Piyush Dhawan: Yes. So when it came to the aluminium, the die cast series that we started last year, I mean the start was good. But again the business scenario kind of became very vulnerable because unfortunately hedging the die cast alloy. The alloy in question where aluminium typically forms about 80% to 85% of the entire alloy wasn't possible.

And the entire industry, in fact, I mean, just not to kind of benchmark us the entire industry as such even significantly larger players in India got affected drastically. So it was judicious of Pondy Oxides to kind of take a step back and put it in dormancy. Looking forward for this year, we're not kind of completely moving out from aluminium.

We're looking at it from a very different approach where there is a very strong possibility of kind of hedging both the supply and demand side of it. So we're looking at an alternative arrangement in terms of the product portfolio, but aluminium will be a factor which will play a role in the entire portfolio because nonferrous to us the entire portfolio analysis is quite important and aluminium in the next financial year, you will kind of see aluminium numbers come in some form or the other for sure.

Shweta Dikshit: All right. Thank you. A follow-up on that is, I mean, are we still looking at evaluating the product portfolio for the aluminium segment or that is something that we still need to zero it down and then progress towards on that path?

Piyush Dhawan: No. We have done our evaluation, of course. But just since our priority right now like we mentioned earlier, our priority now is to kind of ensure that lead gets implemented seamlessly and then we, again do not review, but just to kind of implement and execute what we've planned in aluminium also. So that will take some amount of time, but then that is something which will be part of the journey for the next 3 years.

Shweta Dikshit: But it is like affirmatively going to be contributing to the top line this FY '26, maybe?

Piyush Dhawan: Yes.

Shweta Dikshit: All right. Thank you.

Moderator: Thank you. Ladies and gentlemen, that was the last question for today's conference call. I now hand the conference over to the management for the closing comments.

K. Kumaravel: Thank you, everyone for participating in this call. We trust we have addressed all your queries during this session. However, if there are any remaining questions, please feel free to reach out to us for Investor Relations team at Go India Advisors. Once again, we extend our gratitude to all the participants for joining us today. Thank you, and have a great day.

Moderator: On behalf of Go India Advisors LLP, that concludes this conference. Thank you for joining us, and you may now disconnect your lines.