

# PONDY OXIDES AND CHEMICALS LIMITED **POCL**<sup>®</sup>

25<sup>th</sup> July 2024

**National Stock Exchange of India Ltd**

Exchange Plaza, 5<sup>th</sup> 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 Q1 FY 2024-25 Investor Call held on 24<sup>th</sup> July 2024 - Reg**

With reference to our letter dated 24<sup>th</sup> July 2024, intimating you about the link of audio recordings of the Investor call held at 03.00 PM IST on Wednesday, 24<sup>th</sup> July 2024, and in this regard with accordance 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:  
<https://www.pocl.com/>

You are requested to kindly take the same on your records.

Thanking you,

Yours faithfully

**For Pondy Oxides and Chemicals Limited**

**K. Kumaravel**

**Director Finance & Company Secretary**



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# Pondy Oxides and Chemicals Ltd (532626)

Q1 2025 Earnings Conference Call

July 24, 2024 • 03:00 pm (IST)

**Final Transcript**

## Corporate Participants

### **K. Kumaravel**

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

### **Piyush Dhawan**

President, Commercial and Strategy | Pondy Oxides and Chemicals Limited

### **Vijay Balakrishnan**

Chief Financial Officer | Pondy Oxides and Chemicals Limited

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## Conference Call Participants

### **Radhakrishnan Chonat**

Director of Business | AlphaStreet

### **Akash Jain**

Analyst | Private Investor

### **Pradeep Rawat**

Analyst | Yogya Capital

### **Aniket Gada**

Analyst | Private Investor

### **Siddharth Mehrotra**

Analyst | Kotak Institutional Equities

### **Anand Mundra**

Analyst | Soar Wealth Managers

### **Neeraj Sadani**

Analyst | Ambient Group

# Presentation

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**Radhakrishnan Chonat**

Director of Business | AlphaStreet

Good afternoon, ladies and gentlemen, and welcome to the Q1 FY '24-'25 Earnings Call of Pondy Oxides and Chemicals Limited hosted by AlphaStreet.

This is Radhakrishnan Chonat from AlphaStreet and it's a pleasure to host Pondy Oxides and Chemicals Limited for their quarterly earnings results conference call. From the management side, we have 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 transcript on our platform, [alphastreet.com](https://alphastreet.com). A replay audio of this call will be made available immediately on [alphastreet.com](https://alphastreet.com) as well as on AlphaStreet India's YouTube channel. A final edited transcript will be available shortly afterwards on AlphaStreet's platform as well as with the exchanges.

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

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**K. Kumaravel**

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

Thank you, Mr. Radhakrishnan. Good afternoon, everyone. We wish you a warm welcome to POCL first quarter of FY '24-'25 earnings call.

The investor presentation is available on the website and stock exchange for your reference. We will briefly discuss on the financial and operational performance and strategic updates for the quarter ended June 30, 2024.

As you are aware, we don't provide any specific guidance on our company's revenue or earnings and any communication, discussion 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.

The global lead acid battery market size is growing at a CAGR of 6% to 7%. The Asia Pacific region dominates the lead acid battery recycling market, accounting for more than half of the global market share and India remains in the forefront as a global manufacturing hub for automobiles. As more countries shift towards circularity and sustainability models where products are designed for reuse and recycling, the need for reliable energy storage solutions will continue to rise, driving demand for lead acid batteries. This would provide an opportunity for manufacturers to recover valuable materials from used batteries and recycle them into production cycle.

We are delighted to share that POCL has delivered strong results for Q1 FY '25 on both financial and operational front and has set the tone for the year with a positive momentum.

In respect of our financial highlights, we are pleased to inform that consolidated revenue from operation has increased to INR445 crore, up 37% and 23% on year-on-year and quarter-to-quarter basis, respectively. POCL experienced this substantial growth as a result of increased production, sales, and realizations in both lead and plastics. Consolidated EBITDA increased by 76% to INR24 crore on year-on-year basis. EBITDA Margins stood strong at 5% plus, up from 4% in Q1 of FY '24. Finance costs decreased by INR1.44 crore, a 38% reduction on year-on-year, contributing to the increase of PAT. Consolidated PAT increased by 216% to INR13 crore on year-on-year basis. PAT Margins increased to 3% for the same period.

On a standalone basis also, POCL reported a strong financial performance as well. Revenue from operations, EBITDA and PAT increased by 36%, 70% and 141%, respectively.

With respect to the strategic updates, we have commenced construction of building. Erection of plant and machinery is in progress and is expected to be completed for trial by the end of this calendar year and production to commence from Q4 2025 at our unit at Thervoykandigai, Tamil Nadu, where we are increasing capacities in Lead vertical from 1,32,000 metric ton to 2,04,000 metric ton per annum in two Phases. The capex for the same is funded through the proceeds received from preferential issue and internal accruals.

With respect to the operational highlights, we wish to inform you that the capacity utilization of both lead and plastics exhibited an upward trend. The production of lead has increased by 38% to 20,692 metric ton, and the sale of lead has increased by 46% to 20,699 metric ton when compared to year-to-year basis. Sales mix between the domestic and export markets remained at 35% and 65%, respectively. The percentage of value-added products in Lead segment has been consistent at 60%.

Capacity expansion, improved operational efficiencies, an optimum capex strategy, substitution of fuels from furnace oil for alternative fuels, proficient management, and robust stakeholder support, all contribute to a positive outlook for POCL development.

We appreciate you all participating in today's call. Over to you, Mr. Radhakrishnan.

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## Questions and Answers

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**Radhakrishnan Chonat**

Director of Business | AlphaStreet

Thank you, Mr. Kumaravel. Ladies and gentlemen, we'll now move into our question-and-answer session. Today, we have participants joining via the Zoom webinar platform as well as via the tele-calling platform. Now for participants who have joined us and connected with us through the Zoom webinar platform, you can post your questions directly via the chat window to me or you can raise your hand and ask the questions directly to the management.

As usual, I'll take the first few questions from the chat box as well as questions we have received via email and through alphastreet.com's platform first. Post that, we'll open it up for participants to ask questions directly. Once again, as a reminder, please use the Raise Hand functionality if you would want to ask a question directly to POCL management.

I'll start with the questions that we have received via email and through our platform first.

Dear POCL, how do you see the acquisition of the 123-acre land in Mundra, Gujarat, impacting your strategic positioning and export potential in the coming years?



**Piyush Dhawan**

President, Commercial and Strategy | Pandy Oxides and Chemicals Limited

Hi, Radhakrishnan, and greetings to everyone. So I'll take this question. Piyush here. So the acquisition of 123-acres land in Mundra is strategically very important for reasons that are attributable to geographical presence in India and accessing the global markets. Now, due to its proximity to the port, we see lot of economies of scale in terms of costs, and when it comes to imports and exports of our product portfolio, both current and the one which we are evaluating on. So additionally, POCL will be strategically positioned to source from the Western region and also cater to the international market in the West.

Right now, we are focusing and prioritizing on developing the Thervoykandigai land in Tamil Nadu and Mundra will eventually fall in place in terms of a strategic execution for projects dedicated to our current portfolio and additional verticals for forward integration. As of today, POCL's project team is conducting techno-commercial feasibility studies for the same.



**Radhakrishnan Chonat**  
Director of Business | AlphaStreet

Thank you, Mr. Piyush. The next question is, how will the new Thervoykandigai plant's advanced automation and low carbon footprint contribute to your long-term operational efficiency as well as sustainability goals?



**Vijay Balakrishnan**  
Chief Financial Officer | Pondy Oxides and Chemicals Limited

Hi, Radhakrishnan. Greetings to everyone. This is Vijay here. So POCL is expanding its lead production from 1,32,000 metric ton per annum to 2,04,000 metric ton per annum in two phases. The first phase will cater to the expansion of 36,000 metric ton per annum and this is -- due to automation and technological upgradation, this plant will contribute to higher operational efficiencies and better margins. We are planning to use alternative fuels for better productivity, less manual intervention, and integrated processes, thereby reducing operational costs as well as resulting in lower carbon footprint. This will contribute in progressing towards achieving environmentally friendly and sustainable manufacturing practices.



**Radhakrishnan Chonat**  
Director of Business | AlphaStreet

Thank you for responding, Mr. Vijay. The next question is, what are your long-term plans for the new R&D facilities, and how will they drive innovation and value-added product development?



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

I'll take this question, RC. So, with our expansion in lead, we are moving towards a lean, smart and low-on-carbon footprint plant. That's important to note. Additionally, we have a diverse portfolio comprising of plastics, copper and aluminum, where we expect stabilization this year and we'll also explore value-added products. We are also continuing our R&D initiatives to look at additional verticals, exploration for techno-commercial evaluation for future expansion, be it lithium ion, rubber and forward integration on the current portfolio.



**Radhakrishnan Chonat**  
Director of Business | AlphaStreet

Thank you, Piyush. We have a few more questions. The next one is, how do you plan to maintain or adjust the sales mix balance between domestic and export markets in the future?

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

Yeah. As explained in my opening remarks, the sales mix between the domestic and export remained stable at 35% and 65%, respectively during Q1 FY '24-'25. The domestic markets for our product portfolio is seeing a positive momentum in growth. In future, we expect the numbers to remain at similar level with a variation of plus or minus 5%.

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**Radhakrishnan Chonat**  
Director of Business | AlphaStreet

Thank you, Mr. Kumaravel. The next question we have is, what steps will you take to continue reducing consolidated net debt, and how will this improve your financial health moving forward?

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**Vijay Balakrishnan**  
Chief Financial Officer | Pandy Oxides and Chemicals Limited

Hi, Radhakrishnan. Vijay here. I will take this question. So the current debt equity stands at 0.5 and we do not expect a significant increase in the same as the expansion for lead -- the new lead plant at Thervoykandigai has been funded through proceeds of preferential issues as well as internal accruals. So, going forward, we intend to have an ideal mix of debt and equity in different forms which will enable us to have a relatively lower weighted average cost of capital.

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**Radhakrishnan Chonat**  
Director of Business | AlphaStreet

Thank you, Mr. Vijay. Let's move on to further questions we have received via chat window. Ladies and gentlemen, as a reminder, to ask a question directly to the management, please use the Raise Hand functionality.

We have a question from Neeraj Sadani on the chat window. Your purchases are in multiple currency and your sales are mostly in INR. How do you deal with currency fluctuations? Also, any views on the risk of availing raw materials since I think you don't have your own yards?

**Vijay Balakrishnan**

Chief Financial Officer | Pandy Oxides and Chemicals Limited

The first question, I will take this, Radhakrishnan. So in terms of currency, our major exposure is towards USD, both on the import leg as well as the USD leg. We have defined risk management policies wherein we hedge our currency risk, mostly its natural hedge and balance, we hedge -- do a forward contract and hedge the balance. So generally, for currency fluctuation, there is not much impact in our P&L and we -- as I already said, there are specific risk management policies where we use that risk management policy as a tool for hedging our currency risks.

In terms of -- for the other question, Piyush might answer.

**Piyush Dhawan**

President, Commercial and Strategy | Pandy Oxides and Chemicals Limited

Yeah. So, on the sourcing part, when you mentioned the scrapyards, so we follow a multi-sourcing strategy and right now we are procuring from almost 70 plus countries. And it's very important to note that we have an overall supplier base of 270 plus and most of them have long-term association with our company. And furthermore, it is important to note as well that we have long-term contracts with them. So there is a consistency between the supplies and the sales as well.

**Radhakrishnan Chonat**

Director of Business | AlphaStreet

Thank you, Piyush and Vijay, for answering those questions. The next question is from Rohan Admane. His question is, what is driving the volume growth and also any analysis on Union Budget related to our products? And I know you don't give guidance; however, could you give us some idea whether we can continue the current performance for the next two to three years? And what will be the growth drivers?

**Piyush Dhawan**

President, Commercial and Strategy | Pondy Oxides and Chemicals Limited

So first -- so there are three parts of the question. So on the volume growth, we've mentioned that, globally, lead market is growing at about 6% to 7%. Now, when it comes to India, India is also growing at relatively 12% to 13%. And we see a lot of potential in the global demand. And that is one of the reasons which initiated the expansion plan for the Thervoykandigai unit where we are increasing our capacities from 1,32,000 tons to 204,000 metric tons per annum. So we see potential in both supplies and sales. And that's the reason which substantiates the proposal of our intent on the expansion.

Now coming to the budget, the budget is welcomed by the company. It is of foremost important to note that the Finance Minister also mentioned recycling as part of the speech. And so they have removed the duty component on rare earth metals and some of the ores, including copper. So on the current basis, it doesn't impact us as such. But then what happens is if you look at the overall picture, it gives us a potential to overview other projects as well. So that is one positive sign for us.

Can you repeat the third question, Rohan?

**Radhakrishnan Chonat**

Director of Business | AlphaStreet

Yeah, I'll read that again. Do you see your current performance for the next two to three years, and what will be the growth drivers?

**Piyush Dhawan**

President, Commercial and Strategy | Pondy Oxides and Chemicals Limited

So we see the trend continue for us. And we have also kind of released our investor presentation where we see the growth numbers in volumes to continue for us. So there will be 15% volume growth in the coming years. In terms of the return on capital employed, we expect 20% growth. And in terms of EBITDA margins, we will be tending towards 7% to 8% levels and we will be increasing our value-added products to about 60% plus.

**Radhakrishnan Chonat**

Director of Business | AlphaStreet

Excellent. Thank you, Piyush. We have a few more chat questions before I take direct questions. The next one is from Praful Siddharth. What is our lead production target for FY '25 and FY '26?

**Piyush Dhawan**

President, Commercial and Strategy | Pandy Oxides and Chemicals Limited

So for FY '24-'25, I mean, these are again numbers which are forward-looking, but then the fact is that these are dependent on business fundamentals. So for FY '25-'26, which you've mentioned, we're looking at somewhere between 110,000 tons to 115,000 tons, given our expansion plans in progress to reach about 204,000 tons.

**Radhakrishnan Chonat**

Director of Business | AlphaStreet

Next is from Bhavesh Chauhan. It seems the availability of scrap has increased in domestic market. So should we see better margins in coming quarters?

**Piyush Dhawan**

President, Commercial and Strategy | Pandy Oxides and Chemicals Limited

So margins -- so domestic scrap availability doesn't mean that the margins increase. On the contrary, right now, given the unorganized sector also being prevalent, the -- and the pricing mechanism is vastly higher than the imports at some point of time. But what happens really is that the cash conversion cycle reduces. So the lead time from procurement to your factory reduces. It becomes zero basically. So that gives us an advantage and we see a lot of potential with the BWMR and the EPR coming in. We see a lot of potential of increase in the demand of procurement in the lead acid batteries in India.



**Radhakrishnan Chonat**  
Director of Business | AlphaStreet

Thank you, Piyush. Next is from Siddharth Mehrotra. His question is, I understand that refined lead expansion will be 72 kilotons in Tamil Nadu. For this capacity addition, what is the smelting capacity addition and what will be the total smelting capacity, post completion of this project?



**Vijay Balakrishnan**  
Chief Financial Officer | Pondy Oxides and Chemicals Limited

The existing capacity for smelting is about 80,000 metric ton. And when we make this Thervoykandigai plant operational, this smelting capacity will increase up to 1,60,000 metric tons in two phases. When the two phases get complete, our overall smelting capacity should be around 1,60,000 metric tons per annum.



**Radhakrishnan Chonat**  
Director of Business | AlphaStreet

Great. Thank you, Vijay. The next we have from Mit Masalia. First of all, congratulations on a great set of numbers in this quarter. I have two questions. Number one, why has our EBITDA per ton reduced in the last three years, i.e., in Lead vertical from INR13,039 in FY '22 to INR11,843 in FY '24? And the second one is, what can be a sustainable number going ahead in terms of EBITDA per ton in Lead segment?



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

But EBITDA, we should not see in absolute terms. We should see in the percentage terms. So in terms of percentage, it remains constant at the level of 5% to 6% EBITDA. Now, over the period, we are increasing the volume. So naturally in absolute terms, overall EBITDA value also going up gradually and once our new project comes in, the Thervoykandigai, EBITDA in terms of percentage and absolute terms, it will be very high.



**Radhakrishnan Chonat**  
Director of Business | AlphaStreet

Thank you, Mr. Kumaravel.

Now let's open it up for participants to ask questions directly. Ladies and gentlemen, please use the Raise Hand functionality to let us know of your interest. I'll call out your name and request the operator to allow the participant to ask a question. Please unmute and you can ask a question directly. Please, I request you to announce your name and company affiliation before asking the questions, if possible.

Operators, please allow anyone to raise their hand. And let's start with Akash Jain. Akash, please unmute and ask. Yeah, go ahead.



**Akash Jain**  
Analyst | Private Investor

Yeah, yeah. Thank you so much. I have actually quite a few questions, so we'll see how many we can get through. So one is, see, thank you for sharing the volume data in this quarter's presentation. See, last five years, our lead sales have been almost flat. In fact, the FY '24 sales number for lead has been actually lower than FY '20. Right? So when the whole industry was growing so strongly, what was the reason why we have not grown our sales and our capacity over the last four, five years? I think that's the first question.

Related to that is, now that we have very strong plans, both on expansion as well as the Vision 2030 that you guys have put in, what is changing in the sense that last five years, why no growth? And next five years, how will we grow from this base? So I think that's the first part of the question. We can -- I can ask all my questions or you can answer one by one, depending on what you want.



**Radhakrishnan Chonat**  
Director of Business | AlphaStreet

Yeah. After this, we'll go to other participants and we'll let you in again.

**Akash Jain**

Analyst | Private Investor

No problem.

**Piyush Dhawan**

President, Commercial and Strategy | Pandy Oxides and Chemicals Limited

So, Akash, with regard to your first part of the question, where you mentioned that the sales have been flat, I would say the sales have been stable, given -- I understand the fact that there have been growth in peers. But what happens really is, in our case, we were undergoing smelting capacities expansion during that form of period. And there are many aspects to look at when it comes to procurement. So there are value additions which take place at battery breaking stage, then it takes place at the smelting stage, and then finally, it takes place at the refining stage. Now you have a right to procure both batteries, which gives you value addition for all three stages, and then by -- likewise, there are different materials, which gives value addition.

At a certain point of time, when we were procuring, we had a good procurement pattern on the refining stage. Right now, we are bullish and we have a larger procurement base and we see consistent supplies of batteries coming in. Hence, we have expanded our smelting capacities to the largest extent as possible, and that is backed by strong demand for our lead and lead alloys.

Now, coming to the fact of -- I mean to the question of Vision 2030, when you say, yes, the vision has -- yes, there is some alignment and we see -- we have a vision now, so we see a lot of prospects in the industry in terms of growth and development. With regard to lead, we obviously see growth of CAGR in both global and domestic markets. And that's the reason why we are expanding our capacities in lead.

Coming to -- so if you see the last two and a half years, we have also diversified. Earlier, we were primarily into lead, and then now we are having four recycling verticals. One would be lead again, our hero product, and then you have plastics, copper and aluminum. So yes, the vision is now quite aligned and progressive, given the market, how they behave. And the last five years, the changes are all positive, and the way forward is also going to be positive.



**Radhakrishnan Chonat**  
Director of Business | AlphaStreet

Thank you, Piyush. Akash, I request you to join back the queue. Operator, can you let Pradeep Rawat in? Mr. Pradeep Rawat, please unmute and go ahead and ask your question.

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**Pradeep Rawat**  
Analyst | Yogya Capital

Good afternoon, first of all, and thank you for the opportunity. My name is Pradeep Rawat. I am from Yogya Capital. Okay, so my first question is regarding our capex. So when is the phase one capex commissioning?

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

Phase one, we are commissioning by December '24.

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**Pradeep Rawat**  
Analyst | Yogya Capital

Okay. And this would have 40,000 metric ton per annum capacity of smelting or am I wrong at that?

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

Yeah. End product of 36,000 metric ton, whatever required, that is a continuous process plant and smelting alone we cannot quantify here. Our end product first phase is 36,000 metric ton.

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**Pradeep Rawat**  
Analyst | Yogya Capital

And we are guiding for 100,000 ton or 110,000 ton per annum for FY '25.

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

Yeah.

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**Pradeep Rawat**  
Analyst | Yogya Capital

Yeah. So for the first three quarters, we would be doing somewhere around 60,000 ton of lead, right? And for the last quarter, we will be having our expanded capacity.

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

Yes.

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**Pradeep Rawat**  
Analyst | Yogya Capital

So it would be generating 9,000 ton for the last quarter, right? New capacity?

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

Yes, tentatively. So we are going live with trial runs in the last quarter of this calendar year. And we go live with the commercial production in the last quarter of the financial year. So between January to March, we see a certain amount of production contributing to the overall top line and bottom line.

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**Vijay Balakrishnan**

Chief Financial Officer | Pondy Oxides and Chemicals Limited

Yes. The production sales in terms of metric ton should be around -- last year, it was about 71,000. This year, it should be around the range of 85,000 to 90,000 metric tons.

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**Pradeep Rawat**

Analyst | Yogya Capital

Okay, okay. And that 100,000 to 110,000 is for FY '26?

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**Vijay Balakrishnan**

Chief Financial Officer | Pondy Oxides and Chemicals Limited

Yes. Next year, yes.

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**Pradeep Rawat**

Analyst | Yogya Capital

Okay, okay, okay. Yes. And my next question is regarding our customers. So can you provide, like, if you can provide Top 5 customer concentration are?

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**K. Kumaravel**

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

Area-wise, country-wise, you can give, Piyush.

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**Piyush Dhawan**

President, Commercial and Strategy | Pondy Oxides and Chemicals Limited

So the Top 5 customers would probably constitute around 50% of the total revenue -- 40% to 50%. But then these numbers also vary. I mean, because globally, the demands also kind of change from region to region. So -- but primarily about -- between the range of 40% to 50% would be the Top 5 customers.



**Pradeep Rawat**  
Analyst | Yogya Capital

Yeah. And we have, like, fixed -- like, we passes on all the raw material price hikes or decreases to these customers, right?

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

Yeah. Pricing arrangement is such that previous month average will be applied to the next month. So natural hedging is there.

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**Pradeep Rawat**  
Analyst | Yogya Capital

Yeah, yeah. Okay. And my last question is regarding our exports. So what is the main destination of our exports? So can you highlight that?

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**Vijay Balakrishnan**  
Chief Financial Officer | Pandy Oxides and Chemicals Limited

Major exports, we do to East Asian countries. Probably, that mix should be around 60% to 65% in terms of overall exports. Balance, we cater to West Asian countries also.

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**Pradeep Rawat**  
Analyst | Yogya Capital

Okay, thank you.

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**Vijay Balakrishnan**  
Chief Financial Officer | Pandy Oxides and Chemicals Limited

For the Western countries. Sorry.

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**Pradeep Rawat**  
Analyst | Yogya Capital

Yeah, yeah. Thank you. That's all from my side.



**Radhakrishnan Chonat**  
Director of Business | AlphaStreet

Thank you, Mr. Pradeep. Next in line, I request Nimay Jain. Nimay Jain, please unmute yourself and go ahead and ask your question. Hello? Nimay? Can you unmute and ask? Looks like we have some technical issues, we are unable to hear you Nimay. Operator, let's take the next question from Aniket Gada. Aniket, please unmute and go ahead and ask your question.



**Aniket Gada**  
Analyst | Private Investor

Hi, congratulations on great set of numbers.



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

Thank you, Aniket.



**Aniket Gada**  
Analyst | Private Investor

Yeah. My question is regarding plastics, sir. Have you finalized the product mix for plastics?



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

So, yes. So no, we are still evolving in terms of the value-added product portfolio in plastics. So there is a certain recycling portfolio and a compounding portfolio. Right now, we are concentrating on the recycling portfolio and stabilizing there. And if you look at the numbers for this year, for this

particular quarter, we've grown by 47% over the previous quarter. So that's a positive number to reckon with. When it comes to the product portfolio mix, it will be a mix of both recycled products and the compounded products and both will be looked into separately. So right now we are manufacturing, say for example, a recycled C080 grade and we will be further adding on filler grades and we'll be adding portfolios with regard to nylon and ABS and other vertical -- and other portfolio mix as well.

**Aniket Gada**

Analyst | Private Investor

So these would be like for auto ancillaries around a plant or it will be for other industries as well?

**Piyush Dhawan**

President, Commercial and Strategy | Pandy Oxides and Chemicals Limited

No. So this will be based out of the current plant only because the machine, the equipment that we have, the equipment is sufficient to handle these productions as well.

**Aniket Gada**

Analyst | Private Investor

No, I'm ask -- sorry, I'm asking regarding the clients, will they be majorly auto ancillaries around -- which are situated around a plant or do we cater to other industries as well?

**Piyush Dhawan**

President, Commercial and Strategy | Pandy Oxides and Chemicals Limited

So we cater to a lot actually. Primarily, of course, like you mentioned, it is the automobile industries but then there is the furniture industry, there is the battery-making industry and then a lot of electronics and electronic equipment also we cater to. And we supply to the toys industry as well.

**Aniket Gada**

Analyst | Private Investor

Great. Can we scale up the existing plant? Like, at the existing plant, which is around 9000 metric tons per annum, do we have the facility to scale up there?

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**Piyush Dhawan**

President, Commercial and Strategy | Pandy Oxides and Chemicals Limited

So at the current plant, yes, we have the facility to scale up. But what we will be doing is, if you look at the Therovoykandigai plant, we have major batteries that will be recycled there. So that will translate to a considerable amount of plastics. It would probably be to the extent of close to 15 tons to 20 tons a day. So that would attribute to something what we'll start in Therovoykandigai as well, right? So we further intend to manufacture the recycle grades there.

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**Aniket Gada**

Analyst | Private Investor

Okay. And are we on -- in line with our target for INR50 crores revenue for this year?

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**Piyush Dhawan**

President, Commercial and Strategy | Pandy Oxides and Chemicals Limited

Yes, yes.

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**Aniket Gada**

Analyst | Private Investor

One more. Are we eligible to apply for EPR for plastics?

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**Piyush Dhawan**

President, Commercial and Strategy | Pandy Oxides and Chemicals Limited

Yes, we are eligible to apply for EPR plastics. We have, in fact, made the registrations with the pollution control boards and the authorities as well. Right now, again, EPR, so this would come under the rigid plastics category, specifically the PPCP, ABS and nylon. Then you have flexible as well where LD comes in. But right now, we are evaluating on the EPR numbers and we are getting some soft and hard inquiries to which we intend to cater to in the next month or two.

**Aniket Gada**

Analyst | Private Investor

Lastly, on the same plastics. So if we can apply for EPR registrations and you have applied for EPR registrations, is there a possibility for us to sell those credits, EPR credits we get from recycling? And...

**Piyush Dhawan**

President, Commercial and Strategy | Pandy Oxides and Chemicals Limited

Yes, there is, because there will be a commercialization of EPR credits and that will further add on to the portfolio as well.

**Aniket Gada**

Analyst | Private Investor

And if you could provide me with a number, like bottom line number, if possible, for that?

**Piyush Dhawan**

President, Commercial and Strategy | Pandy Oxides and Chemicals Limited

So EPR commercialization is still evolving. It is at a nascent stage. So numbers right now, it wouldn't be prudent to give out the numbers because they differ from place to place, from industry to industry. So that particular number would probably not be, I mean, correct to reveal because it will evolve and maybe by the next quarter, we'll be able to come out with those numbers.

**Aniket Gada**

Analyst | Private Investor

And margins are at 6% to 7%, or can we improve on that? Or we just...

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**Piyush Dhawan**

President, Commercial and Strategy | Pandy Oxides and Chemicals Limited

So in plastics, if you see right now, if you look at the recycled products, what we're manufacturing, we are catering to, about 6% to 8% and we are doing approximately between 300 tons to 450 tons a month and which will grow -- which will eventually, definitely grow. And we intend to enter into the compounding value-added product because that gives us better margins, of course. And there is scope for a tremendous expansion there as well.

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**Aniket Gada**

Analyst | Private Investor

Great. And lastly, what do you see regarding the EPR norms for lead, which have -- which would be implemented in '27-'28, I think?

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**Piyush Dhawan**

President, Commercial and Strategy | Pandy Oxides and Chemicals Limited

No. So the EPR is already in place for lead. So the EPR -- the empanelments have been done for -- so for lead, lithium ion, rubber, plastics, the EPR has been initiated by the CPCB and the MoEF. We have done registrations for both lead and plastics because it's a mandate also. And we have an onus on that. So we've done all of that. But to commercialize or to start the EPR, we are right now at the stage where we are getting inquiries and we are in stages of conversion, basically.

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**Aniket Gada**

Analyst | Private Investor

So in regarding to that industry, like 30% is set for recycled value product for lead in '27-'28. So as -- so right now, what's the current percentage of recycling for lead in our country? And do we have a scope for that -- in that as well?

**Piyush Dhawan**

President, Commercial and Strategy | Pandy Oxides and Chemicals Limited

No. So there is -- right now, the OEMs are doing in the range of 30% to 40% of recycled grades in their manufacturing process. So -- but this gives them additional advantage. So that comes to lead. Now, when it comes to plastics, obviously, that mix is not prevalent there right now and that will increase. So that will give us an added advantage over the next two or three years when it comes to implementing the plastics mix of recycled polymers in the OEM process -- in the manufacturing process.

**Aniket Gada**

Analyst | Private Investor

But for lead, it's already around 30% to 40%. So regards to like implementation of the EPR regulations, it's already ongoing and '27-'28 targets are feasible for OEMs?

**Piyush Dhawan**

President, Commercial and Strategy | Pandy Oxides and Chemicals Limited

Yes. Yes, you're right.

**Aniket Gada**

Analyst | Private Investor

So -- and lastly, for aluminum, like, it's shut down or are we still producing some products there?

**Piyush Dhawan**

President, Commercial and Strategy | Pandy Oxides and Chemicals Limited

No. So, aluminum, what is happening is -- I'll just give you a background on aluminum. We were manufacturing the die cast alloy segment, and unfortunately, for the last two years, the particular industry was bleeding. And even though that we had, I mean, initiated production and sold the material, we don't want to enter into a bandwagon effect where we get into a fragmented market and have to rush for profits. That doesn't work that way. So, right now, what we are doing is, we are reviewing the portfolio and the product mix. We have intent to add -- to see whether we can

opt for value-added products in aluminum alloys and/or get into a forward integration process.

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**Aniket Gada**

Analyst | Private Investor

That's it from me. Thank you. Thank you very much for answering the questions and best of luck for the future.

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**Piyush Dhawan**

President, Commercial and Strategy | Pandy Oxides and Chemicals Limited

Thank you, Aniket.

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**Radhakrishnan Chonat**

Director of Business | AlphaStreet

Thank you, Aniket. Next, we'll take from Siddharth Mehrotra from Kotak. Siddharth, please unmute and go ahead and ask your question.

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**Siddharth Mehrotra**

Analyst | Kotak Institutional Equities

Am I audible?

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**Radhakrishnan Chonat**

Director of Business | AlphaStreet

Yes.

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**Siddharth Mehrotra**

Analyst | Kotak Institutional Equities

Perfect. So, just one small question. Since a large proportion of our capacities are in South and the new capacities are also coming in the Southern part of India, I understand we would have a sizable contribution to Amara Raja as our, maybe, top customer. So could you sort of just give us a ballpark range, roughly what proportion of the total volumes go to Amara Raja?

**Piyush Dhawan**

President, Commercial and Strategy | Pondy Oxides and Chemicals Limited

So, if you look at the domestic sales, the domestic sales for this quarter would be roughly 35%. So out of that 35%, about -- between 25% to 30% would be attributable to Amara Raja.

**Siddharth Mehrotra**

Analyst | Kotak Institutional Equities

Understood. Got it. And since they are sort of backward integrating with their own plant, which is sort of expected to be operational fairly soon, what sort of impact are we seeing on our volumes to this customer?

**Piyush Dhawan**

President, Commercial and Strategy | Pondy Oxides and Chemicals Limited

So, in fact, they're going live this year as well. So we've, in fact, renewed our contracts and we see numbers increasing. So if you look at the overall battery market, when you see a number of 12% to 13% growth, so that will kind of benefit us, because, there, Amara Raja is going to manufacture pure lead majorly, and we are majorly manufacturing alloys. So our contribution to Amara Raja would increase as such because the alloy mix will continue to grow.

**Siddharth Mehrotra**

Analyst | Kotak Institutional Equities

Okay. And when we say our contribution to Amara Raja, do we have a ballpark range in terms of what proportion of total lead requirements for Amara Raja is fulfilled by Pondy Oxides?

**Piyush Dhawan**

President, Commercial and Strategy | Pandy Oxides and Chemicals Limited

That number would -- see, they have different suppliers, of course. So I will reach out to you and revert back on this number. I'll take this offline.

**Siddharth Mehrotra**

Analyst | Kotak Institutional Equities

Okay. Sure thing, sure thing, not an issue at all. Just a couple of small questions on the other segments.

**Piyush Dhawan**

President, Commercial and Strategy | Pandy Oxides and Chemicals Limited

Please.

**Siddharth Mehrotra**

Analyst | Kotak Institutional Equities

So, what is our strategy on the plastics front? Because from what I understand, we mostly sort of accumulate the plastic waste from the batteries which is basically polypropylene and so, as per my understanding, it is basically PP which we recycle. Or is it something else?

**Piyush Dhawan**

President, Commercial and Strategy | Pandy Oxides and Chemicals Limited

Okay. So I'll just explain you briefly. What happens is the primary intent of starting the plastics unit was because of the fact that we were internally getting PPCP, like you rightly said, polypropylene copolymer as a byproduct. So we did a forward integration there and started manufacturing pellets. And that is recycling per se. Now, we've also done ABS because ABS -- the batteries that we import are of two categories in terms of the nature of plastics. It would be a PPCP or an ABS. And under those, there are subcategories of ABS-FR, ABS-PC and PPCP also would have a filled category.

What we do right now is we, of course, have an internal procurement, where we get batteries from our lead unit -- the regrinds from our lead units. And then we additionally also procure PPCP battery regrinds. We also look at the polypropylene homopolymer and Nylon 6 grades as well. But right now, we are into recycled, primarily. We have started manufacturing Nylon 6 and are contributing to the furniture industry as well. Our intent over the next couple of quarters would be to strategize mostly on the compounding segment because the recycling segment right now is relatively stabilizing for us.

**Siddharth Mehrotra**

Analyst | Kotak Institutional Equities

And what would be the source of raw materials for this compounding segment we are referring to? Like, would it be batteries, something else?

**Piyush Dhawan**

President, Commercial and Strategy | Pandy Oxides and Chemicals Limited

No, no, no. So it will be a mix of all industrial and engineered-based, basically. So if you look at the car scrap, you have bumpers and you have different other ancillaries attached to it and there are pallets. So there are different varieties of plastics. I mean, there are infinite amount, basically. So the source is tremendous. We look at, of course, batteries from a perspective. Because we import, because we procure domestically, it has an advantage for us, because it gives us a strong base in terms of consistently catering to the machines. But yes, we look at different other raw materials of engineering and industrial plastics like ABS and nylon.

**Siddharth Mehrotra**

Analyst | Kotak Institutional Equities

Got it. And the margins for our Plastics division would be in the 6% to 8% range. Is that correct?

**Piyush Dhawan**

President, Commercial and Strategy | Pandy Oxides and Chemicals Limited

So, on the recycle segment, it is 6% to 8% on a good day. On better days, it is probably a little higher. But if you look at the compounding segment which we -- where the major value addition happens, we're looking at roughly 12% to 14% numbers there.

**Siddharth Mehrotra**

Analyst | Kotak Institutional Equities

Got it. Thanks. Thanks a lot. This was really helpful.

**Piyush Dhawan**

President, Commercial and Strategy | Pandy Oxides and Chemicals Limited

Thank you, Siddharth.

**Radhakrishnan Chonat**

Director of Business | AlphaStreet

Thank you, Siddharth. Next, let's take the question from Anand Mundra. Anand, I request you to unmute and ask your question directly.

**Anand Mundra**

Analyst | Soar Wealth Managers

Sir, what was our loss in plastic and aluminum business in FY '24?

**Vijay Balakrishnan**

Chief Financial Officer | Pandy Oxides and Chemicals Limited

You mean to say last financial year?

**Anand Mundra**

Analyst | Soar Wealth Managers

Yes, sir.

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**Vijay Balakrishnan**

Chief Financial Officer | Pondy Oxides and Chemicals Limited

Overall -- see, EBITDA levels, yes, it is -- I will not say it is bigger loss, but in terms of depreciation and finance cost, the overall loss was amounting to about INR5 crores last year.

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**Anand Mundra**

Analyst | Soar Wealth Managers

Both put together?

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**Vijay Balakrishnan**

Chief Financial Officer | Pondy Oxides and Chemicals Limited

Yeah, both put together.

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**Anand Mundra**

Analyst | Soar Wealth Managers

Okay. And how do you see this, this financial year, sir?

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**Piyush Dhawan**

President, Commercial and Strategy | Pondy Oxides and Chemicals Limited

So, Anand, I'll answer that because last time also this was asked and see the intent is -- when we start an industry, there are a lot of empanelments, there's a learning curve also attached, so the intent from the beginning was to supply to Tier 1 customers. So the Tier 1 customers basically include your Tier 1 suppliers of Maruti, TVS, which we have given in our investor presentation. And the intent was clear from the beginning because we did not want to cater to the Tier 2

markets. And that one year also went through different empanelment process, audits. And that obviously had a certain cost attached to it. And that is what we are kind of realizing this year. So this year would be a profitable -- would be a relatively profitable year for us because recycling products, we are quite stable now with the amount of production that we are doing in terms of procurement, in terms of sales. We see it growing, like we had mentioned in our previous earnings calls that over the next couple of quarters it will improve and it will keep on improving.

So this year, we look -- like we've mentioned in our investor presentation and previous calls, we look at about INR50 crores of top line in plastics with a positive number, of course.

**Anand Mundra**

Analyst | Soar Wealth Managers

Okay, yeah.

**Vijay Balakrishnan**

Chief Financial Officer | Pandy Oxides and Chemicals Limited

Adding to Piyush, this time, it is a breakeven for plastics, except for depreciation and finance cost. And over a period of time, when we achieve the projected turnover of about INR40 crores to INR45 crores, definitely, we should be making positive numbers.

**Anand Mundra**

Analyst | Soar Wealth Managers

And, sir, for aluminum business?

**K. Kumaravel**

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

Aluminum current year's loss is totally stopped. There is no loss in the current year.

**Anand Mundra**

Analyst | Soar Wealth Managers

Okay, okay, okay. And sir, what is the targeted EBITDA margin for both the businesses over the next two, three years when they will become of sizable number?

**Piyush Dhawan**

President, Commercial and Strategy | Pandy Oxides and Chemicals Limited

Average?

**Anand Mundra**

Analyst | Soar Wealth Managers

Yeah.

**Piyush Dhawan**

President, Commercial and Strategy | Pandy Oxides and Chemicals Limited

So we will be -- EBITDA margins, right?

**Anand Mundra**

Analyst | Soar Wealth Managers

Yeah, correct, correct, sir.

**Piyush Dhawan**

President, Commercial and Strategy | Pandy Oxides and Chemicals Limited

So like we've mentioned, right now, the EBITDA margins range between 5% to 6%. And the fact that we are making expansions in lead and moving towards a leaner, smarter approach towards operations, we will see a positive impact on the lead margins to the extent of about 120 to 150 basis points. So we see that number come to about 6% to 6.5%. And again, plastics would also become a major contributor by the end of this year and continue to grow over the next two, three

years. So on an average level, if you see and the vision, what we have envisaged, we see the margins tending towards 7.5% -- 7% to 7.5%.



**Anand Mundra**

Analyst | Soar Wealth Managers

So this is for overall company?



**K. Kumaravel**

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

Yeah.



**Piyush Dhawan**

President, Commercial and Strategy | Pondy Oxides and Chemicals Limited

Yes, yes, the overall company.



**Anand Mundra**

Analyst | Soar Wealth Managers

And this is for which year target, sir? FY '25 or...



**Piyush Dhawan**

President, Commercial and Strategy | Pondy Oxides and Chemicals Limited

Till FY '27 -- yeah, so this will span over the next three years where right now we are doing about 5% to 6% and by -- in the next three years, we will be tending towards 7% to 7.5%.

**Anand Mundra**

Analyst | Soar Wealth Managers

Okay. And sir, also on...

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**Piyush Dhawan**

President, Commercial and Strategy | Pandy Oxides and Chemicals Limited

But these are all on conservative levels.

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**Anand Mundra**

Analyst | Soar Wealth Managers

Okay, okay, okay. And sir, major contributor to this EBITDA margin would be more smelting capacity and high utilization of -- or turnaround in plastic and aluminum business.

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**Piyush Dhawan**

President, Commercial and Strategy | Pandy Oxides and Chemicals Limited

So, yes, so the major contributor will, of course, be a lot of economies of scale in lead, because lead, what numbers we've been doing right now, we see about 15% to 20% growth in volumes this year. And likewise, plastics will also contribute, and copper also will see a movement by the end of this financial year. So our focus right now is to kind of prioritize and start the second -- the expansion of lead unit by the end of the financial year and then move on to copper and see other verticals materializing as well.

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**Anand Mundra**

Analyst | Soar Wealth Managers

Okay, Sir, one more thing. What was our smelting capacity three years back or whatever the number, three, four years back, what was our smelting capacity?

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**K. Kumaravel**

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

Yeah, three years back our smelting capacity was around 50,000 tons. Now, it is slowly increased to 1,00,000 tons, 1,10,000 tons.

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**Piyush Dhawan**

President, Commercial and Strategy | Pandy Oxides and Chemicals Limited

Yeah, so Anand, what has happened is, we've mentioned the fact that two years back, we faced challenges in smelting and we underwent a complete restructuring of smelting capacities. So we started off with, I mean, 50,000 tons levels at 2018-'19 level a year. And then right now, we are at between 80,000 tons to 85,000 tons smelting capacities, which we tend -- which we will be increasing to about 160,000 tons --150,000 tons to 160,000 tons per annum.

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**Anand Mundra**

Analyst | Soar Wealth Managers

So, sir, last full financial year, we were at around 80,000 tons smelting capacity?

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**Piyush Dhawan**

President, Commercial and Strategy | Pandy Oxides and Chemicals Limited

Yes, yes.

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**Anand Mundra**

Analyst | Soar Wealth Managers

Okay. So any reason why...

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**Piyush Dhawan**

President, Commercial and Strategy | Pandy Oxides and Chemicals Limited

No, so, last year, the one rotary furnace was commissioned in between. Yes. So, basic average, it would be about 65,000 tons to 70,000 tons.

**Vijay Balakrishnan**

Chief Financial Officer | Pandy Oxides and Chemicals Limited

And last -- first quarter also, we had some issues in smelting in terms of maintenance. Last -- I'm speaking about last year, first quarter.

**Anand Mundra**

Analyst | Soar Wealth Managers

Okay. And sir -- okay, my primary purpose of asking this question was, sir, our volume growth in lead has not happened in the last five years. And the reason was lesser smelting capacity. Is that correct?

**Piyush Dhawan**

President, Commercial and Strategy | Pandy Oxides and Chemicals Limited

So, yes, that would -- I'll answer this question in two parts. One would be, of course, the smelting capacities were relatively lower, and we had a challenge on that. Right now, the challenge has been overcome because we have decent smelting capacities and we are also utilizing the same. And the second part would be that if you see the total raw material procurement mix, that also has to be analyzed, because at different verticals or functions of a lead recycling unit, you get value-added margins. So if we were to import batteries, 100% batteries, it would be the best case scenario.

But then what happens is procurement is a diversified approach for us. So we import -- we procure domestically both batteries, we also get battery plates, and we also get Radio. So there are different categories and nomenclature, which are categorized under ISRI norms. And because of the fact that if I get a Radio which directly goes into refining and if it is giving me a good margin, so I will rather source Radio over a battery. So the last two, three years, we were getting a good

amount of Radio material, and now we see a lot of procurement of batteries happening in the last one year, and we see that trend to grow in the coming years. And that was one of the major reasons that we intended to start the expansion plan for lead.

**Anand Mundra**

Analyst | Soar Wealth Managers

Okay, understood. Sir, one question...

**Piyush Dhawan**

President, Commercial and Strategy | Pandy Oxides and Chemicals Limited

So that would be majorly catering to batteries.

**Anand Mundra**

Analyst | Soar Wealth Managers

So since availability of Radio was there in the last three years, so we could have done more -- much more volumes of lead, sir?

**K. Kumaravel**

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

No, we want to do backward integration. That value addition or profit margin in doing through the Radio is compared to -- is very less compared to doing through the batteries.

**Anand Mundra**

Analyst | Soar Wealth Managers

Okay. Then sir...

**Piyush Dhawan**

President, Commercial and Strategy | Pandy Oxides and Chemicals Limited

So there are three verticals, Anand: battery-breaking, smelting and refining. If I directly move into refining, my margins would be relatively less than if I were to start recycling or manufacturing right from the battery level.

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**Anand Mundra**

Analyst | Soar Wealth Managers

Yeah, that I understood, sir. Sir, the question was, if you do full backward integration, margin would be much higher than only doing Radio conversion.

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**Piyush Dhawan**

President, Commercial and Strategy | Pandy Oxides and Chemicals Limited

Yeah.

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**Anand Mundra**

Analyst | Soar Wealth Managers

But sir, since you had more capacity, I thought you would be able -- in absolute amount, you will add some profits.

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**K. Kumaravel**

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

No, but it is of no use, no? When there is margin is very less, what is the use of doing...

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**Anand Mundra**

Analyst | Soar Wealth Managers

So on...

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**K. Kumaravel**

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

Only for turnover, no point in doing business.

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**Anand Mundra**

Analyst | Soar Wealth Managers

So sir -- okay, now one basic question, sir. When we initially put up the capacity, at that time also it was known to us that the margin would be far lower only in Radio. So what was the purpose...

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**K. Kumaravel**

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

Initially we planned only for this type of -- doing through the battery -- not through the battery, from other scrap -- lead scrap. After that, market is evolving. So automatically, everybody moves towards the -- routing through the batteries. There only margin is there. Very lesser margin is there in the normal refining.

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**Anand Mundra**

Analyst | Soar Wealth Managers

Okay, so can we assume that this -- now volume, whenever you increase the capacity, you will do full backward integration of the plant?

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**K. Kumaravel**

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

Yeah. That is our main aim.

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**Anand Mundra**

Analyst | Soar Wealth Managers

Okay. And because we will do full integration, our margin will increase by 1% and 1.5% over the next two, three years.

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**K. Kumaravel**

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

Yes, that's what we are looking for.

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**Anand Mundra**

Analyst | Soar Wealth Managers

Okay. And, sir, last quarter, you also mentioned in the conference call that there were some spillover of the revenue to the next quarter. So how much revenue was -- in this quarter was belonging to the last quarter?

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**K. Kumaravel**

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

Around INR20 crore to INR25 crore on account of that previous quarter. Balance is normal sale for this quarter only.

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**Anand Mundra**

Analyst | Soar Wealth Managers

Okay. Sir, one last question. This EBITDA per ton, generally -- people, generally EBITDA per ton for all the commodity businesses. Why, in your case, you are not suggesting that?

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**K. Kumaravel**

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

Can you repeat your question?

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**Anand Mundra**

Analyst | Soar Wealth Managers

Sir, why we should not compare the business as EBITDA per ton? Like, why EBITDA per ton has come down from INR13,000 to INR11,800 from FY '22 to '24?

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**K. Kumaravel**

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

I told you, no? This is answer to your previous question. Previous period, due to -- since our smelting capacity was less or under maintenance, we were forced to procure that other products and dealt direct refining. There, EBITDA margin is less compared with doing the backward integration.

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**Anand Mundra**

Analyst | Soar Wealth Managers

So in FY '24, there were lesser smelting capacity because of maintenance work.

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**K. Kumaravel**

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

Yeah, yeah, yeah.

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**Anand Mundra**

Analyst | Soar Wealth Managers

Okay, okay, okay. So otherwise it's -- INR13,000 is the right number.

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**K. Kumaravel**

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

Yes, yes, yes.

**Anand Mundra**

Analyst | Soar Wealth Managers

Understood, sir. Understood. Thank you, sir. Thanks a lot.

**K. Kumaravel**

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

Thank you, Anand.

**Radhakrishnan Chonat**

Director of Business | AlphaStreet

Thank you, Mr. Anand. The next question we have is from the line of Mr. Neeraj Sadani of Ambient Group. Neeraj, please unmute and go ahead and ask your question.

**Neeraj Sadani**

Analyst | Ambient Group

So, like you correctly mentioned, there is a lot of focus on recycling and even in the budget, it was mentioned. So definitely, the competitive intensity in the industry has gone up. So are you facing any challenges in terms of pricing your product to the customer or when you are procuring raw material, is there any challenge on that side?

**Piyush Dhawan**

President, Commercial and Strategy | Pondy Oxides and Chemicals Limited

So, Neeraj, not at all. I mean the focus on the industry is from different perspectives, if you look at. If we look at recycling as a current industry, it is growing because of the fact that the

manufacturing -- the OEMs are utilizing a certain proportion of recycling materials into their finished goods, right?



**Neeraj Sadani**

Analyst | Ambient Group

Yeah.



**Piyush Dhawan**

President, Commercial and Strategy | Pandy Oxides and Chemicals Limited

So from that perspective, we only see positive outcomes coming out of it. But of course, like you rightly said, during purchases, we do have challenges in terms of getting the right pricing for the right material. That is something related to demand and supply and something applicable to the entire industry.



**Neeraj Sadani**

Analyst | Ambient Group

Right. And also, as metal prices go up, would it be wise on our part to understand that more and more industries will actually resort to recycled materials, which maybe currently are just using it because of the regulation? But obviously, the recycled metals are usually cheaper, so will -- is this a good assumption to make?



**Piyush Dhawan**

President, Commercial and Strategy | Pandy Oxides and Chemicals Limited

So if I look at lead as a metal and if someone were to enter lead, we don't see that happening, mostly because there is a considerable amount of investment that is required, number one. Number two, the compliance is of extreme importance. And if you look at the BWMR, the Battery Waste Management Rules and the guidelines set forth by the MoEFCC, there is a mandate that you have to have a certain amount of historical data in import and export to even start a unit. So with regard to the tight guidelines set forth by the MoEF and Central Pollution Control Board, backed by the State Pollution Control Board as well, we don't see much entry into it. But of course,

that is something which is unforeseeable as well. So if someone would be entering the industry, they would come in. But then the fact is the time of empanelment would also take time. And we have been in -- we have had customers like for 10, 15, 20 years. So that kind of stands a testimony for us.

**Neeraj Sadani**

Analyst | Ambient Group

No, actually, I think you got my question wrong. What my question was, let's say, you are supplying to your customer, say, a TVS or a Maruti, and various products to various customers. Currently, they might be using recycled products as a small percentage in their production. But as time progresses, do you see that going up drastically?

**K. Kumaravel**

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

Yeah, yeah. Now, as per that government circular, now they have to increase their recycled product consumption. So naturally, they have to source their material from the recyclers, from us -- like us.

**Neeraj Sadani**

Analyst | Ambient Group

Yes, that's exactly what...

**K. Kumaravel**

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

It will go up. Certainly, that will go up.

**Piyush Dhawan**

President, Commercial and Strategy | Pandy Oxides and Chemicals Limited

So if you look at Europe and U.S., there are mandates to have a certain proportion of recycling polymers in their manufactured products. So likewise, India is also progressing towards the same. So if you look at...

**Neeraj Sadani**

Analyst | Ambient Group

Yes. Have we seen any recent uptick in that? Like, I'm not aware of that regulation, exact number as to how those proportions are going up.

**Piyush Dhawan**

President, Commercial and Strategy | Pandy Oxides and Chemicals Limited

So in lead, there was a notification recently that it has become a mandate of 30% over a period of time. And likewise, the same way...

**K. Kumaravel**

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

30%, 40%, up to 70% they increased over the period.

**Piyush Dhawan**

President, Commercial and Strategy | Pandy Oxides and Chemicals Limited

So it will continue to increase. And likewise, for plastics and aluminum and other verticals also, the mandates will become applicable over the next couple of years and we see that as a progressive thing for the industry.

**Neeraj Sadani**

Analyst | Ambient Group

Okay, okay. Thank you. Thank you so much.

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**Piyush Dhawan**

President, Commercial and Strategy | Ponds Oxides and Chemicals Limited

Thank you, Neeraj.

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**Radhakrishnan Chonat**

Director of Business | AlphaStreet

Thank you, Neeraj. Ladies and gentlemen, as a reminder, if you want to ask a question directly to the POCL management, please use the Raise Hand functionality. I think we have a few more questions from the line of Akash Jain. Akash, please unmute and go ahead and ask your question.

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**Akash Jain**

Analyst | Private Investor

Yeah, thank you for the opportunity, again. I have a couple of questions. One is, if you look at the -- if I hear the con call of one of the other industry participants, they are basically saying that MCX is going to launch aluminum contracts from Q2 onwards and that is when they see significant improvement in their capacity for aluminum. So I just wanted to also get your thoughts on that particular part that if aluminum becomes eligible then can we really scale up that business ourselves as well? So that is the first part.

The second part is -- I think enough discussion happened on our growth over the last five years. I think there's one question that if we have been incrementally increasing smelting capacity over the last five years, why is the margins broadly stable? The margins should have increased over the last three years, for example. So just want to understand when smelting capacity has gone up over the last three years, why the margins are not reflecting that part?

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**Piyush Dhawan**

President, Commercial and Strategy | Pandy Oxides and Chemicals Limited

So we'll take the first part of your question where -- the aluminum empanelment in MCX. So that is a very positive sign in fact. And the question here is not about the manufacturing of aluminum. So here, what we are introspecting and reviewing right now is to arrive at the right product portfolio mix. So when it comes to manufacturing of die-cast alloys, it is relatively a perfectly competitive market with industry players already in. So then it doesn't become a value addition for us. But given that the MCX and aluminum hedging and there will be some proposition on that part as well, that we will obviously review that and we are certain that we will come to a conclusion where we start manufacturing certain alloy which is a value-added product for us.

On the second part of the question, when it comes...

**Akash Jain**

Analyst | Private Investor

Just one -- sorry, just one question. I think this question was posed to the management of the other company as well. They are confident that for die casting, so they are also saying that once we are able to hedge aluminum, they'll be able to provide aluminum to the die casting industry and they are saying that margins will be pretty decent for die casting business as well. So you seem to have a view that your preference will be not to supply to the die casting industry, right?

**Piyush Dhawan**

President, Commercial and Strategy | Pandy Oxides and Chemicals Limited

No. Of course, we will supply to the die casting industry. It is the -- the question is which alloy? So there are certain alloys which are, I mean, there in abundance. So what we started off with was, say for example, an aluminum die-cast 12 Series alloy, which is a perfectly competitive product. And again, right now, we are evaluating proposals on getting the right procurement also. So if you look at the various ISRI nomenclatures when it comes to Taint's or Taint and Tabor, Zorba, last year was a very tough year in procurement as well, where the prices were extremely high. Moving forwards, we also see -- we are also optimistic about the aluminum industry. And that is why, I mean, we have already a platform to kind of contribute and scale up. So that would be something to look at in the coming quarters.

Now, when it comes to the growth for the five years that you have mentioned, and this was mentioned earlier as well, that, yes, the revenue has been flat but stable. And in between, if you see, there was the COVID year as well, where the margins took a hit. And that was something which was there prevalent for all the industries in a larger scheme of things. But then for us, the major contributing challenge factor or the challenge was the smelting capacities and also the product -- the raw material product portfolio mix, which we have overcome. And that kind of is visible in the numbers now. What we foresee and the rationale behind setting up the new plant is that we will be focusing more on batteries and then the value additions of all the three verticals will give us a good EBITDA margin. And that is why we have kind of -- we have set forth the numbers of increasing from 6% to -- maybe 110 basis points, 120 basis points from 5% to 6%. So basically that is about it for lead. Yes.

**Akash Jain**

Analyst | Private Investor

Okay. Sir, one final question. So, on copper, can you also elaborate a little bit in terms of what are the plans on copper? Because, obviously, there are players who are importing cables and they are extracting copper and aluminum out of those cables and I think the value-add is very low, but significant revenue has been generated by quite a few players in the industry. So I just want to understand what is your take on copper and how do you plan to expand that part?

**Piyush Dhawan**

President, Commercial and Strategy | Pandy Oxides and Chemicals Limited

So you're right. I mean, other players are importing the cables, the Druid, ICWs, but that only contributes to the top line. The bottom line -- sometimes it even gets eroded as well. What we are now looking at is again a different portfolio altogether. I mean, we can do the same thing, which we, in fact, started with. But now, we will be increasing the capacities in copper. We are looking at smelting and refining and also doing some copper alloys and other product portfolio mix.

That is -- the project team is evaluating both the techno-commercial proposal and we will see that happening once the Thervoykandigai plant goes live.

**K. Kumaravel**

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

Even in the existing unit, we are started selling the copper material. Through this copper cables, we are buying and doing, we are selling the sales, even start -- sales has already started.

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**Akash Jain**

Analyst | Private Investor

But that is low margin, so you will prefer to do more value-add in copper. That would...

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**Piyush Dhawan**

President, Commercial and Strategy | Pandy Oxides and Chemicals Limited

Yes, yes, yes. So those numbers, like you said, I mean, are low hanging fruits. But right now, we are doing. I mean, it's not that we are not doing. We are importing the ICWs and cables and we are kind of doing that bit what you mentioned. But again, we are mostly concentrating on coming to a product portfolio which adds to both -- primarily adds to the bottom line and again reflects on the top line as well.

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**Akash Jain**

Analyst | Private Investor

Thank you. Thank you so much, sir.

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**Radhakrishnan Chonat**

Director of Business | AlphaStreet

Thank you. Akash. Looks like we have a follow-up question from Aniket. Aniket, go ahead, unmute yourself and ask.

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**Aniket Gada**

Analyst | Private Investor

Yeah. Sir, with regards to revenue growth, is it from existing customers or do we have new client additions as well?

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**Piyush Dhawan**

President, Commercial and Strategy | Pandy Oxides and Chemicals Limited

Could you please repeat your question?

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**Aniket Gada**

Analyst | Private Investor

Yeah. So, our revenue has significantly grown and is it due to the existing customers or have we added new clients as well?

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**Vijay Balakrishnan**

Chief Financial Officer | Pandy Oxides and Chemicals Limited

I will answer this question. So the new customers comprise about 15% to 20% of this overall sales. So there are some new customers in East Asian regions where we have added up. And in the case of Western parts of the globe also, we have added one or two customers.

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**Aniket Gada**

Analyst | Private Investor

And because of their projections, are we projecting a 15% to 20% volume growth?

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**K. Kumaravel**

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

Overall -- I think it account overall --

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**Vijay Balakrishnan**

Chief Financial Officer | Pondy Oxides and Chemicals Limited

Overall market scenario and the projections are expected to be 20% plus this year across all customers.

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**Aniket Gada**

Analyst | Private Investor

So they have been projecting or like telling us the guidelines like they might increase the -- they want an increase in supply for 15% or 20%. Is that so?

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**Piyush Dhawan**

President, Commercial and Strategy | Pondy Oxides and Chemicals Limited

Yes, of course. I mean, we see demand coming in for both the pure lead and the lead alloys, what we manufacture. And again, that is the reason why we are expanding. So yes, we see the demand coming in and hence we are kind of catering to the supply side as well.

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**Aniket Gada**

Analyst | Private Investor

Yeah, a few quarters back, Ashish told like, there might be some market share consolidation -- like, taken away from the unorganized sector to the organized sector for lead. Is it happening? And what kind of a percentage of lead acid manufacturing -- recycling is done by the organized peers?

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**Piyush Dhawan**

President, Commercial and Strategy | Pondy Oxides and Chemicals Limited

So yes, the transitioning is, of course, happening because if you look at the government implementation side with the BWMR, in fact, from the Battery Management Handling Rules of 2001 to the current BWMR rules and then the EPR, it is quite evident that there is a lot of progress. Now when it comes to numbers, of course, there is about 30% to 35% -- 30% which is organized and balance is unorganized. But then the numbers will, of course, change in the next two or three years.

**Aniket Gada**

Analyst | Private Investor

What kind of numbers you are expecting for the organized share and unorganized for next two years?

**Piyush Dhawan**

President, Commercial and Strategy | Pandy Oxides and Chemicals Limited

See, that's a transition which kind of will happen on an incremental basis. It cannot happen overnight. So that particular number would be hard to define because even to kind of arrive at this number, it has taken so many years. But with the government's strict guidelines and the rules intact, we see that number coming to, say for example, a 50%, 60% mark soon.

**Aniket Gada**

Analyst | Private Investor

Thanks. Thanks a lot.

**Radhakrishnan Chonat**

Director of Business | AlphaStreet

Thank you, Aniket. Ladies and gentlemen, if you have any questions, please use the Raise Hand functionality. I'm going to give a few seconds to see if there are any more questions on the line.

All right. Ladies and gentlemen, that's all the time we have allocated for today. Please send in your additional questions by email to the AlphaStreet team and we'll follow up to get those answered by the POCL management.

Once again, this call was recorded. A replay of this call is made available on AlphaStreet's India YouTube channel immediately, as well as on [alphastreet.com](http://alphastreet.com). A final transcript will be made available shortly on our platforms as well as filed with the exchanges.

Thank you all for joining us for the Pandy Oxides and Chemicals Limited Q1 FY '24-'25 earnings call.

**Piyush Dhawan**

President, Commercial and Strategy | Pandy Oxides and Chemicals Limited

Thank you, everyone.

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**Vijay Balakrishnan**

Chief Financial Officer | Pandy Oxides and Chemicals Limited

Thank you. Thank you, everyone. Thank you, Radhakrishnan.

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**K. Kumaravel**

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

Thank you, everyone.

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