PONDY OXIDES AND CHEMICALS LIMITED **POCL**®

22nd May 2025

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 Q4 FY 2024-25 Investor Call held on 19th May 2025

With reference to our letter dated 19th May 2025, intimating you about the link of the audio recordings of the investor call held on Monday, 19th May 2025 at 03:30 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

KRISHNAMOORTHIKUMARAVEL
Digitally signed by KRISHNAMOORTHIKUMARAVEL
Date: 2025.05.22 11:16:04 +05'30'

K. Kumaravel
Director Finance & Company Secretary

“Pondy Oxides and Chemicals Limited

Q4 FY25 Earnings Conference Call”

May 19, 2025

MANAGEMENT: **MR. ASHISH BANSAL – MANAGING DIRECTOR – PONDY OXIDES AND CHEMICALS LIMITED**
MR. K. KUMARAVEL – DIRECTOR OF FINANCE AND COMPANY SECRETARY – PONDY OXIDES AND CHEMICALS LIMITED
MR. R. S. VAIDHYANATHAN – EXECUTIVE DIRECTOR – PONDY OXIDES AND CHEMICALS LIMITED
MR. VIJAY BALAKRISHNAN – CHIEF FINANCIAL OFFICER – PONDY OXIDES AND CHEMICALS LIMITED

MODERATOR: **MS. SANA KAPOOR–GO INDIA ADVISORS LLP**

Moderator: Ladies and gentlemen, good day, and welcome to Pondy Oxides and Chemicals Limited Q4 and FY '25 Earnings Conference Call, hosted by Go India Advisors. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star then zero on your touchtone phone. Please note that this conference is being recorded.

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

Sana Kapoor: Thank you, Steve. Good afternoon, everybody, and welcome to Pondy Oxides and Chemicals Limited earnings call to discuss Q4 and FY '25 financial performance. We have on the call Mr. Ashish Bansal, Managing Director; Mr. K. Kumaravel, Director Finance and Company Secretary; Mr. R. S. Vaidhyanathan, Executive Director; and Mr. Vijay Balakrishnan, Chief Financial Officer. We must remind you that the discussion on today's call may include certain forward-looking statements and must be, therefore, viewed in conjunction with the risks that the company faces.

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

Ashish Bansal: Thank you, Sana. Good afternoon, ladies and gentlemen, and welcome to our Q4 FY '25 earnings call. I trust you've had the opportunity to review the earnings presentation, press release and financial results that were uploaded on the stock exchanges. I will guide you through the results, after which we will have a question-and-answer session. It gives me great pleasure to share that POCL has recorded its strongest performance to date in FY '25 with all-time high revenue, EBITDA and PAT, driven by robust operational plan and execution.

Before diving into the operational and financial highlights, I would like to share on key strategic updates. In an effort to capitalize on growth opportunities in its current operations and to explore various avenues in other nonferrous metals, POCL has successfully raised an aggregate of INR175 crores through qualified institutional placement during the financial year ended 31st March 2025. Consequently, the company has utilized the proceeds of the issue in financing capital expenditure, working capital requirements and other general purpose -- general corporate purposes.

On the capacity expansion front, we are enhancing our lead production capacity by 72,000 metric tons per annum at our ThervoyKandigai plant in 2 phases of 36,000 metric ton each, and I'm pleased to share that the commercial production for Phase 1 with a lead capacity of 36,000 metric ton per annum commenced in Q1 FY 2026 at the ThervoyKandigai, Tamil Nadu plant, which is fully automated facility with integrated processes and improving overall operational efficiencies.

The total capital expenditure for Phase 1 was INR85 crores, and the same was funded through the proceeds of QIP and internal accruals. Phase 2 expansion is expected to be commissioned by H2 FY '26. The capex estimated for Phase 2 is about INR20 crores approximately.

During FY '25, POCL undertook a capital expenditure of INR94 crores with a strategic focus on strengthening its capacities on its core vertical, along with maintenance capex in other units. For FY '26, we anticipate a capex of approximately INR75 crores, primarily directed towards capacity expansion in different verticals of nonferrous metals recycling.

Credit rating upgrade. CRISIL Rating Limited has upgraded the credit rating to CRISIL A/Stable from CRISIL A-/Stable, reflecting improved financial strength and stability. This upgrade underscores the company's strong operational performance, robust balance sheet and growth outlook.

The Board has announced highest ever dividend at 70%, amounting to INR3.5 per share, continuing a streak of over 29 years of consistent dividend payments.

POCL is looking at setting up R&D facilities for certain value-added products, both for current portfolio and for feasible products, which will add overall value to the top and bottom line of the company.

Now coming to the operational performance. The yearly procurement mix of lead, plastics, copper through imports is approximately 73%, 65% and 100%, respectively. The capacity utilization year-on-year of lead and other verticals has increased substantially on both yearly and quarterly basis. The production of lead has increased significantly by 30% to 94,115 metric ton on an annual basis and by 21% year-on-year to 26,074 metric tons on a quarterly basis.

There is a significant increase in production and sales of other verticals as well, which are plastics and copper, both on a yearly and quarterly basis. EBITDA per ton of lead increased 21% year-on-year to INR13,848 per metric ton on a quarterly basis and INR13,325 per ton on an annual basis.

And now moving to the financial results for Q4 and FY '25. I am pleased to share that over the past 5 years, we have consistently delivered a revenue CAGR at 11%, EBITDA CAGR at 22% and PAT CAGR at 32%. Revenue from operations has increased to INR2,028 crores on a stand-alone basis, up by 33% year-on-year and INR517 crores, up by 45% on a quarterly basis. POCL experienced a substantial growth because of increased production and sales in all verticals.

The FY '25 sales mix between domestic and export markets stood at 34% and 66%, respectively. EBITDA increased by 39% to INR108 crores on an annual basis and by 31% to INR27 crores on a quarterly basis. Q4 and FY '25 EBITDA margins stood strong at 5% plus. PAT increased to INR65 crores, up by 65% year-on-year on an annual basis and INR18 crores, up by 46% year-on-year on a quarterly basis.

On a consolidated basis also, POCL reported a strong financial performance and revenue from operations increased by 33%, EBITDA increased by 44% and PAT increased by 82% on an annual basis and by 44%, 35% and 39% on a quarterly basis. Our balance sheet has grown stronger with notable reductions in debt, in net debt and improved net debt-to-equity ratio. The working capital days has been improved from 55 days in FY 2024 to 50 days in FY 2025.

In conclusion, POCL is strategically poised to realize its ambitious target towards 2030 with a sharp focus on expanding lead production and foraying into different verticals of nonferrous metals.

We are targeting over 15% volume growth, revenue CAGR and profitability with growth of more than 20% alongside meaningful improvements in margins, aiming for EBITDA margins above 8% and ROCE exceeding 20%. Our growth strategy is deeply aligned with our sustainability goals as we work towards generating over 60% of our revenue from value-added products and achieving 20% plus reduction in energy consumption to lower our carbon footprint.

With robust capacity expansion underway, disciplined capital allocation, operational excellence, strict implementation of government regulation and the guidance of an experienced leadership team, POCL is exceptionally well poised and positioned for long-term success. Backed by the continued trust and support of our stakeholders, we are confident in our journey towards building a more innovative, sustainable and profitable future.

That's all for me. And I would now request to open the floor for question-and-answer session. Thank you.

Moderator: [Moderator Instructions] The first question is from the line of Sagar Shah from Spark PWM. Please go ahead.

Sagar Shah: Thank you, sir. Thank you for the opportunity. First of all, congratulations to the entire team of POCL for delivering such robust results. Now I had some few questions regarding our earnings actually. Now my first question was related to our capex guidance actually. The capex guidance that you have given is around INR75 crores for this particular year, FY '26.

So this year, we are going to spend around INR20 crores as -- for our Phase 2 expansion. So for remaining INR55crores, you highlighted in your opening commentary that we'll be incurring in the other segments. So can you elaborate that in which segments are you going to actually elaborate -- are you expanding your capacity? That is my first question, sir.

Ashish Bansal: Yes. Currently, INR75 crores that we have guided, approximately about INR20 crores, as you said right, was in our lead vertical. That will be for our second phase of expansion post this first phase that we have already commenced production. Then the other 2 verticals that we'll be spending the capex will be for the copper vertical and for our plastics vertical.

Sagar Shah: Okay. So will be -- the expansion will be on brownfield in nature in our existing plants? Or are you expanding in the new plant at Tamil Nadu? What will be the additional capacity that we are building in?

Ashish Bansal: Yes. This will be at the new plant in TKD and also at our existing plant, which is currently operational. And with this, we'll be improvising the product portfolio and also the, what do you call, the efficiency of the existing plant. In copper, some product portfolio will be added. And for plastics, it will be more on efficiencies and more production.

Sagar Shah: Okay. So currently, we are holding around 9,000 tons per annum for plastics and around 6,000 tons for copper. So what will be the new capacity for both of them?

Ashish Bansal: So copper, we are looking at taking it to about 9,000 to 12,000 tons. And plastic technically will remain more or less in similar lines of the capacity, but we'll have a little improved facilities in terms of increasing efficiency by adding certain equipment’s for better processing and attaining better quality products.

Sagar Shah: Okay. So we'll be doubling our capacity in copper, sir, basically in this year?

Ashish Bansal: 9,000 to 12,000 tons.

Sagar Shah: Okay. Anything between 9,000 to 10,000 tons. Okay, fine, sir. My second question, sir, was related to our -- about our EBITDA actually. In this, first of all, I wanted to have some breakup in terms of revenue from other segments in this quarter from copper and plastics and respective volume. That was a data keeping question, sir.

Ashish Bansal: Yes. From first quarter onwards, we are planning to give copper separately. But plastic, if it is necessary, we can consider otherwise we do not.

Vijay Balakrishnan: So in terms of lead -- Sagar, hi, this is Vijay here. So in terms of lead, the overall revenue is about INR1,942 crores. In copper, it is about INR55 crores. And in plastics, it is about INR31.5 crores.

Sagar Shah: Okay. Fine, sir. Okay. Fine, sir. Now my this question was related to inventory. Q2, the inventory, I think we booked very high inventory in this quarter, and that is why our operating cash flow was actually negative for the entire year because our closing inventory was at a record high. So that is why our current assets actually moved quite higher. So was this directly related to the decline in lead prices or any other reason related to that?

Ashish Bansal: No, this was not in terms of declining lead prices because we do not speculate on the pricing part of the raw material. This was more for the starting of a new lead plant, certain amount of inventory was accumulated to have a smooth flow as we start the commercial production. And this, I'll say, more or less is a point in time figure, now as our commercial production has started in this quarter, all of this will be liquidated, and we'll be back to our good inventory levels.

Sagar Shah: Okay. Okay. Fine, sir. So in case -- in the EBITDA, I just -- now my last question was related to our EBITDA -- absolute EBITDA actually. The absolute EBITDA for the quarter stood by at around INR27 crores. So what my question was that the lead EBITDA per ton number that you have given in your investor presentation, that translates to an absolute EBITDA of INR32 crores just for the lead division. So have we incurred EBITDA loss actually for copper and plastics in this particular quarter, sir?

Ashish Bansal: No, no. Both copper and plastics are in positive, and we are not incurring any losses on those.

Vijay Balakrishnan: So in terms of calculation of EBITDA, Sagar, we look the vertical -- lead vertical as a stand-alone basis, okay? So apart from this, we have administrative overhead that needs to be apportioned. So the difference between what you say is that. That's the case.

Sagar Shah: Okay. So that is why the difference is coming.

Vijay Balakrishnan: Yes.

Sagar Shah: Okay. Fine, sir. I'll come back in the queue, I have some more -- few more questions, Thank you so much and all the best.

Vijay Balakrishnan: Thank you.

Moderator: Thank you. [Moderator Instructions] The next question is from the line of Saransh Gupta from SVAN Investments. Please go ahead.

Saransh Gupta: Good afternoon, sir. And thank you for the opportunity. Sir, just carry on to the earlier participant questions in terms of the working capital. So you indicated that because of the commercial production that you started for the lead in the first -- last quarter, there was a sharp increase in the inventory for that particular year. So on a net-net basis, if we assume that commercial production has started, and we will be starting a Phase 2 in month of September, how do we see our working capital days going ahead from 50 days that we reported in FY '25?

Ashish Bansal: So technically, like as you're aware, last -- the year before this was at about 55, and we have managed to bring this with our good inventory management and other factors to 50 days. Our current internal targets for this year is to get the inventory level, basically the turnaround days was about 45 days, which should be workable.

Saransh Gupta: 45 days. And when we start the second phase in month of September, that will also start with the trial production and then subsequently in month of October, November, we'll be having a commercial production right?

Ashish Bansal: Yes.

Vijay Balakrishnan: Yes.

Ashish Bansal: You're right on that.

Saransh Gupta: And now you indicated that you will be growing at 15% in terms of the volume for the lead with 8% margin and over 20% of the return ratios. So can you help us in understanding the EBITDA per ton or EBITDA profitability differentiated between the new facility that have just started and the facility that we are already operating?

Vijay Balakrishnan: Hi. This is Vijay here. So with respect to EBITDA right now in terms of lead vertical, if you see, it is coming about -- last year, it was about INR13,225. With the new plant coming in, we are expecting an EBITDA in the range of INR14,500 to INR15,000 in the new plant. So on a consolidated -- on a blended basis, we can have an EBITDA margin in lead vertical about INR14,000 to INR14,500 on a blended basis going forward. On a percentage basis, overall, based on the improvement in the processing and other thing, only we can bring it to the percentage of EBITDA at the higher level.

Saransh Gupta: So sir, now if you look on the overall number, excluding other income, the last year, we did almost INR104 crores of EBITDA. Now when you look at the numbers of FY '25 with the lead sales of 90,000 tons -- 9,500 and with an EBITDA of INR13,325 crores, the broad math comes to around INR120 crores of EBITDA coming from the lead. So the incremental INR15 crores of the loss or the decline in the overall profitability when we compare with the lead and the other business, so can you help us in correcting this math in terms of the revenue coming or the EBITDA coming from your plastic, copper and the aluminum division, how it has moved?

Ashish Bansal: So we did a decent amount of sales in copper, where the EBITDA per metric ton is copper is about 5% to 5.5%. This is the range which we have got. Okay? In plastics, yes, of course, if you see last year, it was negative, but this year, the EBITDA is positive, which turns around about INR90 lakhs of EBITDA in the plastic division. So this is the overall breakup of the entire EBITDA.

Saransh Gupta: Math doesn't tied up because INR120 crores of EBITDA is there. So -- and plus we are having a positive contribution coming from the plastic and copper also contributed. So the numbers doesn't match up to the reported...

Ashish Bansal: In the EBITDA, what I mentioned, that is as a vertical we see, we have to reduce our other -- we have head office apportion expenditure that needs to be apportioned in the overall vertical that we have -- that is not being done in the EBITDA level. So that is why you are having the difference. The same -- the difference, what Mr. Sagar has pointed out on the quarterly level basis, this is applicable for the full year basis.

Saransh Gupta: Sure, sir. And last question, which is on -- on the lead front, now the commercial production started in month of April. So how was the -- I mean, how is the utilization? And are we able to do a decent amount of volume in the month of April, May from the new facility?

Ashish Bansal: Yes. So the commercial production did start. And now the sales volumes will start from the month of June onwards for this plant.

Saransh Gupta: So we'll see an incremental volume coming from the month of June. So the Q1 you will see a contribution coming from the new facility of the lead?

Ashish Bansal: Yes, the new facility of the lead. And then incrementally, it will be there -- the next quarter, you'll have the complete -- and about I can say about 80%, 90% in the next quarter.

Saransh Gupta: In terms of the utilization on the plastic and the copper for the last year?

Ashish Bansal: Last year was only -- in the last quarter, there was a beginning of utilization. So in this year, you will see the volumes on copper growth. In terms of plastics, the utilization was approximately 40%, and in copper, about 12% to 13%.

Saransh Gupta: Sure, sir. That's all from my side. Thank you. And all the best.

Ashish Bansal: Thank you.

Moderator: Thank you. [Moderator Instructions] The next question is from the line of Sumangal Nevatia from Kotak Securities. Please go ahead.

Sumangal Nevatia: Hi, good afternoon. Thanks for the opportunity. Sir, my first question is with respect to sourcing of scrap. In the presentation, you mentioned it is 77% imports. I just wanted to know what has been the trend and what has been the changes in the procurement mix given BWMR and EPR for lead-acid batteries?

Ashish Bansal: So, Shiv, good afternoon. This is Ashish here. So basically, in the earlier years, we've had about approximately 90% was our import procurement. And in the last financial year, the import procurement has come down approximately to 73-odd percent. And incrementally, we are also increasing our footprint on the domestic procurement.

In terms of EPR, EPR is currently still evolving. So in terms of -- when you see the domestic procurement, part of -- I mean, a part of the procurement that we do from the larger OEs, when they give us the scrap, they adjust the EPR pricing in the same and accordingly, they sell the scrap to us. There are certain direct purchases that we make from the market, and that is where the EPR credits come back to the company.

Sumangal Nevatia: Understood. Understood Sir, generally, with respect to -- you said it is evolving with respect to BWMR and EPR. What has been your experience in the last 1 year versus -- I mean there was some expectation of a significant increase in domestic scrap availability with the regulations. But it looks like the enforcement or all the evolution is quite slow. So just on a qualitative front, how has been the progress on the ground with respect to these policies?

Ashish Bansal: So basically, in the last year, there was an implementation, and it's not that it's been slow. It has been implemented and notified very well. And the larger stakeholders, all of them understand the importance of BWMR and these related acts. And however, the smaller segment players are getting on board. But the implementation is continually on the incremental side. And the impact you can see as the domestic procurement, the domestic market of scrap is also getting realigned month after month.

Sumangal Nevatia: And sir, how -- what is the economics of domestic versus import? Is domestic sourcing more remunerative?

Ashish Bansal: I'll put it this way. I mean you cannot compare apple-to-apple in terms of domestic and import. But in terms of domestic, one definite advantage is that the lead time when you receive the scrap is much lesser than import. But there are opportunities when sometimes based -- when you do a contract against LME and all of those, those pricings work differently. Domestic scrap works more on the domestic local pricing, how the finished product is being sold.

So I mean, you cannot directly compare because also every scrap at the end of the day works basis the metal content and the recoveries and all other factors like the payment, other schedules, delivery schedule, all of that.

Sumangal Nevatia: Understood. Understood. Sir, just 1 or 2 more questions. Sir, with respect to a few of the OEMs like Amara Raja, they themselves are putting recycling plant. So any change in business dealing with them? Is it -- are we seeing business getting diverted away from these large OEMs to their own captive units?

Ashish Bansal: So Amara Raja started their production from their smelter in the last financial year itself, and I think they've been operating for quite a couple of months as of now. As we understand, and we've discussed with them, I mean, in these few months, we have not seen any change in their procurement cycle and the orders have been pretty stable.

And going forward also, we do understand that their initial and primary target is where they collect their own batteries from their dealership, which they were collecting and currently giving out for tolling, which they would like to process within their plant and also the scrap and other wastage that they generate within their plant.

And they are looking at about -- which they were approximately about 30% to 33%, 35%, they were using through their own recycling process, which they were giving outside for tolling. And now that part of it, they would be doing it in their plant. But the outright purchase that they were doing in the past, they would continue to do the same.

Sumangal Nevatia: Understood. And just one last question on the volume. You've given a long-term guidance of 15% CAGR. But given we have these capacities coming up, should we expect a step increase this year and next year given -- I mean, should we look at a CAGR growth basis for next 2 years? Or given new capacity, we will see a step jump?

Ashish Bansal: So you will see a continual growth over the next 3 to 5 years on the CAGR with our -- all other verticals also coming in on our enhanced capacity on lead apart from which from our copper and our plastics division as well. So it will be a continual rise year-on-year over the next 3 to 5 years.

Sumangal Nevatia: Understood. Thank you, sir. And all the best.

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

Shweta Dikshit: Hi, good afternoon. Thank you for the opportunity. And congratulations on a good set of numbers. Sir, I have 2 questions. One is if you could highlight any development in terms of expansion in the Mundra land acquisition that was there. So any plans of commencing operations or breaking the ground there in terms of future expansion? And whether INR75 crores of capex this year incorporates some component for Mundra as well?

And my second question would be your -- like what's the development in the aluminum segment as of now, since FY '25, we did not register anything -- did not record any performance for aluminum segment. So how is it going to be going forward?

Ashish Bansal: Good afternoon, Shweta. Shweta, regarding the Mundra project, we were poised to start our implementation in the Q4 of FY '26. But currently, we have moved the plant to the Q1 of FY '27. So Mundra investments will happen in the first quarter of next financial year. As far as aluminum segment is concerned, we have just recently started some production on our aluminum side as well with a little changed portfolio. And you will be seeing some small -- in the first quarter of this year, some smaller numbers and going forward, a little bit incremental quarter after quarter financial year.

Shweta Dikshit: All right. Thank you.

Ashish Bansal: Thank you.

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

Sanjay Parekh: Yes. Thank you. Congratulations on great set of numbers. My first question is just on this reconciliation. I suppose you all give EBITDA means gross profit per ton. And on this whole year basis, it was coming around INR120 crores. So INR15 crores is a common overhead that would take us to EBITDA broadly. That's the math, right?

Vijay Balakrishnan: Yes, sir. Correct. Correct. Exactly. This is what I was trying to say.

Sanjay Parekh: Okay. So that is first. Sir, second question is the contribution from copper. So what my question was, what is the volume of copper this year? And as it scales up because value-wise, it will be very large. What would be the broad contribution in terms of EBITDA or gross profit, the way you all define from copper in '26 and '27. And the same from plastic, which is not contributed. But as we scale up, what could be the contribution from plastic in '26 and '27. Broadly, if you can guide us, that will help us.

Ashish Bansal: Yes, sir. Good afternoon, sir. Ashish here. So regarding copper, last year's Q4 was the initial bit where it was being started and the volumes were low. So the volume henceforth from this financial FY '26 quarter-on-quarter will be incremental on copper. An approximate number that you're looking for this financial year would be approximately in the range of about INR300 crores of top line from copper. And on plastic side, we are looking at about close to about INR50 crores to INR55 crores of top line.

Sanjay Parekh: And what would that be in '27?

Ashish Bansal: In '27, we are looking at about close to INR650 crores to INR700 crores on the copper side. And plastics would be just marginally incremental, say, maybe about INR60 crores to INR70 crores.

Sanjay Parekh: Okay. So copper would imply what volumes in '26 and '27?

Ashish Bansal: In '26, the copper volumes will imply approximately -- we are talking about close to -- so somewhere about close to 4,000 to 5,000 tons.

Sanjay Parekh: Okay. And then '27?

Ashish Bansal: We'll be doubling that.

Sanjay Parekh: Okay. Great. Okay. And sir, now because see, lead, you said that you have a continuous process plant and you plan to scale up your EBITDA per ton, which should reflect hopefully this year and then slowly next year. You have an aspiration of 8% margin so because of value addition. So do you see that in your journey on copper and plastic margins, where does that take us through? Because that's relatively new for us. So do you see any hiccups in terms of getting the margins that you seek and they meaningfully contribute? If you can guide us there, it will help us.

Ashish Bansal: Yes. From the lead side, as Mr. Vijay over the earlier question he guided, in terms of copper, see, we are looking at 8% margin as a blended over the 3 segments, that is our lead, copper and our plastics. And the copper, we are looking -- in the initial first year, that's FY '26 and '27, we are looking at margins in similar levels of lead. And as we move forward to more forward integrated products, we are looking at higher margins. And as an average, we are looking at 8%. However, currently, plastics, because of our little lower volume, the margins have not been very significant. And this financial year, we are looking at having margins on plastics also grow.

Sanjay Parekh: Sure, sure, sure. And one more, in your presentation, you said that you want to diversify in lithium-ion. So if you can guide us more. And then you also said that you are looking at M&A. So I mean, given the balance sheet size, this will help us to understand how do we plan to -- what is our plan of diversification? What's our right to win? That is -- a little bit about both inorganic and diversification will help in lithium-ion.

R. S. Vaidhyanathan: Yes. Hi, sir, this is Vaidhyanathan, here. Good afternoon. Sir, as far as the industry of lithium-ion is concerned, we see a crux of changing technologies. It is fast moving from basically from NMC to and LFP and now to LFMP, which is a new chemistry, I'm sure you are aware. The recycling mostly, we have seen are in NMC-based technology. There are very few who see LFP as a core competency. We are now working for a technological solution, which can address the majority of the market basically, which is LFP and LMFP. Because for -- what happens is for tropical climate like India, LFP is the most suited lithium-ion battery. And for example, if you take Tata Nexon or any of these latest cars now coming up in electric vehicles, they are all using mostly LFP only, yes.

So what we are now looking at is the technological partner, who is ready to help us with the solutions for all the chemistry that are available now, whether it is LFP or -- I mean, LFMP or NMC whatever it is, like we are not sure as to how do we take this forward. We are in discussions with a lot of technological companies to know the -- to understand the knowhow now and based on which we will decide. And also the flow of lithium-ion batteries in terms of raw materials is expected mostly from 2027, 2028. And therefore, since -- I mean, we thought we'll take it up carefully, yes.

Sanjay Parekh: Sure, sure, sure. Perfect. And last one from my side, we are -- we've done INR105 crores, and we've grown very well over the last 10 years, more 10 years-plus. Now as we translate to more like INR250 crores, INR300 crores company in terms of EBITDA, which may happen in 2 years. So what are the -- I mean, in terms of execution, in terms of risk management, in terms of we don't err on profitability, working capital management, also getting return ratios. A little bit of your thought of when you scale up to the next level, what are the challenges you see? And how do you plan to circumvent that? That's the last one from my side.

Vijay Balakrishnan: Sir, this is Vijay. So with respect to the plans, whatever, as we mentioned, we have indicated the plans where we wanted to increase. For example, we have already suggested there will be an incremental percentage increase in growth for the next 2 years. So first and foremost is something which is a nonferrous metal is our forte, and we are very specialized in that. So that is why our full focus is on nonferrous. So -- and plastics as a byproduct, yes, of course. But more of concentration is of lead as well as copper.

Now coming to procurement side. As you know that we have about 270-plus dealers across the world, and we import from about 70-plus countries. The procurement network is very strong. And of course, we have onboarded, Mr. Vaidhyanathan also there. And from these people, we are able to -- we'll be able to procure the copper scrap as well. So from the supply chain side, yes, of course, we are secured.

And from the sales side, if you see, of course, the sales was not at all problem for us. We will be able to sell to our existing customer on a higher quantity, as well as we will onboard new customers. And next 2 years, we are focusing on domestic sales volumes also. So I think the entire supply chain once is secured for us, execution should be very easy for us. So that is now how we are planning to execute.

R. S. Vaidhyanathan: To supplement, Vijay, we have clear cut risk management policies also we have in place, especially for procurement, back-to-back hedging mechanism is there. Our import team is very strong in doing that. Apart from that, forex hedging also we are doing it very meticulously. We continuously, we are recruiting the professionals to handle all the divisions. So we are taking care of the increase in the top line. And I think parallelly, we are increasing the professionals to take care of all those areas.

Vijay Balakrishnan: So when -- one more point to add, sir. When it comes to funding. So on a yearly basis, we will have a cash accrual of INR100-plus crores as per the numbers what we are envisaging. So with this amount and the amount of working capital facilities we'll have, we will not go for additional fundraising as well. With internal accruals and the existing -- the facility itself we'll be able to ramp up the volumes.

Sanjay Parekh: Sure. Sure. Very, very assuring. Thank you very much. And best wishes to the team. Congratulations, again.

Vijay Balakrishnan: Thank you, Sanjay, sir.

Moderator: The next question is from the line of Siddharth from Kotak Securities. Please go ahead.

Siddharth Mehrotra: Hi, sir. Congratulations on a good set of results. Sir, I just wanted to check, our finished good capacity is 132,000 tons. Can you just please highlight what our smelting capacity is? Because in one of the last calls, you also mentioned that our smelting capacity is poised to increase.

Ashish Bansal: Yes, Siddharth, good afternoon. See, currently, our smelting capacity is about -- in between 90,000 to 92,000 tons...

Siddharth Mehrotra: And are we planning to increase it? Because I was under the impression that we were increasing it with this new addition of capacities in Phase 1.

Ashish Bansal: Yes. I would like to complete what I was just saying. So currently our capacity is about 90,000 to 92,000 tons on smelting. And with our expansion that we are currently doing in 2 phases, our smelting capacity will be increased by 72,000 tons, so which will take us to the range of 160,000 tons on our smelting capacity.

Siddharth Mehrotra: Okay. And by when do we sort of anticipate the smelting capacity is coming online with the Phase 1, Phase 2 this year itself?

Ashish Bansal: As guided in the earlier questions, our Phase 1 has been operational in this first quarter. And with this, we have got on board 36,000 tons of our smelting capacity, additional over the 90,000, 92,000.

Siddharth Mehrotra: Okay. Understood. So our capacity is around 126,000, 128,000 tons as we speak, right, sir?

Ashish Bansal: Yes, you're right

Siddharth Mehrotra: Understood, sir. Sir, a small second question. Sir, we sort of guided that our EBITDA margins will go up significantly from around 5%, 5.5% to around 8% in, say, the next 2 or 3-odd years. So sir, can you tell me the levers which will allow us to do so because it seems that this is a fairly sharp jump, sir?

Vijay Balakrishnan: See, in terms of EBITDA, 8%, we have mentioned that is our target 2030. But of course, it is not that we will wait that much of time to get that. But in terms of lead, as I already said, right now, we are at 5% levels. Through the new plant, we are expecting 1% to 1.5% increase on that -- increase in the margins in that new plant. Apart from that, in the existing plants, we are planning to retrofit some of the technology, whatever we used in TKD so that there we can see a marginal increase of 0.5% in the new plant in terms of lead.

Now coming to copper, right now, we are doing recycling of scrap, but we wanted to get into value-added products, where we can see an incremental EBITDA margin rising from 5 to 7. And more and more value-added products, the 7 will rise to 8. And coming to plastics, right now, we are doing a plain PPCP. But going forward, when you do that compounding, we can expect an EBITDA margin of 10% to 12%. So over a period of time, all these verticals on a blended basis will take us -- will make us to achieve that 8% EBITDA margin levels.

Siddharth Mehrotra: Understood, sir. Just a small follow-up. On plastics, what are the current margins we sort of expect, say, in FY '26 or '27?

Vijay Balakrishnan: So we can expect a margin of about 7 to 8 percentage this year.

Siddharth Mehrotra: 7% to 8%, and you sort of expect it to go higher to around 10% to 12% once the value addition steps are complete, right, sir?

Vijay Balakrishnan: Yes.

Siddharth Mehrotra: Okay, sir. Understood, sir. Thanks a lot again. Best of luck. Thank you.

Vijay Balakrishnan: Thank you.

Moderator: The next question is from the line of Abhijit from Aionios Alpha Investment. Please go ahead.

Abhijit: Yes. Just to understand the EBITDA a bit more, can you highlight what kind of broad -- of course, broad numbers, the EBITDA loss that you would have reported or incurred on the aluminum business?

Ashish Bansal: This year, we didn't do any aluminum, Abhijit.

Abhijit: But there would be some fixed costs, which would be getting ascribed to it as in...

Ashish Bansal: That was only the depreciation charge and only the basic maintenance cost of the plant. So the maintenance cost would be marginal about close to INR60 lakhs to INR72 lakhs in the whole year, apart from which there will be depreciation on the equipment.

Abhijit: Understood. Understood. It's very clear. And if we have to take a guess on the EBITDA of lead post the fixed cost, what would that be? It would be around INR11,500 to INR12,000 per ton broadly?

Ashish Bansal: After -- yes, after the apportioning of head office expenditure, it should be around that level. So what you said was right.

Abhijit: Understood. Got it. And lastly, this increased inventory, does it carry any risk of inventory losses in the coming quarter you feel those things...

Ashish Bansal: Not inventory losses because the same is being hedged back to back. So our inventory is also hedged along with our sales against our sales and our orders.

Abhijit: Got it. Got it. Understood. Understood. And if I may ask, what kind of sales visibility do you have now? I mean it would still be close to 3 months or 2 months? What would that visibility be as of now?

Ashish Bansal: We have a clear sales visibility for the complete financial year, the complete 12 months because predominantly almost 90% of our sales, we tie along long-term contracts.

Abhijit: Understood. Understand. And this would be with the new increased capacity that you would be referring, right?

Ashish Bansal: Yes, that's correct.

Abhijit: Got it. Got it. Great. Thanks. And wish you all the best.

Ashish Bansal: Thanks, Abhijit.

Moderator: The next question is from the line of Sakshi Goenka from Sohum Asset Managers. Please go ahead.

Sakshi Goenka: Yes, hi. Thank you for the opportunity. Just a couple of questions. Could you tell us when will the forward integration on the copper segment be complete this year?

Ashish Bansal: The forward integration on copper segment will be completed -- will be done about in the Q3 ending Q4 beginning. And this is going to be in -- again, in different phases because we'll do a first part of the forward integration and then move to more complicated products.

Sakshi Goenka: Sure, sure. And just a bookkeeping question. Could you give us the realization per ton on lead? And wanted to ask with our new capacity, is there any scope to value add and improve the realization of our lead?

Ashish Bansal: We are working on a blended mix about targeting 60% of value-added products and 40% of our regular products. So definitely, we would aspire to move that to about close to 70%, but we would like to guide it as trying to be over 60%.

Sakshi Goenka: Got it. Got it. And just one last question. Sir, if I look at your gross margins historically, so it has been in the range in some quarters, 9% and some quarters 13% and basically flip flops between 10% to 12%, 13%. Now you mentioned that since we do back-to-back hedging, why are the quarterly variations in gross margins we see? Technically, if we are doing back-to-back hedging, gross margins, if I understand it correctly, should be quite tight, right? So just wanted to understand why the quarterly volatility in gross margins that we see?

Ashish Bansal: Yes. So basically, what happens, Sakshi, is that the metal content is hedged. And we -- our main worry here is our price risk against the metal and the price risk against the forex. However, whenever there's a market opportunity and if there is a timing or opportunity to give out more value-added product, I would translate that -- we would translate that into a value-added product and make use of the market opportunity that's available. So that is why you see that little bit of variation plus/minus in terms of the numbers.

But what we need to understand is that the main idea here is to completely offset your risk and not carry the risk forward. Hence, the hedging happens on the basic metal part of it, which will -- which will -- where the price movements are heavy and volatile, including the forex part.

So we limit our -- we limit that we do not have a downside on our basic margins, but always aspire to push forward for a more value-added product combination whenever the market opportunity gives us, and we try to get that. So that is why you see that little bit of movement in plus or minus in terms of margin percentage.

Sakshi Goenka: Got it, sir. This is very helpful. Thank you so much. And congrats for the good set.

Ashish Bansal: Thank you, Sakshi. Good day.

Moderator: The next question comes from the line of Naman Parmar from Niveshaay Investments. Please go ahead.

Naman Parmar: Good afternoon, sir. And congratulations on a great set of numbers. I just wanted to understand how the overall copper recycling industry is currently evolving? And how is -- means it becomes more feasible for the copper recycling if the copper -- natural copper supply gets low and how is the other players are performing?

Ashish Bansal: Sir, I lost you in between. Could you please repeat your question?

Naman Parmar: Yes. So I just wanted to understand how the current copper recycling industry is overall evolving? Means how the recycling become more feasible for you guys when copper usually go down in the current market and how the other players are currently performing?

Ashish Bansal: So basically, as you're aware, India by itself, the gross consumption, you know, per capita consumption of copper year-on-year is incrementally going up in India. And this comes with more of electrification, more of modernization, more of infrastructure development that's happening. And copper is poised to have a vertical growth across the country. And currently, India is definitely deficit on copper. Hence, a good opportunity does come in, in terms of providing products that are out of recycled copper. And of course, as you are aware, the push on the recycled part also.

So in other players, see, basically, copper was more copper recyclers or copper as a segment was more concentrated towards the western belt of India and a little bit towards the northern belt. And the amount of recyclers in South India were on the lower side. So this also gives us a little gap in the market because most of the material that was sold was either imported or domestically was moved from the western belt or the northern belt to down south or more to the eastern side. So hence, we see that gap as well in the market opportunity, and we would like to take up and cover that.

Apart from that, a lot of products could be tubes or a lot of other products that they are being imported. Now with all the push, most of the OE manufacturers are more keen on buying products that are domestically manufactured within India. So all of these factors when taken together gives a very good opportunity in terms of copper.

Naman Parmar: Okay. So in these all products, copper, tubes and all that, so the recycled content would be, I think, very low only, around 15% to 20%? Or is there any -- there is no any non such...

Ashish Bansal: Basically, are you telling me that -- your question, just correct me if I've understood right, that in the end product, that's a tube or something, the recycled content would only be 10% to 12%. Is that your question?

Naman Parmar: Yes, yes.

Ashish Bansal: So we cannot have a generalized rule in that manner. There could be products that are manufactured 100% out of recycled copper. There could be a blended product, which could even have 50%, 60% of recycled content, 75% recycled content. So it always depends on the end use or also depends on what product is being made or what quality of recycled copper they are introducing into the primary melt. So many factors would determine that.

Naman Parmar: Okay. Yes, that's understood. And lastly, I just wanted to know how much percentage would be contribution from the lead and the other business, copper and plastic from FY '26, FY '27 onwards?

Ashish Bansal: So currently, majority is from lead. And in FY '26, we are looking at anywhere between 10% to 20% coming from copper and other verticals.

Naman Parmar: Okay. Understood. Thank you so much for answering.

Ashish Bansal: Thank you.

Moderator: The next question is from the line of Koustubh Shaha from Wallfort PMS. Please go ahead.

Koustubh Shaha: Hi, sir. Thanks for the opportunity and congrats on a good set of numbers. Most of my questions have been answered. There are 2 more of higher-level questions, which I just wanted to understand. Obviously, our capacity is increasing and so is the competition is also increasing its capacity. So do you foresee a challenge in terms of procurement of the stock or the price of the stock as we move in the future? That is my first question.

Ashish Bansal: So basically, you're right, definitely with increased capacities, the competition and the need to get more aggressive on procurement does happen. But also alongside the good part that has happened is the domestic market has also equally opened up and realignment of the whole scrap, the way it is handled and sold within the country is becoming more organized. So that does give us a good leverage also to increase, which we have also done in the last -- in this financial -- last financial year, the incremental side on domestic procurement as well. So both import and domestic procurement together is giving us a good edge to fulfil our requirements in terms of raw material.

Koustubh Shaha: Okay, sir. And second question was that the newspaper article that now the freight -- shipping freights will increase given that the trade deals are almost kind of being done. So does that impact our cost in terms of, again, procurement because majority of our procurements are from the import?

Ashish Bansal: Basically, most of our procurements are on CIF basis delivered to our port. Definitely, if exorbitantly shipping line freights increase, they will -- the cost of raw material might increase. But the whole thing is this is -- that would be a transitional period and the same would reflect back on to the sale price as well.

Koustubh Shaha: Okay, sir. Those are the two questions from me, sir. Thank you and all the best.

Moderator: Thank you. The next question is from the line of Rahil from Crown Capital. Please go ahead. Mr. Rahil, please go ahead with your question.

Rahil: Hi, sir. So the first thing, just a follow-through on that CAGR sort of outlook or guidance that you've given, which is sort of long term in nature. But considering that this year, you're coming up with expansion with the new facility and all. So is it fair to assume that the 15% volume growth and the 20% revenue CAGR can be much more in FY '26, particularly?

Vijay Balakrishnan: Yes. For this year, yes, definitely, we'll achieve -- we'll be able to achieve. And over a period of time also, we have plans in executing the same. We'll be able to achieve with -- definitely, we are confident in achieving that.

R. S. Vaidhyanathan: Yes. For the current financial year, it's more compared to the overall 5 years average.

Rahil: Yes. So this year, it will definitely be more than the steady state number, which you've given over the course of 5 years, correct, because the new facility is coming in?

Ashish Bansal: Yes.

Vijay Balakrishnan: Yes.

Rahil: Yes. And same for the EBITDA margins then. So over the next 3, 4 years, you envision to reach 8%. So this year, with the lead capacity increasing, is 6% or more a fair number to assume? Is it possible to reach that?

Ashish Bansal: Yes, 6% is very reasonable...

Rahil: On a blended level.

Ashish Bansal: Yes.

Rahil: Okay, okay. That's all I wanted to know. Thank you and all the best.

Ashish Bansal: Thank you.

Moderator: Hello, Mr. Rahil, does that answer your question?

Rahil: Yes. Yes. I was done. Thank you.

Moderator: The next question is from the line of Hemant, an individual investor. Please go ahead.

Hemant: Thank you for providing the opportunity. My question is similar to the earlier participant. So we have a revenue CAGR of 20% till FY '30, I guess. But sir, what will be the revenue guidance for FY '26?

Ashish Bansal: So this year, we can expect an increase of about 30% to 35% increase in our revenue. We can see the...

Vijay Balakrishnan: Stand-alone and 35% on consolidated basis, yes.

Hemant: And sir, most of it will be from H2? Or I mean, what will be the split?

Ashish Bansal: Yes, from Q2 onwards.

Hemant: From Q2 onwards. But there should be a quarter-on-quarter growth because we have our commercial production from June also, right, the first phase?

Ashish Bansal: Yes. Yes, there will be -- so one part of this quarter, that is the last -- that the June month will contribute. And from next quarter onwards, the complete 3 months will contribute. Hence, when you want to see the full effect of the numbers, you'll start seeing from Q2.

Vijay Balakrishnan: Yes. This 30% growth is average for the whole financial year.

Hemant: But sir, the Q1 number should be much better than Q4 because there will be some incremental capacity for it as well, right?

Ashish Bansal: Q1 numbers?

Hemant: So it will be better than...

Ashish Bansal: Yes. Yes. Of the last Q4, yes, you're right. Yes.

Hemant: No, I'm talking about Q1 volumes, sir.

Vijay Balakrishnan: Yes, Q1 is definitely a little better than the Q4 of previous financial year.

Hemant: Okay. Okay, sir. Thank you, sir.

Vijay Balakrishnan: Thank you.

Moderator: The next question is from the line of Sagar Shah from Spark PWM. Please go ahead.

Sagar Shah: Thank you so much for giving the opportunity again. I had just around a follow-up or 2, 3 questions, sir. My first question was related to the CWIP. The CWIP stood tall at around INR75 crores as at FY '25. So this cost work in progress is more related to the Phase 1 capex or the capex already going on? Or is it something else, sir?

Vijay Balakrishnan: Yes, yes, mainly on capital work in progress for TKD plant.

Sagar Shah: Okay. So this is related to Phase 2, sir.

Vijay Balakrishnan: No, no, Phase 1. Phase 1, we have not capitalized as on 31st March '25. So out of 75 Crores around INR55 crores belongs to this thing and then INR20crores from regular capex.

Sagar Shah: Okay. Okay. Fine, sir. Got your point. Now my second was related to the aluminum business. Aluminum business had its own concerns and what you have highlighted in the previous con calls also regarding the hedging, regarding the kind of volatility also in the business also. So you just, I think, answered the previous participant's question that going ahead, you are looking to increase some volumes even in aluminum business. So have you found out any actually a way to hedge the prices on the aluminum? Or have you found out a way actually to bring out some profitability in this business?

Ashish Bansal: So basically, we are not hedging the aluminum part of it. Rather, we are doing a back-to-back purchase against sales. So this is not hedged in terms of market hedging, but more hedged in terms of purchase and sales. And that's how we manage -- and running that through the buffer.

Sagar Shah: So this is purely looks like a trading bet actually because I think we must have observed the prices and going ahead, you would -- maybe you were keen on selling at higher prices. I think that's how you are eyeing this business, right, in this particular...

Ashish Bansal: No, not that way. The moment we are buying, we are selling it as well along with our margin and processing whatever cost additional, and then we'll be selling it at a future point in time.

Sagar Shah: Okay. Fine, sir. So my last question is related to the margin drivers. The margin going ahead in this particular for FY '26 and also beyond, the margin drivers would be mostly of, I think, in the copper and the plastics business due to the high utilization, do you think the operating leverage will play and that is why you are guiding for 6% EBITDA? Or is it just because of the newly commissioned lead plant?

Ashish Bansal: It is both blended from copper, lead and from plastics, more from lead and copper.

Ashish Bansal: Okay, okay. Fine, sir. Thank you so much. And all the best.

Moderator: The next question is from the line of Siddharth from Kotak Securities. Please go ahead.

Siddharth Mehrotra: Hi, sir. Thanks for the opportunity again**.** Just a few questions as a follow-up. When we see that we have not really been able to scale aluminum division in the current format when you say back-to-back purchase and sale, do you think there is any scope for increasing the utilization and the volumes in this segment, if and when, say, an MCX hedging contract is online? Or do you see that not really playing out for yourself?

Ashish Bansal: On the aluminum side, we definitely don't see the MCX contract playing out for ourselves because that is more on the primary side of the metal. And in terms of aluminum, we will not be able to give you a very strong guidance because we are in the process of incrementally trying the product. However, as your specific question in terms of the MCX hedging, that will not work for these products.

Siddharth Mehrotra: I'm sorry, sir, you said it was for pure aluminum. I was under the impression that there is -- there are discussions to start an aluminum alloy contract as well. Will that not help you?

Ashish Bansal: It's still in discussion. I -- technically, as of now, I do not see the light on the other side of the tunnel on that contract. But when it comes, then definitely, it will be helpful.

Siddharth Mehrotra: So would you mind telling us why you do not seem very optimistic on this contract coming online because one of your peers is very optimistic on this particular point. So I mean, I just wanted to understand why the divergence in point of view.

Ashish Bansal: I did not say I'm not optimistic in this, but as of now, I do not see the light because the discussion -- I mean, what we see and what we discuss with the exchange, we do not see as of now that's translating because there are a lot of factors. So once the exchange comes out, definitely, we would use the same, and that will be helpful for us.

Siddharth Mehrotra: Understood, sir. Thanks a lot for this. Secondly, sir, on the reverse charge mechanism, which was supposed to come online for battery scrap, has there been any progress from the same? Because we see that it's been a fair time coming. The industry participants are still hopeful, but on the ground, it does not seem to be promulgated as of now. So sir, any updates on that particular point, sir?

Ashish Bansal: Regarding the RCM mechanism, I mean, in the coming GST Council, we are envisaging that, that could be taken up more strongly or all the GST reforms. So we have to wait and see. And also, I mean, from the industry side, there has been a good push from all recycling industries, whether be it aluminum, lead, copper, all of us have definitely pushed on that. So let us wait and watch, and we are hopeful that this should happen.

Siddharth Mehrotra: Okay, sir**.** Thanks a lot for your time. And best of luck. Thank you.

Moderator: Thank you. Ladies and gentlemen, that was the last question for today's conference call. Yes, there's a question. It's from the line of Shweta Dikshit from Systematix Group.

Shweta Dikshit: Hi. Thank you for taking my question again. Sir, could you please reiterate what is the top line growth you're expecting for FY '26 in terms of volume or absolute top line?

Vijay Balakrishnan: So Shweta, as I already said, it is about 30% to 35%. This is a minimum increase which we are anticipating, okay? The numbers may well exceed the numbers what we have given.

R. S. Vaidhyanathan: Both value and volume.

Vijay Balakrishnan: Both value and volume. On a conservative basis, we are giving this number.

Moderator: Thank you. As there are no further questions, I would now like to hand the conference over to the management for their closing comments.

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

Vijay Balakrishnan: Thank you. Thank you all.

R. S. Vaidhyanathan: Thank you all.

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