

PONDY OXIDES AND CHEMICALS LIMITED **POCL**[®]

18th October 2024

National Stock Exchange of India Ltd
Exchange Plaza, 5th Floor,
Plot No. C/1, G Block,
Bandra Kurla Complex, Bandra (E),
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 Q2 FY 2024-25 Investor Call held on 17th October 2024

With reference to our letter dated 17th October 2024, intimating you about the link of the audio recordings of the investor call held on Thursday, 17th October 2024 at 04:00 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**

K. Kumaravel
Director Finance & Company Secretary

Pondy Oxides and Chemicals Ltd (532626)

Q2 2025 Earnings Conference Call

October 17, 2024 • 04:00 pm (IST)

Final Transcript

Corporate Participants

Ashish Bansal

Managing Director | Pondy Oxides and Chemicals Limited

Piyush Dhawan

President, Commercial and Strategy | Pondy Oxides and Chemicals Limited

K. Kumaravel

Director of Finance and Company Secretary | Pondy Oxides and Chemicals Limited

Vijay Balakrishnan

Chief Financial Officer | Pondy Oxides and Chemicals Limited

Conference Call Participants

Radhakrishnan Chonat

Director of Business | AlphaStreet

Pradeep Rawat

Analyst | Yogya Capital

Shivam Agarwal

Analyst | Groww Mutual Funds

Nishant Gupta

Analyst | Minerva Global Capital

Prathamesh Dhiwar

Analyst | Tiger Assets

Pranav Shrimal

Analyst | PINC Wealth

Hinal Kothari

Analyst | Systematix Group

Khush Nahar

Analyst | Electrum Portfolio Managers

Arijit Dutta

Analyst | Kotak Mahindra Asset Management

Dhruv Aggarwal

Analyst | CRISIL Limited

Rohit Ohri

Analyst | Progressive Share Brokers Pvt. Ltd.

Dikshi Jain

Analyst | Investsavvy PMS

Dilip Jain

Analyst | Fidelity Investments

Presentation



Radhakrishnan Chonat

Director of Business | AlphaStreet

Good afternoon, ladies and gentlemen, and welcome to the Second Quarter FY 2024-'25 Earnings Call of Pondy Oxides and Chemicals Limited, hosted by AlphaStreet.

This is Radhakrishnan Chonat from AlphaStreet and it's an absolute pleasure to host Pondy Oxides and Chemicals Limited for their quarterly earnings results conference call.

From the POCL management, we have Mr. Ashish Bansal, Managing Director; Mr. K. Kumaravel, Director of Finance and Company Secretary; Mr. Vijay Balakrishnan, Chief Financial Officer; and Mr. Piyush Dhawan, President of Commercial and Strategy.

As a reminder, today's call is being recorded. For professional investors, we are live-streaming this audio along with the AI-generated live transcript on our alphastreet.com platform. A replay audio of this call will be made available on alphastreet.com platform as well as on AlphaStreet India's YouTube channel. A fully edited final transcript will be made available shortly afterwards on AlphaStreet.

With that, may I now request Mr. Ashish to take you through the financial performance and highlights. Post that, we can start with the Q&A session. Over to you, Mr. Ashish.



Ashish Bansal

Managing Director | Pondy Oxides and Chemicals Limited

Thank you, Mr. Radhakrishnan. Good afternoon, everyone. We wish you a warm welcome to POCL's Second Quarter FY '24-'25 Earnings Call.

The investor presentation is available on the website and the stock exchange for your reference. We will briefly discuss on the financial and operational performance and strategic updates for the quarter ended September 2024. As you are aware, we don't provide any specific guidance on our company's revenue or earnings and any communication/discussions on this call which reflect our outlook for the future, and which could be construed as a forward-looking statement, must be reviewed in conjunction with the risks that the company may face.

I am pleased to inform you that POCL has delivered strong performance for Q2 FY 2025 on both financial and operational front. Before getting into operational and financial highlights, I would like to share status of the ongoing projects and strategic updates.

With respect to our project at Thervoykandigai, building construction and erection of plant and machinery is in progress which is expected to be completed for trials by end of this calendar year and production will commence from Q4 2025. We are increasing capacities in lead vertical from 132,000 metric tons per annum to 204,000 metric tons per annum in two phases of 36,000 metric tons each.

The company's existing equity shares have been sub-divided from one equity share of having nominal value -- nominal face value of INR10 per share into two equity shares having face value of INR5 per share in order to enhance the liquidity and accessibility of shares in the capital markets. The Board has approved raising of funds for an aggregate amount not exceeding INR250 crores through Qualified Institutional Placement to be utilized for long-term growth and strategic expansions of existing and new verticals. POCL's strategic investments in capacity expansions indicate a proactive approach to meet increasing market demands, positioning the company to leverage growth opportunities -- and opportunities effectively.

With respect to the operational highlights, we wish to inform you that the capacity utilization of both lead, plastic and copper has increased substantially on both half yearly and quarterly basis. Lead division sales has increased by 47% year-on-year to 45,959 metric tons on half yearly basis and 49% year-on-year to 25,294 metric tons on quarterly basis. Sales mix between domestic and exports market remained at 32% and 68%, respectively. The percentage of value-added products in the Lead segment has been consistent at about 60%.

With respect to our financial highlights, our consolidated revenue from operations has increased to INR1,024 crores, up 42% and 30% on year-on-year and Q-o-Q basis, respectively. POCL experienced this substantial growth as a result of increased production, sales, and realizations in lead, plastics and copper.

Consolidated EBITDA increased by 75% to INR53.24 crores on year-on-year basis. EBITDA margins stood strong at 5.2%, up from 4.2% in H1 FY '24. On half yearly basis, finance costs decreased by INR2.1 crores, a 25% reduction year-on-year, contributing to an increase in PAT. Consolidated PAT increased by 188% to INR28.21 crores on year-on-year basis. PAT margins increased to 3% plus for the same period.

On a standalone basis also, POCL reported a strong financial performance. Revenue from

operations, EBITDA and PAT increased by 41%, 68% and 117%, respectively on year-on-year basis.

We look at the current trends shaping up the recycling industries. The projected growth of recycled lead market underscores the increasing importance of recycling initiatives, driven by the demand from automotive, construction and renewable energy sectors. The rising demand for electric vehicles, that is EVs, is anticipated to further propel the demand for batteries, which use lead acid batteries for ignition and other ancillary applications.

The amendment to the Battery Waste Management Rules highlights the government's shift towards stricter accountability for battery producers, ensuring they take responsibility for the entire lifecycle of their products. Heightened regulation may also lead to increased consumer awareness about battery disposal, encouraging responsible consumption and recycling practices among users. The regulatory changes will likely influence market dynamics to develop the most effective and compliant recycling solutions. Overall, POCL stands to gain from these regulatory initiatives aimed at industry's formalization and growth.

POCL's outlook is positively influenced by strategic capacity expansion, enhanced operational efficiencies, a well-planned capital expenditure strategy, effective management practices. Ongoing support from our stakeholders, including investors and customers, is vital for POCL to implement its ambitious plans and achieve sustainable growth.

We appreciate you all participating in today's call.

Radhakrishnan, over to you.

Questions and Answers



Radhakrishnan Chonat
Director of Business | AlphaStreet

Thank you, Mr. Ashish.

With that, we'll now move into our question-and-answer session. Today, we have participants joining via our webinar platform and also via our tele-calling platform. Now for those participants who have joined us and connected with us through the webinar platform and who wish to ask a question directly, I request you to please use the Raise Hand functionality. I will call out your name and request the operator to unmute the participant. Also, I kindly request you to announce your name and your company affiliation before asking your questions. Participants can also post their questions directly to us via the chat box and we can ask the questions on your behalf.

With that, operators, please allow anyone to raise their hand.

Let's take our first question from the line of Pradeep Rawat.



Pradeep Rawat
Analyst | Yogya Capital

Yeah, thank you for the opportunity and good evening to everyone. So, first of all, great set of numbers. Congratulations on that. So, my first question is regarding the growth number. So, we posted some 47-odd-percent of volume increase. So, could you highlight the reason behind that?



Piyush Dhawan
President, Commercial and Strategy | Pandy Oxides and Chemicals Limited

Hi, Pradeep. Piyush, this side. So, with regard to the volume increase, it is primarily driven by the lead vertical and we see a lot of potential demand coming in and that is the one -- that is one of the reasons which backs up the expansion which is going to come up in December this calendar year.

**Pradeep Rawat**

Analyst | Yogya Capital

Yes, understood, but I just wanted to know the underlying reason behind the increased volume. So, it's not normal that we are growing at 47-odd-percent. So, there must be some particular reason for that.

**Ashish Bansal**

Managing Director | Pandy Oxides and Chemicals Limited

Yeah, we have added couple of new customers and penetrated in few more markets which has also given us a good set of volume numbers.

**Pradeep Rawat**

Analyst | Yogya Capital

Okay, understood. And my second question is regarding our aluminum and plastic segments. So, how are they currently faring? Previously, they were loss-making, if I am not wrong.

**Piyush Dhawan**

President, Commercial and Strategy | Pandy Oxides and Chemicals Limited

Yes, that is true. So, what we have done is, in aluminum, we are basically changing directions. We are looking at from revamping the portfolio from the -- I mean, the vanilla die-cast alloys, which kind of doesn't drive the profitability overall. So we are re-reviewing the portfolio and now focusing on a rather value-added product vis-a-vis what we were previously manufacturing. Hence, we have kind of paused it for the moment. So, we are changing directions in the aluminum vertical.

As far as the plastics vertical is concerned, there has been a relative turnaround from previous year, of course. If we compare it with the previous quarter, we we're growing steadily about 300 tons, 350 tons. Of course, we have not been able to kind of utilize the capacities as anticipated, but then we look at the long-run sustainable model which will kind of bring in the value addition which we have kind of anticipated as projections. And the turnaround will be expected in the third or fourth quarter of this financial year.



Pradeep Rawat
Analyst | Yogya Capital

Okay. So, they are currently in EBITDA losses?



Piyush Dhawan
President, Commercial and Strategy | Pandy Oxides and Chemicals Limited

No. So, plastics is EBITDA positive as of now and aluminum, it is -- we have paused it for the moment. So, there is no top or bottom line addition or contribution.



Pradeep Rawat
Analyst | Yogya Capital

Okay, understood. I'll join back the queue. Thank you.



Ashish Bansal
Managing Director | Pandy Oxides and Chemicals Limited

Thank you.



Radhakrishnan Chonat
Director of Business | AlphaStreet

Thank you, Pradeep. That was Pradeep Rawat from Yogya Capital. As a reminder, ladies and gentlemen, please use the Raise Hand functionality in order to ask a question. The next question is from the line of Shivam Agarwal. Go ahead, Shivam.



Shivam Agarwal
Analyst | Groww Mutual Funds

Yeah, hi. Am I audible?



Radhakrishnan Chonat
Director of Business | AlphaStreet

Yes.



Shivam Agarwal
Analyst | Groww Mutual Funds

Yeah. Hi, sir. Just wanted to understand the working capital movement in this half, H1 FY '25, there has been a sharp increase in working capital and our OCF has been negative, post working capital. So, if you can elaborate on that.



K. Kumaravel
Director of Finance and Company Secretary | Pandy Oxides and Chemicals Limited

Actually, turnover for this quarter is jumped, as you know, it is 40%, 45% jump in turnover. Due to that, then utilization of working capital also is there to some extent. And average utilization period has come down a little bit from 54 days to now below 50 days now. Though utilization is little, because of increase in turnovers, so again point-of-time figure as on 30th September, then subsequently it is coming down periodically.



Shivam Agarwal
Analyst | Groww Mutual Funds

So -- okay. So, I mean, totally it is a function of volume -- I mean, revenue growth, right?



K. Kumaravel
Director of Finance and Company Secretary | Pandy Oxides and Chemicals Limited

Yeah, yeah. As per the revenue growth only, it is going as per the proportion.

**Shivam Agarwal**

Analyst | Groww Mutual Funds

Okay, sir. That's it. Thank you.

**Radhakrishnan Chonat**

Director of Business | AlphaStreet

Thank you, Shivam Agarwal from Groww Capital. Ladies and gentlemen, a reminder to use Raise Hand functionality.

I see that we have two questions from the chat box. Mr. Dilip Jain has asked, what are the main reasons for EBITDA ton of lead going up this quarter? What is the main reason for EBITDA per ton of lead going up this quarter, from Dilip Jain.

**Piyush Dhawan**

President, Commercial and Strategy | Pandy Oxides and Chemicals Limited

Thank you, Mr. Dilip for the question. So, if you look at the lead portfolio, there is a value-added products segment. So, in view of the value-added products, there is a marginal increase in the EBITDA per ton. I hope that answers your question.

**Radhakrishnan Chonat**

Director of Business | AlphaStreet

Thank you, Piyush. Next, we will take the question from the line of Nishant Gupta. Nishant, please unmute yourself and ask your question. Nishant Gupta, you can unmute yourself and ask a question. All right. Looks like some technical difficulty.

We have one more chat question from, again, Sunil Mangal. His question is, even though our volumes increased by 49%, but our employee cost dipped. Any specific reason? Question from Sunil Mangal.

**Vijay Balakrishnan**

Chief Financial Officer | Pandy Oxides and Chemicals Limited

So, last quarter -- the first quarter of FY 2025, we have declared bonus to our employees. So, that is why there is a comparatively lower cost in the current quarter when compared to the previous quarter.

**Radhakrishnan Chonat**

Director of Business | AlphaStreet

Thank you, Vijay. There is a follow-up question from Dilip Jain. How soon will diversification into lithium recycling start?

**Ashish Bansal**

Managing Director | Pandy Oxides and Chemicals Limited

So, basically, we are already in the process of evaluating the recycling of lithium ion. And we are already at a good level in terms of the technology and the equipment. But we are currently not looking at commercializing the project; the main reason being lithium ion batteries have just come into the market and they also have a life cycle. So, we see it will at least another two years by when the actual flow of these end of life lithium ion batteries will start coming to the market at a commercial level where we can really look into larger scale recycling. So, we look at it maybe two years down the line, we will -- if still the same thing sustains and continues for a longer term, we will be looking at it.

**Radhakrishnan Chonat**

Director of Business | AlphaStreet

Thank you, Ashish. Let us try Nishant Gupta once again. He has raised his hand. Nishant, please unmute yourself to ask a question. Yes, Nishant.

**Nishant Gupta**

Analyst | Minerva Global Capital

Yeah. Sorry for the technical glitch earlier. Sir, I wanted to understand, so you are importing a significant portion of your raw material and then you are converting and selling it, part domestic and a part import -- export. So, how do you hedge the risk of the raw material volatility? Is it like a pass-through kind of a thing or that's a risk which you have to calculate in your book and take, like, based on your understanding of how the prices will move?

**Ashish Bansal**

Managing Director | Pandy Oxides and Chemicals Limited

So, basically hedging, by itself -- Nishant, the fact that hedging, by itself, means de-risking yourself, so the whole function and the basis of hedging is so that you move away from the price volatility and the price risk. So, the whole exercise is done so that over the period of time, that is during the voyage or the time from point of time it is dispatched to be received at our plant or execute the orders, the price volatility is removed by hedging. So, that's the whole idea. So, there is no risk when you hedge.

**Nishant Gupta**

Analyst | Minerva Global Capital

Sir, I was actually trying to understand how are you hedging because if I see your Q2 performance, you have mentioned in one slide your lead EBITDA per ton, that has moved from INR10,400 to INR12,300. But on a half yearly basis, it has just moved from INR12,000 to INR12,400. So, this indicates that the Q1 of last year actually was very well as compared to this. So, there is a fluctuation in how your margins are reacting. So, that is what I wanted to understand, like how do I kind of get some comfort around how you are hedging your risk around the raw material cost. So, that is what I am trying to understand.

**Ashish Bansal**

Managing Director | Pandy Oxides and Chemicals Limited

See, the whole lead portfolio by itself, Nishant, is a mix of the basic pure lead and other, what you call, value-added products. Apart from that, the whole process by itself in terms of the raw material

mix that is used. The raw material mix that was used in the previous year versus this year is a little different where this year, more emphasis is being given on the smelting route and also a little more emphasis on the, what you call, the value-added products. So, that is where you see the difference in margins. And also, of course, please understand in terms of -- even though in terms of percentage, if margins remain similar, the basic price of LME by itself, if there is a movement -- say for example, if there is a \$200 movement, if it is a 5% EBITDA, so that \$10 movement will be there in absolute terms.

**Nishant Gupta**

Analyst | Minerva Global Capital

Okay. Got it, sir. Got it. And, sir, how do you envisage the utilization going forward since you are also expanding, your first phase is kind of coming live, 36,000? So, how do you kind of see the capacity going forward? Like, what you have kind of achieved in H1, is it something that we can kind of see growing from here? Or -- for the newer capacity I am asking. So, any color if you could provide around that.

**Ashish Bansal**

Managing Director | Pandy Oxides and Chemicals Limited

So, basically, our new capacity that will come into stream, I mean, we'll start our initial part of the production will be in the last quarter of this financial year. And once that is on stream, there is a marginal small -- I mean, a month or 45 days for the stabilization period and going forward in the following quarter, you will start seeing good numbers from that capacity as well. So, there will be an absolute growth in terms of overall volume and numbers.

**Nishant Gupta**

Analyst | Minerva Global Capital

Sir, one final question, since you are also -- your business is into recycling. So, are you eligible for any kind of carbon certificate, the certificates, which usually people are getting when they are doing some ESG-focused activities? So, are you eligible for that?

**Piyush Dhawan**

President, Commercial and Strategy | Pandy Oxides and Chemicals Limited

So, Nishant, on the carbon credits part, there are basically various, I would say, schemes and rankings of how the carbon credit utilization is done. Of course, this was quite significant during the early 2000s to 2010. But yes, the answer is we are eligible, but there is a routing that has to be done by getting registrations and then, of course, claiming it. But to answer your question, in the right sense of how we are going to shape it up, we are going to start with ESG and basically voluntarily go for an ESG reporting which kind of, again, gives a unique selling proposition in terms of your environment, social and corporate governance impact. So overall, if you see, there will be value addition only coming from the propositions out of it, but carbon credits as of now is something which is still dormant, rather.

**Nishant Gupta**

Analyst | Minerva Global Capital

Got it, sir. Got it, sir. Thank you, sir, for taking the time. Thank you.

**Ashish Bansal**

Managing Director | Pandy Oxides and Chemicals Limited

Thank you.

**Radhakrishnan Chonat**

Director of Business | AlphaStreet

Thank you, Nishant. That was Nishant Gupta from Minerva Global Capital. Next, we'll take the question from Prathamesh Dhiwar of Tiger Assets. Prathamesh, please unmute yourself and go ahead and ask your question.

**Prathamesh Dhiwar**

Analyst | Tiger Assets

Yeah, so, actually, I'm new to the company and I was going through your presentation. So how are we looking at the growth in rubber and e-waste segment in coming time?

**Piyush Dhawan**

President, Commercial and Strategy | Pandy Oxides and Chemicals Limited

Can you repeat your question, Prathamesh? You're talking about rubber, right?

**Ashish Bansal**

Managing Director | Pandy Oxides and Chemicals Limited

Prathamesh, could you repeat your question? It was a little unclear.

**Prathamesh Dhiwar**

Analyst | Tiger Assets

Yeah. Am I audible?

**Ashish Bansal**

Managing Director | Pandy Oxides and Chemicals Limited

Yes.

**Piyush Dhawan**

President, Commercial and Strategy | Pandy Oxides and Chemicals Limited

Yeah.

**Prathamesh Dhiwar**

Analyst | Tiger Assets

Yeah. Just wanted to know the growth in rubber and e-waste segment that we are looking at in coming time?

**Piyush Dhawan**

President, Commercial and Strategy | Pandy Oxides and Chemicals Limited

So, Prathamesh, I'll just kind of give you a heads up. So, right now we are at -- we have four verticals -- four recycling verticals. Predominantly it is lead and then, of course, we've added copper, plastics and aluminum. Now, coming to the fact, when you talk about rubber and e-waste, which is, again, something we've given food for thought also, and evolving it internally, given that the tailwinds are positive, so if you look at the rubber market in U.S., there, of course, a lot of imports are happening status quo and again, with the EPR and the government initiatives shaping up, rubber recycling will become significant over a period of time. So we are currently doing -- and likewise e-waste also, Prathamesh.

So what we are doing right now is we are doing our techno-commercial evaluation, which kind of addresses the entire value chain proposition from procurement, operations, quality, your product development, your -- basically the overall operations, your human resource, then sales. So once the entire wheel kind of rotates, so that is when the entire proposition becomes commercial for us. So once that becomes commercialized on a techno-commercial level for both e-waste and rubber, where we see the tailwinds happening, we will go ahead on that as well.

**Prathamesh Dhiwar**

Analyst | Tiger Assets

Okay, got it, sir. And I think you have also mentioned that, as of now, in lithium, we are not looking for something. Is it right?

**Piyush Dhawan**

President, Commercial and Strategy | Pandy Oxides and Chemicals Limited

So lithium is something -- if you look at the entire battery chemistry, I mean, we've been -- we understand the lead acid battery, I mean, significantly, I mean, broadly. So -- and which kind of gives us a competitive edge over our peers. Now, when you look at the lithium ion chemistry of battery, it is kind of still evolving and there is no standard. If you look at the nickel cadmium, manganese, and your lithium, iron phosphorus batteries, the chemistry is still not standardized.

Now, coming to the recycling part of it. Previously, what Mr. Ashish mentioned, that there is a life cycle of a lithium ion which will kind of eventually turn up in 2027. Now your question is, are we

ready for that? Yes. The first part of recycling is the mechanical recycling route, which is primarily shredding. And that kind of is something which we are already into, not lithium ion, of course, but we understand the entire process.

The most important, and I mean rather vital part of the entire value chain is actually extracting the metals in their polymer forms, which kind of goes back to the circular economy in the respective carbonates or hydroxides. So that is something which we are looking into. Once that kind of gives a techno-commercial positivity, we will of course look into it.



Prathamesh Dhiwar
Analyst | Tiger Assets

Okay, sir. I think that's pretty much helpful. And thank you so much.



Piyush Dhawan
President, Commercial and Strategy | Pandy Oxides and Chemicals Limited

Thank you, Prathamesh.



Radhakrishnan Chonat
Director of Business | AlphaStreet

Thank you, Prathamesh, for your question. Next, we'll take questions from the line of Pranav Shrimal from PINC Wealth. Pranav?



Pranav Shrimal
Analyst | PINC Wealth

Hi.



Radhakrishnan Chonat
Director of Business | AlphaStreet

Yeah, go ahead.



Pranav Shrimal
Analyst | PINC Wealth

Yeah, I just had one question. Do we enter into any forward contracts for the supply for raw material?



Piyush Dhawan
President, Commercial and Strategy | Pandy Oxides and Chemicals Limited

Sorry, you were not clear, Pranav. Can you please repeat it?



Pranav Shrimal
Analyst | PINC Wealth

Just one minute, sir. Hello?



Ashish Bansal
Managing Director | Pandy Oxides and Chemicals Limited

Yes.



Pranav Shrimal
Analyst | PINC Wealth

Hello?



Radhakrishnan Chonat
Director of Business | AlphaStreet

Pranav?



Pranav Shrimal
Analyst | PINC Wealth

Yeah.



Radhakrishnan Chonat
Director of Business | AlphaStreet

Go ahead and ask your question.



Pranav Shrimal
Analyst | PINC Wealth

I Just had one question. Do we enter into any forward contracts for purchase of aluminum or lead that we are importing or does it happen on spot basis?



Ashish Bansal
Managing Director | Pandy Oxides and Chemicals Limited

No. Can you please explain what you're referring to as to forward contracts?



Pranav Shrimal
Analyst | PINC Wealth

No. So forward contract in the sense that when we are importing aluminum or lead or any of the materials, is there like a fixed agreement from the party from whom we are purchasing that these many tons will be bought by us or they have to supply these many tons at this price?

**Ashish Bansal**

Managing Director | Pandy Oxides and Chemicals Limited

So basically, price is an open factor in terms of the LME as it moves. And if it is a fixed price, like we said, we hedge the same against the exchange. And in terms of volume, we have a soft commitment from our larger suppliers through the year, where on a monthly basis, they will be supplying certain amount of raw material to us from various locations. And apart from that, we also have certain medium-term contracts in terms of three to six months in terms of volume and suppliability.

**Radhakrishnan Chonat**

Director of Business | AlphaStreet

Pranav, I hope that answers your question.

**Pranav Shrimal**

Analyst | PINC Wealth

Yeah, yeah. That's fine. Thank you.

**Radhakrishnan Chonat**

Director of Business | AlphaStreet

Thank you. Next, we'll take the question from Hinal Kothari from Systematix. Hinal, please go ahead and ask your question.

**Hinal Kothari**

Analyst | Systematix Group

Am I audible?

**Ashish Bansal**

Managing Director | Pandy Oxides and Chemicals Limited

Yes, please.

**Hinal Kothari**

Analyst | Systematix Group

Yes. So, sir, I just had one question. So, sir, like, there are policies like BWMR for battery waste management. So are there any other government policies for pushing recycling of other metals other than lead?

**Piyush Dhawan**

President, Commercial and Strategy | Pandy Oxides and Chemicals Limited

Hi, Hinal. Piyush, this side.

**Hinal Kothari**

Analyst | Systematix Group

Hi.

**Piyush Dhawan**

President, Commercial and Strategy | Pandy Oxides and Chemicals Limited

So if you look at the overall government initiatives and the entire tailwind that is happening currently, of course, lead acid battery and plastics is part of the entire portfolio. If you look at EPR per se, there is e-waste, there is rubber, there is lithium ion, and of course, what we mentioned, plastics and lead acid battery.

Now coming to the tailwinds. If you look at your battery waste management tools, which has evolved from the battery management handling rules from 2001 to the current 2022 rules, along with the EPR, that kind of gives a lot of leeway and a lot of -- so we are not kind of transitioning. It is real time. That is what is happening. So norms are getting stringent, which kinds of -- is good for us with respect to compliances and the MoEF guidelines. It also kind of -- with the historical data,

background and checks and balances on the reporting side, it really helps recyclers, larger players like us, to kind of ensure that the entire circular economy concept remains relevant, basically.

**Ashish Bansal**

Managing Director | Pandy Oxides and Chemicals Limited

And like you asked, similarly, other metals and plastics, all of these are coming one by one, completely into the gamut of the EPR and the minimum recycle content requirements.

**Hinal Kothari**

Analyst | Systematix Group

Yes, sir. Sir, also a follow-up on that would be, since the policy changes are favorable for us, so how would you see the procurement mix, that is the raw material procurement mix, domestic versus exports, to change over the years?

**Ashish Bansal**

Managing Director | Pandy Oxides and Chemicals Limited

So basically, one of the key fact -- I mean, key changes that will happen due to these policy changes is that the current -- the domestic supply chain will become completely transparent, and there will be a lot of -- not will be, there already is a lot of movement of material. I mean, the unorganized sector is moving out and it's getting more and more organized. So as the whole supply chain becomes more transparent and more organized, it opens up a large opportunity to collect and to receive a good amount of domestic raw material as well, which in addition to the imports will definitely give a good amount of stability on raw material as well as volume growth.

**Hinal Kothari**

Analyst | Systematix Group

Okay, sir.



Radhakrishnan Chonat
Director of Business | AlphaStreet

Hinal, do you have any follow-up questions?



Hinal Kothari
Analyst | Systematix Group

No, I am done.



Radhakrishnan Chonat
Director of Business | AlphaStreet

Thank you, Hinal.



Hinal Kothari
Analyst | Systematix Group

Thank you, sir.



Radhakrishnan Chonat
Director of Business | AlphaStreet

Next, we will take from Khush Nahar of Electrum Portfolio Managers.



Khush Nahar
Analyst | Electrum Portfolio Managers

Hello, am I audible?



Radhakrishnan Chonat
Director of Business | AlphaStreet

Yes.



Khush Nahar
Analyst | Electrum Portfolio Managers

Yeah, thank you for the opportunity, sir. I just had a follow-up on the previous question, since we are seeing these regulations and like you mentioned that the domestic sourcing will increase, so what impact will it have on our EBITDA margins?



Piyush Dhawan
President, Commercial and Strategy | Pandy Oxides and Chemicals Limited

So, if you look at the entire, I mean, procurement portfolio, there is of course, domestic and imports. I mean, currently, imports is predominant and hence, India being a consumer economy and focusing on industrial part of it, there is a lot of manufacturing that is happening. So eventually, recycling becomes our focal point.

Now, when it comes to how it is going to kind of impact us, the answer is on the positive. So, there are a couple of metrics that we see getting impacted positively. One would be your cash conversion cycle, which will kind of definitely improve, given the lead time of procurement to the delivery of -- I mean, to the delivery to our factories will kind of drastically change. And secondly, of course, I mean, this gives us a larger base on the procurement side and that is one of the reasons which kind of substantiates our expansion plan in lead.



Khush Nahar
Analyst | Electrum Portfolio Managers

Okay. Then we can see like our EBITDA margins going towards like 8%, 10-odd-percent going ahead because of this change?

**Piyush Dhawan**

President, Commercial and Strategy | Pandy Oxides and Chemicals Limited

So, if you look at our -- I mean, we have already given our corporate deck and of course, we want to kind of ensure that the transitioning happens and if you look at entire, broadly the metrics, which is kind of evolving, be it your government initiatives, be it the EPRs, be it our expansion plans, of course, there is going to be a transitional evolution and improvement in the margins.

**Khush Nahar**

Analyst | Electrum Portfolio Managers

All right, sir. Thank you.

**Radhakrishnan Chonat**

Director of Business | AlphaStreet

Thank you, Khush Nahar. Looks like Pradeep Rawat has a follow-up question. Operator, please unmute him. Pradeep, please ask your follow-up question.

**Pradeep Rawat**

Analyst | Yogya Capital

Thank you for the follow-up. So, firstly, I would like to understand that you mentioned that we have a value-added portfolio in our Lead segment. So, can you please explain what do we mean by value-added?

**Piyush Dhawan**

President, Commercial and Strategy | Pandy Oxides and Chemicals Limited

So, Pradeep -- hi, Pradeep. So, value-added is again a very dynamic concept. I mean, just to give you an example, we manufacture pure lead. I will talk about lead first. So, we manufacture pure lead and of course, we have a forte or rather a large expertise on the lead alloy segment. Now, lead alloys is something which we call as value-added. Now, when it comes to the definition of a value-added product, something which might be relevant today, it may not be relevant tomorrow. And that is where our understanding of the entire lead acid battery chemistry and our continuous

engagement with the customers, with the OEs kind of really helps us in the entire gambit of things.

So, value-added product, for example, we can say, for example, we are manufacturing an alloy which kind of comprises of a lead, a tin and a calcium component. And that is kind of value-added because it is for a specific application in the battery chemistry. Likewise, we again continue to engage with the customer to customize their alloys to improve their processes, to improve the entire battery chemistry, which kind of helps in the larger durability. So, that is what is a value-added product for us.



Pradeep Rawat
Analyst | Yogya Capital

Yeah, understood. And can you also mention what is the margin differential between value-added and non-value-added products?



Piyush Dhawan
President, Commercial and Strategy | Pandy Oxides and Chemicals Limited

So, in terms of absolute numbers, I mean, there is a typical -- just one second. So, it again depends upon the alloy. So, I'll give a standard percentage. So, there are different types of alloys manufactured. We manufacture more than 100 alloys and currently, we have a portfolio of almost 40, 50 alloys going out every month. So, typically, a standard mix would be between a 50 to 70 basis point.



Pradeep Rawat
Analyst | Yogya Capital

Okay. So, value-added would be somewhere around 50 to 70 basis points higher than the normal product.

**Piyush Dhawan**

President, Commercial and Strategy | Pondy Oxides and Chemicals Limited

Than the pure lead. Yes, you are right.

**Pradeep Rawat**

Analyst | Yogya Capital

Okay, understood. And with respect to capex for phase one and phase two, how long should it take for the ramp-up to reach at full capacity utilization?

**Piyush Dhawan**

President, Commercial and Strategy | Pondy Oxides and Chemicals Limited

So, the first phase is kind of going for trials this calendar year end and again it will kind of, I would say, broadly converge during the end of the financial year. So, the 36,000 effect will be there on the overall FY '26. Yes. So, the 36,000 effect will be for the overall -- for the entire 12 months of FY '26. Now, the second phase, which is 36,000, that we are going live again in -- by July. So, that would typically be sometime in the second quarter of the next financial year. And that will have an overlapping effect in the third quarter. So, marginally, we expect about 18,000 tons in effect or impact on the top and bottom line from that segment.

**Pradeep Rawat**

Analyst | Yogya Capital

Okay, understood. And can you also mention the number for smelting? So, how much of the volume in this quarter was from smelting? Smelting and forward-integrated products?

**Piyush Dhawan**

President, Commercial and Strategy | Pondy Oxides and Chemicals Limited

Okay. So, on the smelting side, it was -- one second. From the overall capacities that we have status quo on smelting, we derived 85% capacity utilization on the smelting part. And of course, we are expanding, given that the phase one is coming up, which kind of correlates equally with all the three verticals.



Pradeep Rawat
Analyst | Yogya Capital

Okay, understood. Thank you. That's all from my side.



Radhakrishnan Chonat
Director of Business | AlphaStreet

Thank you, Pradeep. Next, we'll take a question from Arijit Dutta from Kotak AMC.



Arijit Dutta
Analyst | Kotak Mahindra Asset Management

So, good set of number, congratulations. So, I have two questions. First is, in terms of our raw materials, how much is the percentage we procure domestically? That is question number one. If you can also give a comparison, Q-o-Q and Y-o-Y?



Ashish Bansal
Managing Director | Pandy Oxides and Chemicals Limited

So, basically, in the last year -- last financial year, our procurement was about 85% imports and 15% from domestic. And in the first quarter of this year, it was approximately 80% import and 20% domestic. And in the current quarter, we are a little below 75% on import and balance on domestic. So, I will say 75-25 on this quarter. On an incremental basis, we are capturing some of the domestic market in terms of our raw material as well. And we presume, as we go forward, in a year's -- I mean, by -- for next year, it will be somewhere around 65% or 70% on import and 30% on domestic.



Arijit Dutta
Analyst | Kotak Mahindra Asset Management

Superb, sir. Second question is on the sales part. How much is the sales to the Indian OEMs, again, a comparison Q-o-Q and Y-o-Y?

**Ashish Bansal**

Managing Director | Ponds Oxides and Chemicals Limited

I'll be able to give you the basic average. This -- the half year, it was approximately 36% to 38% in the domestic market and approximately 62%, 64% for the export market. And the ratio has predominantly been on a similar level, I mean, quarter-on-quarter. Maybe 1% or 2% plus/minus depending on the time line.

**Arijit Dutta**

Analyst | Kotak Mahindra Asset Management

And the year-on-year?

**Ashish Bansal**

Managing Director | Ponds Oxides and Chemicals Limited

Sorry?

**Arijit Dutta**

Analyst | Kotak Mahindra Asset Management

Year-on-year, the ratio is same, sir?

**Ashish Bansal**

Managing Director | Ponds Oxides and Chemicals Limited

Yeah, year-on-year also about 65-35, yes. Last year was approximately 65-35.

**Arijit Dutta**

Analyst | Kotak Mahindra Asset Management

Perfect, 65 is domestic, right, sir?

**Ashish Bansal**

Managing Director | Pandy Oxides and Chemicals Limited

No, 65 is exports.

**Arijit Dutta**

Analyst | Kotak Mahindra Asset Management

So, the export percentage have increased this year, right, sir?

**Ashish Bansal**

Managing Director | Pandy Oxides and Chemicals Limited

In terms of absolute volume, yes, they have increased.

**Arijit Dutta**

Analyst | Kotak Mahindra Asset Management

No, sir, as a percentage also, it has increased, right?

**Ashish Bansal**

Managing Director | Pandy Oxides and Chemicals Limited

More or less in similar levels, sir.

**Arijit Dutta**

Analyst | Kotak Mahindra Asset Management

Okay, sir. Perfect. That's all from my side. Thank you, sir.

**Ashish Bansal**

Managing Director | Ponds Oxides and Chemicals Limited

Thank you.

**Radhakrishnan Chonat**

Director of Business | AlphaStreet

Thank you, Arijit. Next, we will take from Dhruv Aggarwal of CRISIL Limited. Dhruv, please go ahead.

**Dhruv Aggarwal**

Analyst | CRISIL Limited

Yeah, Hello? Hello, is it audible?

**Ashish Bansal**

Managing Director | Ponds Oxides and Chemicals Limited

It's a little faint, but, yeah, we'll try. Yes, please.

**Dhruv Aggarwal**

Analyst | CRISIL Limited

Yeah, yeah. Yeah, sir, is it better now, sir?

**Ashish Bansal**

Managing Director | Ponds Oxides and Chemicals Limited

Please go ahead.



Dhruv Aggarwal
Analyst | CRISIL Limited

Yeah. So, sir, as you said that in the phase two, you will be going live by quarter two, and the sales would be there from quarter three. So, what kind of capacity utilization we can expect and when can we reach a maximum capacity utilization, sir?



Ashish Bansal
Managing Director | Pandy Oxides and Chemicals Limited

I am sorry, Dhruv, it is little unclear. Can you be a little louder? Maybe it will help.



Dhruv Aggarwal
Analyst | CRISIL Limited

Just a moment, sir. Just a moment. Is it better, sir?



Ashish Bansal
Managing Director | Pandy Oxides and Chemicals Limited

Yes, little better, yes.



Dhruv Aggarwal
Analyst | CRISIL Limited

Hello?



Ashish Bansal
Managing Director | Pandy Oxides and Chemicals Limited

Please go ahead.



Dhruv Aggarwal
Analyst | CRISIL Limited

Yes, yes, yes. Sorry for the disturbance, sir. Sir, I was just asking that in the phase two, we are expecting that 36,000 metric tons would be live, sir, in the quarter two. So, by quarter three, how much capacity utilization we can reach and what can be the maximum capacity utilization we can reach and by what quarter, sir?



Ashish Bansal
Managing Director | Pandy Oxides and Chemicals Limited

So, you are asking us in this year third quarter or you are asking next year third quarter?



Dhruv Aggarwal
Analyst | CRISIL Limited

No, for the second phase expansion, sir.



Ashish Bansal
Managing Director | Pandy Oxides and Chemicals Limited

Second phase expansion, we target -- we are targeting around in the quarter of July to September to have the trials. So, you might see a certain, I mean, I will say about 20%, 30% utilization towards the last quarter of next financial year.



Dhruv Aggarwal
Analyst | CRISIL Limited

Okay, and when can we reach that maximum capacity utilization on that, sir?

**Ashish Bansal**

Managing Director | Pandy Oxides and Chemicals Limited

The complete capacity utilization, when I say complete, it will be about 80%, 90% always. We should be able to reach by first to second quarter of 2026.

**Dhruv Aggarwal**

Analyst | CRISIL Limited

FY '27, right, sir? Not...

**Ashish Bansal**

Managing Director | Pandy Oxides and Chemicals Limited

Yeah, FY '27, I am talking about calendar year, yes.

**Dhruv Aggarwal**

Analyst | CRISIL Limited

Yes, yes, yes. And, sir, I have a question regarding the rubber and the e-waste segment, sir. Right now, how is the market looking on that side, sir? And what kind of margins are there on that side?

**Piyush Dhawan**

President, Commercial and Strategy | Pandy Oxides and Chemicals Limited

So, if you look at rubber, I mean, it has been there since ages on the recycling side. Of course, it has gained traction once the EPR gambit came into. Rubber, of course, is a significant part in recycling now, I would say. And in India also, it is growing well. So, the imports are significant and the domestic consumption is also good.

With respect to margins, I mean, again, those are something which we are, again, evaluating to ensure once the entire value proposition for us becomes effective, we will be able to kind of commercialize it. So, that is a work in progress.

Coming to e-waste, again, that particular part, e-waste has also kind of evolved over so many

years. I mean, again, the unorganized, organized part, the 88% -- about 90% unorganized, 10% organized, which has, again, gained a lot of traction, given the tailwinds have improved. So, if you look at the e-waste segment, that is also kind of improving in terms of the numbers, which kind of comes into the value chain for the procurement part and also on the sales part. Because from the e-waste, you're able to generate a lot of additional scrap verticals, which is, I mean, something which we also can use or synergize in our current portfolio. And that's one of the reason we are evaluating the entire proposition.

So, that is also growing at a good CAGR, a single digit though, but towards, say for example, the 7% to 8%, given that India is evolving through a consumer-driven economy and, again, an industrial evolution of a Make in India campaign going on. So, both segments are pretty good tailwinds, status quo, and we are, of course, looking into it.



Dhruv Aggarwal
Analyst | CRISIL Limited

So, sir, like, I'm very new to the company, so, pardon me if I ask any wrong question, sir. Sir, like when -- like, I was not able to find out the segment-wise, like, from the lead, how much are -- what are the sales; on the copper side, what are the sales? And on the rubber and e-waste side, what are we planning, sir?



Piyush Dhawan
President, Commercial and Strategy | Pandy Oxides and Chemicals Limited

Okay. So, first of all, we have verticals which cater primarily to lead. And, of course, there's copper and plastics. We do not have rubber and e-waste, status quo. Now, coming to the percentage, first and foremost, copper and plastics has been started recently. And by recent, we mean in the last year, a year and a half or so.

So, now coming to the percentage contribution, lead is a significant part, in excess of 95% as of now, which will again, once the other product portfolio is evolving and kind of capturing a larger market share, increasing top lines, stabilizing, sustainable margins and top line, then that transition of the percentage reduction will happen. But, of course, in absolute terms, it will be -- the quantum will be equally significant for all the portfolios that we have.



Dhruv Aggarwal
Analyst | CRISIL Limited

Okay. So, going forward, you are expanding in this rubber and e-waste. So, by when can we expect the sales to come in on that...



Piyush Dhawan
President, Commercial and Strategy | Pondy Oxides and Chemicals Limited

Rubber and e-waste, we are not expanding, Dhruv. We are looking into the opportunities and rubber and e-waste from a techno-commercial perspective.



Dhruv Aggarwal
Analyst | CRISIL Limited

Okay.



Piyush Dhawan
President, Commercial and Strategy | Pondy Oxides and Chemicals Limited

Status quo, we are into lead primarily and then we have copper and plastics as a vertical that we are going to focus on.



Dhruv Aggarwal
Analyst | CRISIL Limited

Sir -- okay. On the lead and copper and plastics segment, which is margin-accretive, sir? On the segment -- which segment is margin attractive, sir?



Piyush Dhawan
President, Commercial and Strategy | Pondy Oxides and Chemicals Limited

So, if you look at the overall portfolio, lead and copper forms part of the non-ferrous segment. So, typically, a margin of 5% to 6% EBITDA is what we kind of foresee and through the operational

efficiency and through the expansion, and, I mean, what we are kind of engaging as of now and kind of intending over the next two years is to transition to our target of what we have given in the corporate deck.

Now, when it comes to plastic, although it is a low-value item in terms of the top line, but again, it becomes a significant part when it comes to the portfolio contribution because it is derived from the battery plastics, number one. And number two is, there is an exploration on the recycling part and of course, the compounding part, which is again kind of materializing and stabilizing and it will kind of take time to kind of -- in the next couple of quarters to give that impact on the top and bottom line.



Dhruv Aggarwal
Analyst | CRISIL Limited

Okay, okay. See, sir, once we have this -- like, as you are expanding this capacity in the phase one and phase two, so do you think that, going forward, we could have more margins, like, say for the sake, like 7% to 8%, sir, as recently -- like, there would be a cost advantage as well, sir, like, as we move forward, sir?



Piyush Dhawan
President, Commercial and Strategy | Pandy Oxides and Chemicals Limited

So, Dhruv, of course, that is the intent. I mean, given that we are kind of investing, we are kind of expanding, so, the intent is always to grow both in top and bottom line and transitionally, it will kind of converge to a margin of 6% -- between 6% to 8%.



Dhruv Aggarwal
Analyst | CRISIL Limited

Okay. Okay. Yes. And sir, going forward -- last one question, like, going forward, do you expect any kind of sales growth to happen? Like, what kind of sales growth can you suggest to, like...

**Piyush Dhawan**

President, Commercial and Strategy | Pandy Oxides and Chemicals Limited

I'm sorry, sales growth?

**Dhruv Aggarwal**

Analyst | CRISIL Limited

Yes. Yes. Going forward, what kind of growth one should expect, sir?

**Piyush Dhawan**

President, Commercial and Strategy | Pandy Oxides and Chemicals Limited

So, on the volumes side and the top line, what we have also given in our corporate deck, we are -- and if you look at the numbers that we've delivered this quarter vis-a-vis the previous and again the last quarter, the top line has significantly grown. So, typically, we are looking at numbers of 20% to 25% plus growth.

**Dhruv Aggarwal**

Analyst | CRISIL Limited

Okay. Okay. Thank you so much, sir, for answering all my questions. And all the best for the future, sir.

**Ashish Bansal**

Managing Director | Pandy Oxides and Chemicals Limited

Thank you.

**Piyush Dhawan**

President, Commercial and Strategy | Pandy Oxides and Chemicals Limited

Thank you, Dhruv.



Radhakrishnan Chonat
Director of Business | AlphaStreet

Thank you, Dhruv. Next, we'll take from -- a question from Rohit Ohri of Progressive Share Brokers. Rohit?



Rohit Ohri
Analyst | Progressive Share Brokers Pvt. Ltd.

Hi, sir. Am I audible?



Radhakrishnan Chonat
Director of Business | AlphaStreet

Yes.



Rohit Ohri
Analyst | Progressive Share Brokers Pvt. Ltd.

Yes. Thank you for this opportunity, sir. A couple of questions from my side. First one on the expansion of Thervoykandigai. Sir, have these machineries already arrived at the plant?



Ashish Bansal
Managing Director | Pandy Oxides and Chemicals Limited

Yes, the machines have already arrived at the plant and they are under installation as we speak.



Rohit Ohri
Analyst | Progressive Share Brokers Pvt. Ltd.

So, these are domestically sourced or are these some foreign players that you have indulged with?

**Ashish Bansal**

Managing Director | Pondy Oxides and Chemicals Limited

They are internationally sourced and a part of it is domestic. I mean, the ancillaries are domestic. The main part of the machineries are internationally sourced.

**Rohit Ohri**

Analyst | Progressive Share Brokers Pvt. Ltd.

Okay. Sir, in the annual report as well as in your presentation, you did speak about setting up some R&D facilities. Sir, if you can just take us through what exactly is this and what sort of spends are you looking at and what is the current percentage of R&D spend that you are currently having in the books?

**Ashish Bansal**

Managing Director | Pondy Oxides and Chemicals Limited

Currently, our R&D spends in the books are not segregated and separated, but we have an ongoing R&D that we do along with our processes. But in the near future, that's about in the next financial year, we are looking at setting up a dedicated R&D center for newer verticals that currently we are not working on and basically more futuristic material than the regular basic recycling of non-ferrous metals. Apart from that, we are looking at working on certain specific, what you call, recycling verticals.

**Rohit Ohri**

Analyst | Progressive Share Brokers Pvt. Ltd.

Ashish, if you can put some number to that, what sort of...

**Ashish Bansal**

Managing Director | Pondy Oxides and Chemicals Limited

Currently, we will not be able to put a number, but at the moment we have our numbers in place -- because we are in talks with certain institutions and certain things where we are tying up, once we have the numbers clear, we definitely will announce them.

**Rohit Ohri**

Analyst | Progressive Share Brokers Pvt. Ltd.

Sir, we did talk a little bit about BWMR and then your presentation also speak about certain reverse charge mechanism along with EPR. So, if you can just take us through that, the conflict or the fight which was there related to the EPR for price setting, has that price dispute been taken care of because that could mitigate quite a lot of unorganized players, right?

**Piyush Dhawan**

President, Commercial and Strategy | Pandy Oxides and Chemicals Limited

Yeah. So, Rohit, we will kind of walk through BWMR, RCM and EPR and then correlate all of them. So, if you look at BWMR, that kind of takes care of the compliance and basically your guidelines on the environmental part of it and your capacities which gets addressed on the waste management rules. Now, coming to EPR, of course, that is something which is complementary to BWMR evolving because EPR again gives a responsibility to the producer, to the brand owner and again, a lot of other stakeholders in terms of your aggregators, your recyclers, your dealers and consumers. So, it is a positive tailwind.

What really transpires out of this is that the entire gambit of unorganized will eventually transit to the organized segment, which is, of course, a positive. The fortunate part is that this is more of a walk-the-talk also from the government side and also from recyclers like us, which is happening as we speak.

Coming to RCM also, I mean, look at the last week announcement that was done. RCM has been enforced effective October 10th. I mean, the effect which is going to have on both the indirect tax part, given that there is a reverse charge mechanism and also the direct tax part where there is a TDS deduction mechanism, is something which is going to evolve over the next one month or so because that effect of interpretation per se will be something for finance department to kind of evaluate and then the commercial department to kind of execute. So, give or take, one month and we should see some positive development happening.

What will effectively result here is your procurement base will become more stronger, more broader. And likewise, on the government, the compliance part of it, the stricter the compliance is, the better for organized and rather large players like -- typically like POCL.

**Rohit Ohri**

Analyst | Progressive Share Brokers Pvt. Ltd.

So, Piyush, do you feel that if we compare the prices which are there prevalent in Europe, which are slightly higher at around INR586 per kg compared to that in India of around INR110, INR120 per kg, do you think that there could be some more uptick in that if the floor price is adjusted? And will that benefit flow for players like POCL?

**Piyush Dhawan**

President, Commercial and Strategy | Pandy Oxides and Chemicals Limited

Can you please repeat your question? I just wanted to hear the first part of it.

**Rohit Ohri**

Analyst | Progressive Share Brokers Pvt. Ltd.

The EPR floor prices which are there and the prevalent prices which people are looking at in Europe is somewhere around INR586 or something. And the same in India is somewhere around INR110, INR120 per kg. So, with these disputes or the price dispute or the floor price being adjusted, you think that the benefit will flow to players like POCL?

**Ashish Bansal**

Managing Director | Pandy Oxides and Chemicals Limited

So, EPR, this current pricing that you are referring is to -- for which metal or product?

**Rohit Ohri**

Analyst | Progressive Share Brokers Pvt. Ltd.

It is for the -- it was in the media...

**Ashish Bansal**

Managing Director | Pandy Oxides and Chemicals Limited

INR586 per kilo is not possible on lead anywhere in the world because lead by itself is about INR200, INR220 a kilo. So, it can't be 2 times of that on EPR -- beyond 2 times, almost 3 times.

**Rohit Ohri**

Analyst | Progressive Share Brokers Pvt. Ltd.

It was related to the batteries, probably related to the EV batteries, that was the article.

**Ashish Bansal**

Managing Director | Pandy Oxides and Chemicals Limited

Could be on the lithium ion. Yes, I mean, right now in India, EPR is evolving and currently, government is taking a lot of effort and listing. So, there are a lot of online portals that government is working upon in all of these. The price discovery will happen over the next five to six months. Once these notifications -- I mean, most of the notifications are live. But in terms of these EPR things and the penalty, once the penalties are finalized, the EPR will start finding its pricing. And this is an evolving process. On a quarter-on-quarter basis, the EPR prices will evolve. Definitely, as the EPR prices evolve, there will be some benefits, direct or indirect, which companies like us will definitely gain on.

**Rohit Ohri**

Analyst | Progressive Share Brokers Pvt. Ltd.

Sir, for this property that we have, 123 acre at Mundra, by when do you intend to start the work over there? And when do you intend to complete the same?

**Ashish Bansal**

Managing Director | Pandy Oxides and Chemicals Limited

See, I can talk about starting. We intend to start our work by December 2026 in various phases. In terms of completion, it is a large project. So, there will be definitely multiple projects on different verticals over there, being a 123-acre land parcel. And that will definitely help us in various

aspects in terms of our geographical location presence, even to the western part of India, as India is also getting more organized in terms of domestic collection and domestic sales and all of it. So, it will have a multi-edged benefit to the company.

**Rohit Ohri**

Analyst | Progressive Share Brokers Pvt. Ltd.

Okay. So, does that link or is it possible to connect the dots with the probable fundraising of INR250 crores or something? Is that what you're planning for, for the future?

**Piyush Dhawan**

President, Commercial and Strategy | Pandy Oxides and Chemicals Limited

So, when it comes to the, I mean, the fundraise that has been given, basically the Board has taken a forward and basically an enabling resolution to take up in the EGM, which will be valid for one year. And that is something which is a given. And it will evolve, of course. I mean, we have our intent on various projects and, I mean, verticals evolving, as we speak, given that we've already started expanding on the lead side of it. And we have a large, I would say, portfolio of copper, plastics, and likewise, lead and aluminum. So, that will be one of the focal points which will transpire in the times to come. So, one year is the target. So, you might see something transpiring.

**Rohit Ohri**

Analyst | Progressive Share Brokers Pvt. Ltd.

Okay. Sir, last year, value-added products were somewhere around 55%, 56% of the total portfolio. Today, it is somewhere around 60%. You have an ambitious plan of reaching about 70% of that. So, by when do you think -- by which quarter would you be able to reach that number of 70% value-added products?

**Piyush Dhawan**

President, Commercial and Strategy | Pandy Oxides and Chemicals Limited

So, value-added products, what we have, again, given is a target where we will kind of transpire, like we have given for the EBITDA margins to transpire from 6% to 8% over the next couple of

years. Similarly, on the value product segment also, what we have focused is that we will kind of look at 70% levels of value-added products by FY '26 end.

**Rohit Ohri**

Analyst | Progressive Share Brokers Pvt. Ltd.

Okay.

**Piyush Dhawan**

President, Commercial and Strategy | Pandy Oxides and Chemicals Limited

In the last quarter maybe, yeah.

**Rohit Ohri**

Analyst | Progressive Share Brokers Pvt. Ltd.

Okay. Sir, we have this MoU with Tamil Nadu government for some groundworks of advanced recycling. Has there been any progress on that or is it stagnant as of now?

**Ashish Bansal**

Managing Director | Pandy Oxides and Chemicals Limited

So, the MoU that was signed was in terms of an investment that we will be making in Tamil Nadu and first part of it is in our Thervoykandigai land and that's a 25-acre parcel where, in phased manner, various investments are being done. So, I think this year, our investment there would be approximately INR110 crores to INR120 crores already.

**Rohit Ohri**

Analyst | Progressive Share Brokers Pvt. Ltd.

Okay. Sir, is it possible, as per your estimates, that what is the market share that POCL currently enjoys in the lead market?

**Ashish Bansal**

Managing Director | Pandy Oxides and Chemicals Limited

So, from the lead market, we'll say, we should be in and around 10% to 12% of India's current secondary lead production.

**Rohit Ohri**

Analyst | Progressive Share Brokers Pvt. Ltd.

Okay. Last question from my end, there were little bit of talks related to the projections, but if we consider that even if we grow at around INR500 crore blended average kind of a quarterly run rate, you might close the year somewhere around INR2,000 odd crores. And if there is a little bit of uptick in the margins, which we are constantly talking about, even if it goes to 6%, maybe 7%, and if your gross margin also increases, probably you might close the year at -- somewhere around INR65 crores, INR70-odd crores net profit, right?

**Ashish Bansal**

Managing Director | Pandy Oxides and Chemicals Limited

As per the numbers you are giving, yes, more or less looks like it.

**Rohit Ohri**

Analyst | Progressive Share Brokers Pvt. Ltd.

Okay, sir, that's all from my side. Thank you for answering my question. Thanks a lot.

**Ashish Bansal**

Managing Director | Pandy Oxides and Chemicals Limited

Thank you.

**Piyush Dhawan**

President, Commercial and Strategy | Pandy Oxides and Chemicals Limited

Thank you, Rohit.

**Radhakrishnan Chonat**

Director of Business | AlphaStreet

Thank you, Rohit, for your questions. Next question, we'll take from the line of Dikshi Jain from Investsavvy PMS. Dikshi, please go ahead.

**Dikshi Jain**

Analyst | Investsavvy PMS

Hello?

**Ashish Bansal**

Managing Director | Pandy Oxides and Chemicals Limited

Yes, good afternoon.

**Dikshi Jain**

Analyst | Investsavvy PMS

Am I audible?

**Ashish Bansal**

Managing Director | Pandy Oxides and Chemicals Limited

Yes, please.

**Dikshi Jain**

Analyst | Investsavvy PMS

Yeah, so right now, 95% of our revenue is coming from the lead vertical. Going forward, what percentage do we expect coming from copper, aluminum, and other segments that we have?

**Ashish Bansal**

Managing Director | Pandy Oxides and Chemicals Limited

So currently, we are at 95% on our lead vertical. Yes, that's right. And going forward, by 2027 end, we look at somewhere around 65% to 70% remaining lead and balance from the other verticals. And our eventual target in the next, approximately, three to four years would be in the range of 50% from lead and 50% from other verticals that will be added on.

**Dikshi Jain**

Analyst | Investsavvy PMS

Okay. Sorry, I'm new to the company, but this Mundra land has acquired, what has this been acquired in regarding to?

**Ashish Bansal**

Managing Director | Pandy Oxides and Chemicals Limited

This is for our future expansions on various projects. So this is the initial part of the acquisition of land that is being done.

**Dikshi Jain**

Analyst | Investsavvy PMS

So more facilities coming in for lead or other segments?

**Ashish Bansal**

Managing Director | Pandy Oxides and Chemicals Limited

Lead and multiple other segments as well.

**Dikshi Jain**

Analyst | Investsavvy PMS

Okay. And we mentioned that we are looking for a turnaround in the Aluminum and the Plastics segment. Can you please elaborate regarding the Aluminum segment? How is that going to -- when is that coming around? When do we expect the EBITDA to be positive?

**Ashish Bansal**

Managing Director | Pandy Oxides and Chemicals Limited

So currently, the Aluminum segment, I said, is pretty paused because, I mean, the products are not -- were not too profitable. So we are still evaluating and we are working on a couple of products and we will be able to update the same in a quarter or two. But right now, we will not be able to give you a definite time plan on that.

**Dikshi Jain**

Analyst | Investsavvy PMS

Okay.

**Piyush Dhawan**

President, Commercial and Strategy | Pandy Oxides and Chemicals Limited

And on the plastics side of it, over the next couple of quarters -- like we previously mentioned earlier, one question was asked, over the next couple of quarters, we will see the turnaround happening.

**Dikshi Jain**

Analyst | Investsavvy PMS

Okay. Thank you. Thank you so much for answering the questions.

**Ashish Bansal**

Managing Director | Pondy Oxides and Chemicals Limited

Thank you.

**Radhakrishnan Chonat**

Director of Business | AlphaStreet

Thank you, Dikshi. Next question, we'll take from the line of Sunil Mangal. Sunil Mangal, looks like an individual investor, please go ahead and ask your question. Mr. Sunil, you can unmute. Okay. Looks like he is having some technical issues.

There are a couple of chat questions. At this point, we will take a couple. Question from Nirav Bhanushali. What target POCL is having on FCF generation in FY '25 and FY '26, as well as what EBITDA/FCF is company targeting in FY '25-'26?

**Piyush Dhawan**

President, Commercial and Strategy | Pondy Oxides and Chemicals Limited

One second, RC, Nirav.

**Vijay Balakrishnan**

Chief Financial Officer | Pondy Oxides and Chemicals Limited

So last year, if you see, last financial, we had an FCF of about INR15 crores and odd. And this year being PAT as well as increasing, we can see an FCF of about --approximately about INR25 crores to INR30 crores. Over the period of next two to three years, where our margins are expected to increase, we can see higher FCFs. And in terms of EBITDA divided by FCF percentage, it should be around -- about 2 to 2.5.



Radhakrishnan Chonat
Director of Business | AlphaStreet

Thank you, Vijay. Next question is from Vinod Bangera. His question is what is the percentage share of value-add in revenue in first half of FY '25? And what is the target over the next two years?



Piyush Dhawan
President, Commercial and Strategy | Pandy Oxides and Chemicals Limited

Percentage of value-added products, again, are vertical-wise, but broadly on the portfolio, it is 56%, status quo.



Radhakrishnan Chonat
Director of Business | AlphaStreet

Thank you, Piyush. And next, we have a question from Akash Jain. What was the capacity utilization in second quarter? And how much max capacity utilization can we achieve in lead?



Piyush Dhawan
President, Commercial and Strategy | Pandy Oxides and Chemicals Limited

So, if you look at the numbers, I mean, we have kind of grown drastically. I mean, it's again a positive growth that has happened. And we have typically utilized 85% of our total capacities for this particular quarter, which has transpired to top line overall.



Radhakrishnan Chonat
Director of Business | AlphaStreet

Thank you, Piyush. Next question is from Vinod Bangera. What is the time line for phase two capacity to start?

**Ashish Bansal**

Managing Director | Ponds Oxides and Chemicals Limited

As I just spoke some time back, phase two, the capacity -- I mean, the trials should start kicking in by the third quarter of next financial year. And the production numbers should be in by the last quarter of next financial year.

**Radhakrishnan Chonat**

Director of Business | AlphaStreet

Thank you, Ashish. There are a few more chat questions, but I see there are two more follow-up questions. Let's take them. Shivam Agarwal, please go ahead and ask your follow-up question.

**Shivam Agarwal**

Analyst | Groww Mutual Funds

Hi, sir. So, just one question, what is the sustainable growth that can be funded by our internal accrual? So, for instance, in this half also, our growth has been very strong. But obviously, due to working capital requirements, it will be funded by external funds. So, going forward, if you can elaborate on how you see margins and working capital days and in turn, what is the kind of sustainable growth that can be funded from our internal cash flow generation?

**Ashish Bansal**

Managing Director | Ponds Oxides and Chemicals Limited

Yeah, basically, for your working capital, definitely, I mean, we will be taking debt and that is pretty healthy. And in terms of our internal cash flow for our further growth and capacity expansions, that is also happening currently. If you notice our acquisition of the Mundra land, if you notice the current acquisition of the plant that we've taken through NCLT, all of this almost close to INR100 crores was invested already from our internal accruals. And with our growing top line and profit generation, I mean, it will give us a good cushioning to also use, I mean, our internal growth along with other forms of capital raise that we are doing to have a sustainable growth over the next 5 to 10 years.

**Shivam Agarwal**

Analyst | Groww Mutual Funds

Yeah. Okay, sir. So, sir, my question was more relating to, let's say, beyond three to four years, what is the kind of percentage revenue growth that can be sustained from our internal accruals? So, for instance, let's say, with the kind of 40 to -- with 50 or 55 days of working capital, and 6% to 7% of margin, what is the kind of sustainable revenue growth percentage that can be sustained by -- from our internal cash generation?

**Piyush Dhawan**

President, Commercial and Strategy | Pandy Oxides and Chemicals Limited

So, Shivam, I'll answer your question in three points. So, for the first part, how much would be the growth through internal accruals? Now, internal accruals when -- are generated based on the expansions that we're doing, they will have a complementary impact on the working capital also. So, we are looking at different metrics here.

On the revenue side of things, we're looking at a revenue growth of 20% to 25%. And the internal accruals have already been broadly invested last year on the land bank acquisition. Now -- and also that is kind of being invested in the ongoing acquisition as well.

Now, coming to the cash conversion cycle, right now, we are at 55 to 56 days. Now, coming to working capital, which will typically increase once your revenue increases, we will, of course, go for an optimum mix of working capital. And that will have an impact on the cash conversion, which we plan to reduce from current 55, 56 days to 45, 46 days. So, this will give us an optimum mix of returns, which complements the top line.

**Shivam Agarwal**

Analyst | Groww Mutual Funds

Okay, that's it from my side. Thanks.

**Piyush Dhawan**

President, Commercial and Strategy | Pondy Oxides and Chemicals Limited

Thank you, Shivam.

**Radhakrishnan Chonat**

Director of Business | AlphaStreet

Thank you, Shivam. Next, we'll take a follow-up from Pradeep Rawat from Yogya.

**Pradeep Rawat**

Analyst | Yogya Capital

Thank you. I have just one follow-up. So, you mentioned that our smelting utilization was somewhere around 85%. And in earlier calls, you said that the smelting capacity is somewhere around 80,000 -- 80 kiloton. So, that gives a number of 17 kiloton to 18 kiloton for this quarter. So, the rest of the volume, is it only from battery breaking?

**Ashish Bansal**

Managing Director | Pondy Oxides and Chemicals Limited

So, our smelting capacities -- current capacities are at about 90,000 to 92,000. And this is per annum basis and not per quarter basis.

**Pradeep Rawat**

Analyst | Yogya Capital

Okay. So, we can like increase it in intra-quarters. Is that understanding correct?

**Ashish Bansal**

Managing Director | Pondy Oxides and Chemicals Limited

I did not get that quite a bit. What do you mean by increasing intra-quarters?



Pradeep Rawat
Analyst | Yogya Capital

Yeah. So, let's say for example, our capacity is 80,000 ton per annum. And we can do more than 20,000 in a particular quarter. Is that understanding correct?



Ashish Bansal
Managing Director | Pandy Oxides and Chemicals Limited

No. It will be based on -- it's per -- per annum is, that many batches only can be done in that -- in a particular day. So, if you have 80,000 per annum, then it can be approximately only 20,000. See, you can always have a few percentage plus or minus depending on the mix of raw material, but it will be predominantly more or less close to 20,000 in that case. Here, our capacities are somewhere around 92,000. So, it will be somewhere around 23,000, 24,000 or 24,000 tons -- yeah, 23,000 tons approximately per quarter.



Pradeep Rawat
Analyst | Yogya Capital

Yeah. And the rest, I think, 3,000 ton is from battery breaking.



Ashish Bansal
Managing Director | Pandy Oxides and Chemicals Limited

So, battery breaking is a integral part of the whole process where you flow from battery breaking to smelting to refining. So, the balance part of it could be from various other forms of scraps generated, which are the solid form which require melting and do not require smelting.



Pradeep Rawat
Analyst | Yogya Capital

Okay, sir. So, my understanding is the first part of the manufacturing is battery breaking, and then we are into smelting. So, we have a bottleneck in smelting and we have a large -- higher capacity of battery breaking.

**Ashish Bansal**

Managing Director | Pandy Oxides and Chemicals Limited

We have a higher capacity of the refining side and we have a bottleneck on the smelting side.

**Pradeep Rawat**

Analyst | Yogya Capital

Okay, understood. Okay, thank you.

**Ashish Bansal**

Managing Director | Pandy Oxides and Chemicals Limited

Thank you.

**Radhakrishnan Chonat**

Director of Business | AlphaStreet

Thank you, Pradeep. Ladies and gentlemen, a small reminder that if you would like to ask a question, please use the Raise Hand functionality. Next question, we'll take from the line of Dilip Jain from Fidelity Investments. Dilip, please unmute and go ahead and ask your questions.

**Dilip Jain**

Analyst | Fidelity Investments

Yes, am I audible?

**Radhakrishnan Chonat**

Director of Business | AlphaStreet

Yes, Dilip.

**Dilip Jain**

Analyst | Fidelity Investments

Yeah, first of all, heartiest congratulations, excellent set of numbers, so it's going amazing. Well, I just had a very broad question. So, you have already mentioned in your presentation that setting up a recycling plant in general, it's got a very high entry barrier to it. So, I just wanted to understand, is in-house recycling, according to you, a threat to our business or do you see that people are generally going to outsource recycling to players like POCL [Phonetic] Gravita, etc., and not do this all by themselves?

**Piyush Dhawan**

President, Commercial and Strategy | Pandy Oxides and Chemicals Limited

Hi, Dilip. So, to answer your question, when it comes to recycling opportunities being catered to in-house from the countries that we import to or rather do it in that country, I mean, it's again a concept of the cost of conversion, which typically in other countries is higher. Now, it generally depends upon your cost of acquisition of material, then other costs related to fuel and power are there. The advantage in India is that you have a balanced cost approach towards all of these materials, I mean, the entire operating cost component. So, that kind of helps India overall and India consciously, and catering to the global market and the Indian market for the last 28 years, it has been kind of good for us, I would say. And overall, as we move forward, we see that -- to answer your question, we see that typically -- sorry? So, typically, your in-house recycling will become quite prominent in India.

**Dilip Jain**

Analyst | Fidelity Investments

Okay. So, that shouldn't be a threat to our business, right, given that they would then outsource less if they recycle it all by themselves?

**Shivam Agarwal**

Analyst | Groww Mutual Funds

No, no, that shouldn't -- that wouldn't be a threat at all.

**Dilip Jain**

Analyst | Fidelity Investments

Okay. Okay. And, sir, there have been recent media reports suggesting that the government is going to mandate automotive OEMs to use a lot of recycled steel. So, do we have any plans of getting into recycling steel?

**Piyush Dhawan**

President, Commercial and Strategy | Pondy Oxides and Chemicals Limited

So, our focus is non-ferrous and we will continue to kind of focus on non-ferrous. The tailwinds on the steel side, what you mentioned, also is an enabling factor to the non-ferrous metal when it comes to aluminum, when it comes to lead, when it comes to copper. So, we are only looking at this particular segment, status quo.

**Dilip Jain**

Analyst | Fidelity Investments

Okay. Okay. Thank you. And, sir, my last question, if you may permit me to ask, of the domestic clients, is Exide our client?

**Piyush Dhawan**

President, Commercial and Strategy | Pondy Oxides and Chemicals Limited

I'm sorry?

**Dilip Jain**

Analyst | Fidelity Investments

Is Exide Batteries our client?

**Piyush Dhawan**

President, Commercial and Strategy | Pandy Oxides and Chemicals Limited

Exide Batteries, a plant or a customer?

**Dilip Jain**

Analyst | Fidelity Investments

Is it a customer, a client?

**Ashish Bansal**

Managing Director | Pandy Oxides and Chemicals Limited

No, currently we are not supplying to Exide Batteries.

**Dilip Jain**

Analyst | Fidelity Investments

Okay. It's just Amara Raja, right?

**Ashish Bansal**

Managing Director | Pandy Oxides and Chemicals Limited

There are other clients as well.

**Dilip Jain**

Analyst | Fidelity Investments

Of the domestic ones...

**Ashish Bansal**

Managing Director | Ponds Oxides and Chemicals Limited

Yes.

**Dilip Jain**

Analyst | Fidelity Investments

The major -- okay. Okay, okay. Thank you. Thank you, sir. Thank you.

**Radhakrishnan Chonat**

Director of Business | AlphaStreet

Thank you, Dilip. Ladies and gentlemen, I'm going to give a few seconds to see if there are any more questions on the line. Again, as a reminder, if you have any questions, please use the Raise Hand functionality or you can even ask your questions via the chat. Ladies and gentlemen, if you have any more questions, please use the Raise Hand functionality or the chat window.

Thank you, ladies and gentlemen. That's all the time we have allocated for today. Please do send in your additional questions by email to us and we will follow up to get those answered by the POCL management.

Once again, thank you all for joining us for the Ponds Oxides and Chemicals Limited Q2 FY '24-'25 Earnings Call. As a reminder, today's call was recorded. A replay of the call will be available on AlphaStreet India's YouTube channel as well as on alphastreet.com. A final transcript will be available shortly on AlphaStreet's platform.

Once again, thank you, everyone.

**Ashish Bansal**

Managing Director | Ponds Oxides and Chemicals Limited

Thank you, all.



Vijay Balakrishnan

Chief Financial Officer | Pandy Oxides and Chemicals Limited

Thank you, all.



K. Kumaravel

Director of Finance and Company Secretary | Pandy Oxides and Chemicals Limited

Thank you, all.



Piyush Dhawan

President, Commercial and Strategy | Pandy Oxides and Chemicals Limited

Thank you, everyone.



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