

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

1st February 2023

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

Ref: Scrip Code- 532626

Dear Sir/Madam,

Sub: Transcript of the Earnings Call for Q3 FY 2022-23 held on 31st January 2023

Pursuant to Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and with reference to our letter dated 24th January 2023, intimating you about the Earnings Call for Q3 FY 2022-23 scheduled on 31st January 2023, please find attached the transcript of the aforesaid earnings call.

The video/audio recordings of the said Earnings Call will be available at <https://www.youtube.com/watch?v=n1RhW68ZkOw> and the said information will also be available on the website of the Company: <http://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



KRM Centre, 4th Floor, # 2, Harrington Road, Chetpet, Chennai - 600 031. India.

Ph. : +91 - 44 - 4296 5454, Fax : + 91 - 44 - 4296 5455

e-mail : info@pocl.co.in Web : www.pocl.co.in

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Pondy Oxides and Chemicals Ltd (532626)

Q3 2023 Earnings Conference Call

January 31, 2023 • 3:00 pm (IST)

Final Transcript

Corporate Participants

Ashish Bansal

Managing Director | Pondy Oxides and Chemicals Limited

Piyush Dhawan

President, Commercial and Strategy | Pondy Oxides and Chemicals Limited

K. Kumaravel

Director Finance and Company Secretary | Pondy Oxides and Chemicals Limited

Vijay Balakrishnan

Chief Financial Officer | Pondy Oxides and Chemicals Limited

Conference Call Participants

Radhakrishnan Chonat

Director | AlphaStreet

Vaibhav Badjatya

Analyst | Honesty and Integrity Investment

Gokul Maheshwari

Analyst | Awriga Capital Advisors LLP

Deepak Poddar

Analyst | Sapphire Capital

Astha Sundarka

Analyst | Niveshaay Investment Advisory

Rohit Ohri

Analyst | Progressive Share Brokers

Aditya Sen

Analyst | RoboCapital.in

Navneet

Analyst | Individual Investor

Presentation



Radhakrishnan Chonat

Director | AlphaStreet

Good afternoon, ladies and gentlemen, and welcome to the Q3 FY 2023 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, we have Mr. Ashish Bansal, Managing Director of the company; Mr. K. Kumaravel, Director of Finance and Company Secretary; Mr. Vijay Balakrishnan, CFO; and Mr. Piyush Dhawan, President of Commercial and Strategy. As a reminder, today's call is being recorded. A replay of this call will be made available on AlphaStreet India's YouTube channel as well as alphastreet.com/India, and a final transcript will be made available shortly afterwards on AlphaStreet India's website also.

May I now request Mr. Ashish Bansal to take you through the presentation, and post that we can start with the Q&A session. Over to you, Mr. Ashish.



Ashish Bansal

Managing Director | Pondy Oxides and Chemicals Limited

Good afternoon, everyone.

We wish you a warm welcome to POCL's Q3 FY '22-'23 earnings. I sincerely hope that you and your loved ones and everyone else are doing well. We will briefly discuss the financial performance, and I shall give you an update on the product portfolio and strategic acquisition mentioned in our last announcement along with other project updates.

With respect to the financial results, POCL has delivered a stable result for Q3. We have completed Q3 year-to-date 2023 with a top line of INR1,040 crores, which is marginally in line with previous year Q3 year-to-date 2022 with respect to the volumes in the subject quarter. There is a substantial growth of over 20% pertaining to previous quarter of Q2 2023. This puts the company in a stable position and a strong platform based on both fundamentals and technicals.

In relation to ratios, there is continuous improvement in current ratio at an optimum level of 1.96, and no long-term debt equity which is status quo. In sales, we are at 55% exports and 45% domestic. And for procurement, we are at 25% domestic and 75% on imports proportion. With a view to enhancing capability with respect to deliverables in aluminum, copper and realizing operational efficiencies in lead, we have made recruitments citing, which there will be natural tendency for overheads to increase, in the short-term which is affected in the financials.

We have been a lean organization and are recruiting only to the extent required, thereby continuing to being an optimal resourced organization in human resources. It is also important to note that production costs relating to utilities, fuel, power have increased substantially and the same is being reviewed to be passed on to customers during the contract renewals. The above justifies the EBITDA of 5.7% versus the 6.8% in the previous year-to-date nine months, as the company is getting operationally ready to go-live with aluminum, green lead and scaling up copper.

During the quarter, your company has commenced aluminum production with an authorized capacity of 12,000 metric tonnes per annum in December 2022, and we have also rolled out the product into the domestic market in the trial phases. I'm happy to share that the product has been well received in the market based on the feedbacks from our initial customers. This was Phase 1 pilot plant in aluminum. In addition, your company has commenced trial production in plastics, while the other machineries are at different stages of installation and commissioning. This is for a capacity of 12,000 metric tonnes per annum. The plastic team has been agile and quick in creation of business and introducing our product into the market.

We have great expectations and see a positive development in the market penetration for getting value-added products under the brand name of POCL. Our intent in creation of strategic business units is a positive approach towards realization of results and empowerment to the team, to demonstrate valuable results, for the POCL Group, this will be Phase 1 in plastics. The green lead project commissioning is going on, and we see it develop into commercial production in Q4. I would like to take this opportunity to congratulate both the operations and the projects team in executing both the projects in record time and with operational results. The commercial results in the coming months will also demonstrate the intent towards value addition in the bottom line.

I'm also happy to share that we have been recognized as a Three Star Export House for the previous financial year, having crossed over USD100 million in exports sales standalone. A dedicated finance and project team is implementing a state-of-the art ERP as we speak, as we go live in Q1 '23-'24. It is with great pleasure that I would like to inform you all that consequent to passing of the order from the Honorable National Company Law Tribunal, which is well known as NCLT, we have been awarded the order to take over the company named Harsha Exito

Engineering Private Limited.

Our team is working on the take-over plan, and we intend to complete this before the end of the financial year as per the guidelines set forth in the order. The company is acquired as a part of its strategy to expand its portfolio and enter into additional verticals in our core domain, increasing land bank and evaluate additional business opportunities in both short term and long-term. And this is not the first time we have done this. The subject acquisition is a 25-acre land with a ready shed space in different forms of about 160,000 square feet, which includes areas for shed in office space.

Geographically, we couldn't have asked for more. It is centrally located between Tamil Nadu and Andhra plants and is about 45 kilometers from the port, which gives us an advantage in logistical placement. It is important to understand that buying land is one part and getting land ready which sheds buildings, machineries, utilities and assets for electricity, water, fuels, along with preparedness for effluent treatment and sewage treatment, involves an investment and most importantly, time.

Our sole intent is to reduce both the investment and the time value, which gives us leverage on both parameters to complete a journey in a short span, and build a platform for our projects and strategy team to implement approved projects. It is important to note that there are several industries inside the same industrial area, where we see a positive correlation with our portfolio and also it works out very well, given that we have the expansion plan for diversifying further into non-ferrous segments, plastics and others.

On the manufacturing side, Harsha Exito is involved in production of Chopped Strand Mat and Glass Fibers. We have mentioned in the past that POCL is undergoing a very positive transition to increase its portfolio with value-added products. We have been extremely transparent to mention in all our earnings call from time to time, and we are walking the talk with respect to our pre-feasibility to execution stage, whether it was starting the aluminum commercial production in record time, introducing plastics to our portfolio as an alignment of our natural inclination and in-house generation of such scrap, or it was bringing green technology to the smelting process in lead in the form of green Lead, once again, one of the first companies in the manufacturing space to do so.

Currently, we have in our pre-feasibility and feasibility interests in different phases and stages for copper and aluminum, our ongoing R&D in e-waste and lithium ion and commercializing the plastics division and green lead division. This is an interesting phase in your company, and is extremely important to note that despite entering into multiple projects and expanding our

portfolio, the financials are marginally at par with previous financial years, which enables the company to get ready for a commercially viable operational portfolio as a whole.

We appreciate you all participating in today's call. As you are all aware, given the company's track record and forward-looking perspectives, we have a clear roadmap for the future as we optimize the current operations and build ahead with new endeavors and more verticals. We will use this as a solid foundation to increase our global reach.

Yes. RC, over to you.

Questions and Answers



Radhakrishnan Chonat
Director | AlphaStreet

Thank you, Ashish. We'll now move into our question-and-answer session.

Today, we have participants joining via the Zoom platform and also via our tele-calling platform. Participants who have joined us and connected with us through the Zoom platform can also post their questions directly to me on the chat box and we'll ask the question on your behalf.

If you wish to ask a question directly, please do use the raise hand functionality. I'll take, as usual, the first few questions from the chat box as well as questions we have received via email, as well as through our AlphaStreet platform, and then we'll open it up for participants to ask questions directly. Once again, do remember, 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 our platform and email first.

What is the ratio of sourcing of primary raw material from international versus India?



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

So, RC, I will take that one. We've already mentioned the fact that the ratio of total procurement of scrap in all forms is about 75% imports and 25% domestic.



Radhakrishnan Chonat
Director | AlphaStreet

Okay. Thank you.

**Piyush Dhawan**

President, Commercial and Strategy | Pandy Oxides and Chemicals Limited

This has come down initially from 80%, 85% to 70%, 75%, which is a good move towards the future.

**Radhakrishnan Chonat**

Director | AlphaStreet

Okay. Thank you, Piyush. The next question is, do you have any plans to reduce the dependence on import from international players?

**Ashish Bansal**

Managing Director | Pandy Oxides and Chemicals Limited

RC, Ashish here. I will reply to that one. See, basically, procurement of raw material is a strategic process where we look at different regions, different kind of scraps and feasibility in terms of pricing. And there are certain specific kinds of scraps that are required for specific finished products. So, I will not specifically say that we want to completely be dependent on domestic market, but definitely, yes, we will, in the going years, increase our portfolio from our domestic procurement sourcing as well.

And as you are aware, the government is also now pushing forward to scrap vehicles more than 15 years-old and that will also bring in more organization to the market. And there'll be more scrap available through the organized channels. That is when probably it gives us a larger opportunity to get scraps from the domestic market. But at the end of the day, what we look at, it's a -- as a stable supply chain, whether be it domestic market, whether be it from the international market or in terms of costing and also in terms of profitability as the company goes forward.

**Radhakrishnan Chonat**

Director | AlphaStreet

Thank you, Ashish. The next question is, after growth in the lead segment, do you have any plans to expand in the copper business as well?

**Ashish Bansal**

Managing Director | Pandy Oxides and Chemicals Limited

Yeah. I'll put it this way. Since currently, we have just now started our commercial production on aluminum and done some trial runs on plastic and also our green lead is in execution stage, almost towards the finality of trial production, currently, we are looking at focusing more on these three verticals to get them stable up and commercially, what you call, endeavoring for the company.

Definitely, yes, we do have our thought process on the copper side, but before that also, we are looking at our ESG targets and goals, looking at green lead and also looking at power to be sourced for the green lead through solar and so on and so forth. But definitely, yes, in the next financial year, we will be also looking at copper and other value-added products in copper and that was not given away and that will definitely pick up as well.

**Radhakrishnan Chonat**

Director | AlphaStreet

Great. Thank you, Ashish. The next question that we have received is, going forward, how do you intend to keep up with the growth that the company has maintained till now?

**K. Kumaravel**

Director Finance and Company Secretary | Pandy Oxides and Chemicals Limited

I, Kumaravel, will take this question. In furtherance to the earlier discussion by Mr. Ashish Bansal and other team, we would like to reiterate that we have already emphasized product diversification. Going forward, we will achieve consolidated growth in both revenues and profits by pushing both organic and inorganic growth strategies, both domestically and internationally.

India continues to be a focus with a sustainable growth rate and GDP, stable political environment, manageable inflation rate, robust consumer market and other favorable micro and macroeconomic factors. Therefore, product diversification along with the facilities expansion will provide the necessary push to drive the growth strategy. Our planned growth targets will be achieved and are in line with expectations, which in turn will create value for all stakeholders with a very strong and competitive management team.



Radhakrishnan Chonat
Director | AlphaStreet

Thank you, Mr. Kumaravel. The next question is regard to the acquisition. How will Harsha Exito Engineering aid in the growth of the company?



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

Again, Kumaravel. As part of the company's expansion strategy, the company has acquired this Harsha Exito Engineering Private Limited as per the order of the NCLT pronounced on 12 January, 2023. The company plans to acquire this unit as investment and carry out the expansion activities planned for the future, including the operation of a glass processing unit and other backward integration. The unit has about, as mentioned by Mr. Ashish, 25-acres of land with 160,000 square feet building. Our technical team is currently reviewing the status of glass machineries and market potential for the sale of the product and backward integration through the recycling.



Radhakrishnan Chonat
Director | AlphaStreet

Okay. Great. What is the outlook for the last remaining quarter of FY '23?



Vijay Balakrishnan
Chief Financial Officer | Pandy Oxides and Chemicals Limited

Hi, RC. I'm Vijay. I will take that question. So the last quarter, subsuming into the full financial year is going to be marginally on the positive side in line with the results of the previous financial year for both top and the bottom line. This year has been exceptional in terms of witnessing various factors of geopolitical issues, increase in prices of raw materials across the industry, volatility in pricing and markets. And despite all the aforementioned factors, the company has witnessed stable technical and fundamentals. We have seen the stability and growth in the January 2023 sales and production.



Radhakrishnan Chonat
Director | AlphaStreet

Thank you, Mr. Vijay. Ladies and gentlemen, if you want to ask a question, directly please raise your hand and you can also send across your questions via chat directly to me. And we have a couple of more questions here.

How will green lead technology help the company evolve as a market leader in lead recycling and manufacturing?



Ashish Bansal
Managing Director | Ponds Oxides and Chemicals Limited

This is Ashish here. Let me take this one. POCL is the first company to commercialize this green technology in the manufacturing space for lead recycling. As I have already updated earlier, the project installation and commissioning is going on and it's in its extreme final stages, where the trial runs should start within the next 15 days, 20 days. And how we look at this is that the usage of this technology during the production process, specifically, reduces the greenhouse emission gases and also the whole hype about the pollution and all of that, which is one of our targets to bring down the GHG emissions.

Moreover, we are also considering using solar power for powering these units, which also further makes it purely a green technology. This will also help us to avail carbon credits and achieve ESG initiatives and sustainable development goals that we have, where we are taking up for our company. And also we are looking at probably sometime down this -- next financial year, we'll be releasing our ESG Report as well, where you will be able to further dwell and understand into our thought process of going green. And also further, lot of our customers internationally who also have certain obligations to complete their targets and goals are definitely looking at a green product where probably we should also be able to gain some specific price advantages over the regular process that's used for manufacturing lead currently.



Radhakrishnan Chonat
Director | AlphaStreet

Excellent. Thank you, Ashish. Next question is, can you update on your plans of getting listed on the NSE?

**K. Kumaravel**

Director Finance and Company Secretary | Pondy Oxides and Chemicals Limited

As intimated in our previous earnings call, our company submitted the application to NSE in October 2022 itself. NSE directed us to re-submit the application. Consequent on the moving of ASM Stage, we re-submitted the application in January '23. The further developments will be intimated in due course.

**Radhakrishnan Chonat**

Director | AlphaStreet

Thank you, Mr. Kumaravel. Next question we have is, after witnessing the growth of EV, do you intend to expand in the lithium ion battery recycling front as well?

**Ashish Bansal**

Managing Director | Pondy Oxides and Chemicals Limited

Again, Ashish here, RC. See, I will say lithium-ion battery recycling and its alternatives are currently in the research and development stage. Electric vehicles, as we see, are still in their nascent stage in India, but definitely we also understand that it is expected to witness a tremendous growth in the coming years. Once electric vehicles occupy a significant proportion on Indian roads, the availability of lithium ion batteries will also increase. Currently, the market size of lithium-ion batteries availability in the market is pretty small. And commercially, the plants would be of a very small scale and also the challenges these batteries being available through the organized sector. But definitely, our R&D is in phase and we will be ready ahead of the cycle with the process and the complete commercialization -- commercial process to recycle the same.

And further also, as per the Battery Waste Management Rules and the Extended Producer Responsibility for OEMs, etc., and initiatives taken in R&D by companies such as ours, POCL will continually try to stress the significance of circular economy and focus on ESG policies. We will definitely add some to our product portfolio as per the recommendations of our Board at the appropriate time.



Radhakrishnan Chonat
Director | AlphaStreet

Okay. Thank you, Mr. Ashish. I see that we have a few people who have raised their hand. I'll open it up for the participants who have joined us via Zoom to ask the questions directly. After that, there are couple of chat questions that have come in. As a reminder, please use the raise hand functionality to let us know of your interest to ask a question directly.

Let me now request Vaibhav. Vaibhav, please unmute yourself and go ahead and ask your question.



Vaibhav Badjatya
Analyst | Honesty and Integrity Investment

Yeah. Hi. Can you hear me?



Radhakrishnan Chonat
Director | AlphaStreet

Yes. Go ahead.



Vaibhav Badjatya
Analyst | Honesty and Integrity Investment

Yeah. Thanks a lot for providing the opportunity. So if you can throw more light on what you exactly want to do in the glass business, which was an engineering business, it would be really helpful. How it synergizes with our existing business?



Ashish Bansal
Managing Director | Pandy Oxides and Chemicals Limited

Is that the question? Can I reply on that? Yes. So basically, what I would like to explain to you is this is not a glass manufacturing unit, but it's a Chopped Strand Mat manufacturing unit, which is used for fiberglass manufacturing. And this is not the existing traditional glass that we see on our windows or any other applications. So basically, this Chopped Strand Mat goes into manufacturing

of fiberglass and we are currently looking at the feasibility of how we can backward integrate this through recycling process and get in various forms of fibers from -- through our -- probably through our plastics division and all of it, wherein we are looking at some technical fibers in plastic and so on and so forth. So, that technical feasibility study is going on currently. And that is what we are little excited about.

**Vaibhav Badjatya**

Analyst | Honesty and Integrity Investment

Okay. So, you mean to say that recycled -- the output of our recycled plastic business might be used as an input here. That's what you mean to say?

**Ashish Bansal**

Managing Director | Pandy Oxides and Chemicals Limited

Yeah. So, we are looking -- we are currently in the stage of developing certain technology and we are doing certain research on that, wherein for these strands and different other technical fiber which may be manufactured through this process, but it's little early for us to speak and we will keep you posted on the right time.

**Vaibhav Badjatya**

Analyst | Honesty and Integrity Investment

And for the land that you said, 25-acre land that comes with it, with this acquisition. So the whole land will be utilized for this purpose or we will use part of the land for setting up copper operations for some other expansions?

**Ashish Bansal**

Managing Director | Pandy Oxides and Chemicals Limited

Currently, our plan is to only use a part of this land for this particular process. And definitely, we look at the scalability of this process. But meanwhile, we are also looking at expansion of some of our existing product portfolio where we can utilize this existing land bank.

**Vaibhav Badjatya**

Analyst | Honesty and Integrity Investment

Got it. And the market value of that 25-acre land broadly? Can you help us understand what is the market value?

**Ashish Bansal**

Managing Director | Pandy Oxides and Chemicals Limited

Mr. Vaibhav, there's a lot of background noise, I think it's from your end. I'm not able to hear you clearly.

**Vaibhav Badjatya**

Analyst | Honesty and Integrity Investment

Sorry. I don't know what is happening. But what I'm trying to understand is the market value of that 25-acre land that we have, that we have got as part of this acquisition?

**K. Kumaravel**

Director Finance and Company Secretary | Pandy Oxides and Chemicals Limited

25-acres land and this building, 160,000 square feet, all taken together only we applied and we got it.

**Ashish Bansal**

Managing Director | Pandy Oxides and Chemicals Limited

So, your question is what is included in this?

**Vaibhav Badjatya**

Analyst | Honesty and Integrity Investment

No, no, my question is the market value of land, this 25-acre market value of land. What is the market value of this land that we've got?

**Ashish Bansal**

Managing Director | Pandy Oxides and Chemicals Limited

The current market value of the land alone should be in the range of about close to INR30 crores, INR35 crores without the buildings and other amenities and without the development part or any of it.

**Vaibhav Badjatya**

Analyst | Honesty and Integrity Investment

Okay. Got it. Understand. That's it from my side. Thank you.

**Radhakrishnan Chonat**

Director | AlphaStreet

Thank you, Vaibhav, for your question. The next in line is Mr. Gokul Maheshwari. Please unmute yourself. And you can go ahead and ask your question. Thank you.

**Gokul Maheshwari**

Analyst | Awriga Capital Advisors LLP

Yeah. Thank you for the opportunity. Just a question on the plastics business. So in the last call, you had mentioned that the plastics business should be able to achieve a revenue of INR200 crores in the next couple of years with the margin profile of 12% to 15%. So is that still which you are holding and what would be the investment which you are planning to make in the plastics business?

**Piyush Dhawan**

President, Commercial and Strategy | Pandy Oxides and Chemicals Limited

So, Gokul, the plan is that we do it in phases. The first plan, which we have already started and is right now in trial production is about 12,000 metric tonnes per annum. So that will give us an EBITDA margin of roughly 10% to 12% what we have anticipated and then we start growing it in phases. The advantage we have right now is that a land bank is already there with ready building. So, when we were to scale -- when we have to scale the current production capacities from

12,000 metric tonnes to, say, 24,000 metric tonnes per annum, it becomes an easier task for us and time less traveled. So that's the idea. And we are in line to what we have basically stated.



Gokul Maheshwari

Analyst | Awriga Capital Advisors LLP

So what would be our investment at the 12,000 metric tonnes right now?



Piyush Dhawan

President, Commercial and Strategy | Pondy Oxides and Chemicals Limited

It is about -- between INR12 crores to INR15 crores for the first phase and then for the second phase, we will have a same level of investment. But then most of it will be kind of sponsored through retained earnings and the earnings we make through the Phase 1.



Gokul Maheshwari

Analyst | Awriga Capital Advisors LLP

Perfect. And with the capital -- this would be the capital investment but to achieve -- when you're operating at a INR200 crore revenue, what would be the working capital investment which would be required to conduct the business?



Piyush Dhawan

President, Commercial and Strategy | Pondy Oxides and Chemicals Limited

So Phase 1 is requiring -- will give us a turnover of about INR100 crores. And for that, we require a working capital of about INR20 crores.



Gokul Maheshwari

Analyst | Awriga Capital Advisors LLP

Okay. Got it. Secondly, if you could sort of comment on the -- recently the Prime Minister also mentioned about recycling, especially on the plastic side and the EPR guidelines. How -- so one is

on the opportunity for a player like Pondy in terms of how do you plan to utilize what is coming up in terms of regulations and how serious are the authorities wanting to really implement this?



Piyush Dhawan

President, Commercial and Strategy | Pondy Oxides and Chemicals Limited

So, we are quite bullish on plastics and we've kind of reiterated that over the last three earnings calls. And with the Prime Minister commenting on plastics and e-waste and also government agencies putting a lot of emphasis on the plastic waste management rules and so on and so forth. So it's quite a bullish sector right now, given that you know -- but we will be kind of concentrating as of now on PPE, EPCP and LDP, HDP segment, not primarily on the pet segment for the time being. So that's the target products where we kind of want to invest our time over the next two years.



Ashish Bansal

Managing Director | Pondy Oxides and Chemicals Limited

Biodegradable.



Piyush Dhawan

President, Commercial and Strategy | Pondy Oxides and Chemicals Limited

Including the biodegradable segment.



Gokul Maheshwari

Analyst | Awriga Capital Advisors LLP

Got it. Great. Two more questions. So one is the core LED -- sorry the lead business, the recycling business. Over the next couple of years, what kind of volume growth are you sort of building in, in your assumptions for the growth of the business?

**Piyush Dhawan**

President, Commercial and Strategy | Pandy Oxides and Chemicals Limited

So over the next -- so we've seen a CAGR of about 17% to 20% over the last three years to four years, and we expect the same to grow in the coming years. So, we are again quite bullish on lead as a non-ferrous metal as well, and that remains our core product. So we expect a 15% to 20% growth there in as well.

**Ashish Bansal**

Managing Director | Pandy Oxides and Chemicals Limited

So with all these initiatives that the government is taking in terms of making this whole scrapping of vehicle policy and it is also actively involved in the circular economy, recycling, all of that, we also look at a lot of market getting reorganized and coming into the organized segment. And this will -- this helps us also to get rid of the unorganized players in the market who give competition, which is not healthy competition. So all of this together gives us a lot of advantage in terms of future growth on a continual basis.

**Gokul Maheshwari**

Analyst | Awriga Capital Advisors LLP

Okay. Lastly, you mentioned the investment in the plastics business, which is INR12 crores to INR15 crores. Can you also mention about how much is the investment in the aluminum project, and how much are you going to be spending on Harsha Exito as well for the NCLT acquisition?

**Piyush Dhawan**

President, Commercial and Strategy | Pandy Oxides and Chemicals Limited

So for aluminum, I mean, since we had a plant ready, so we spent about INR4.5 crores to INR5 crores there since it was a pilot project, right? So, we've started a production capacity of 12,000 metric tonnes per annum and that's Phase 1. So, we are basically approaching all projects in different forms, in phases through pre-feasibility, feasibility and execution stages. It's a proper approach towards integrating a project and then commercializing it and then starting with the working capital and then rotating it continuously, and then kind of sponsoring the returns to further reinvest it in the business segments.

**Gokul Maheshwari**

Analyst | Awriga Capital Advisors LLP

Okay. And how much would be the spend on Harsha?

**Piyush Dhawan**

President, Commercial and Strategy | Pandy Oxides and Chemicals Limited

So on Harsha Exito, I believe we've already given and I've made the announcement that we will be investing about INR32.5 crores therein.

**Gokul Maheshwari**

Analyst | Awriga Capital Advisors LLP

Okay. Okay. Great. Thank you so much. All the best.

**Piyush Dhawan**

President, Commercial and Strategy | Pandy Oxides and Chemicals Limited

Thank you.

**Radhakrishnan Chonat**

Director | AlphaStreet

Thank you, Gokul. The next in line is Mr. Deepak Poddar. Deepak, please unmute yourself and go ahead. Deepak, we can't hear you.

**Deepak Poddar**

Analyst | Sapphire Capital

Am I audible now?



Radhakrishnan Chonat
Director | AlphaStreet

The audio is very feeble, Deepak. Can you speak a little louder?



Deepak Poddar
Analyst | Sapphire Capital

Yeah. Just a second.



Radhakrishnan Chonat
Director | AlphaStreet

I'm really, sorry, Deepak. Your audio is not clear.



Deepak Poddar
Analyst | Sapphire Capital

So, I'll wait.



Radhakrishnan Chonat
Director | AlphaStreet

Yeah. I'll go with the next person and then you please come back again. Next is Kumaravel K. Can you please identify yourself? Go ahead. Again, I think that's an audio issue.

The next in line is Astha Sundarka. Please unmute yourself and go ahead, and ask your question.



Astha Sundarka
Analyst | Niveshaay Investment Advisory

Hello?



Radhakrishnan Chonat
Director | AlphaStreet

Yes. We can hear you. Go ahead.



Astha Sundarka
Analyst | Niveshaay Investment Advisory

Thank you for the opportunity. First question, I wanted to understand is that with EPR coming in force that the brand owners, they themselves give us the scrap. So will this also help us in margin expansion going forward? And how will this turn out to be in terms of our working capital requirement or in terms of margin expansion is what I wanted to understand?



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

Can you please repeat the question?



Ashish Bansal
Managing Director | Pondy Oxides and Chemicals Limited

It was a little...



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

Astha?



Astha Sundarka
Analyst | Niveshaay Investment Advisory

Okay. So sir, I wanted to understand with EPR liability coming in force, wherein the brand owners will supply us the raw material also with the scrap, which we essentially source from other players. So, they only come up with -- they will only come up with scraps. So I wanted to understand, will

this help in some kind of margin expansion or reduction in working capital requirement going forward? How will this rule which is coming into play will help us in our business management is what I wanted to understand?

**Piyush Dhawan**

President, Commercial and Strategy | Pondy Oxides and Chemicals Limited

Thank you, Astha. So, EPR is a positive approach from the government and it kind of helps us in all forms of recycling verticals where we are right now. So, we have gone live with four recycling verticals. Now coming to plastics, we've already done a lot of trial runs with a good number of OEMs. And we see EPR could be one of the predominant factors at, at least one location to kind of sponsor and run the entire plant given the geographic location where we are present.

**Ashish Bansal**

Managing Director | Pondy Oxides and Chemicals Limited

So basically, EPR, for a lot of manufacturers also is a requirement that certain percentage of their end-products comes out through recycled products. So, that is also a dependency. So that does not generally have to be only through material supplied by them or raw material supplied by them. And that is also buying -- I mean, buying their raw material, which is manufactured out of recycled products. The Phase 2 is, which we call as more of a tolling business where companies would give out the raw material and ask us to toll it and give them a product in return. We keep both of them as separate verticals and even currently, we are doing certain amount of tolling. And when tolling is done, yes, the working capital requirement is pretty much low. But as the working capital requirement is low, the margins also are little bit on the lower side, of course, because as the manufacturer also understands, they discount it to those levels.

**Piyush Dhawan**

President, Commercial and Strategy | Pondy Oxides and Chemicals Limited

And so we'll really approach it on a portfolio basis, given our capacities, I mean to test someone else.

**K. Kumaravel**

Director Finance and Company Secretary | Pondy Oxides and Chemicals Limited

And definitely, this will increase our market potential and increase in demand also because of the EPR regulations.

**Radhakrishnan Chonat**

Director | AlphaStreet

Astha, do you have any follow-up questions, else we will move to the next person? Okay. Thank you. The next question...

**Astha Sundarka**

Analyst | Niveshaay Investment Advisory

Hello? Hello? Sir, actually, the line was on mute that is why we couldn't unmute.

**Radhakrishnan Chonat**

Director | AlphaStreet

Okay.

**Astha Sundarka**

Analyst | Niveshaay Investment Advisory

So the next question is, sir, since we -- so is there any yield difference between when we import scrap versus when we source it domestically? In terms of efficiency, is there a difference in the yield, which is higher or lower in terms of that?

**Ashish Bansal**

Managing Director | Pondy Oxides and Chemicals Limited

Astha, basically, what we're using is scrap and scrap is never consistent. That is why it's probably called scrap. And I'll explain the purchasing of any kind of scrap is directly the pricing is

proportionate to its, what you call, the recoveries that we attain out of that specific scrap. So in case if the recovery on a certain product, on a certain kind of scrap is higher, the pricing accordingly, based on the content also gets a little higher. So more or less whether it's domestic or imported, what you call, the pricing in terms of the metal content or the content of recyclables is how that is determined.

**Astha Sundarka**

Analyst | Niveshaay Investment Advisory

Okay. Sir, also have we purposely like plan to be in just one region and not have India presence? Or we plan to diversify to other states also in future?

**Ashish Bansal**

Managing Director | Pandy Oxides and Chemicals Limited

See, basically, being in this business, I mean, if you notice, we are closer to the port. And we prefer being closer to port cities for various reasons because we operate in markets, for example, in terms of exports, we cater to complete Southeast Asia and similarly, imports works out better when export. And if you notice also many other companies who have been in other parts of India, a lot of them have started trying to move into the -- into similar region and space.

And we are not closed on being only in the South region. I think, definitely, we will going forward, move to other regions. But we would only move to regions where the market in all forms is lucrative in terms of raw materials to selling out of our finished products.

**Piyush Dhawan**

President, Commercial and Strategy | Pandy Oxides and Chemicals Limited

So, I will just add something to that. We also work on a hub-and-spoke model. So when we choose a particular port, we also cater to the fact that we'll be targeting a particular audience in customers, whether it's Southeast Asia or Europe or U.S. So, we look into all that aspects while kind of formulating the hub and spoke and we accordingly take a call.

**Ashish Bansal**

Managing Director | Pandy Oxides and Chemicals Limited

And definitely, when we talk about region, we are not limiting ourselves to just India. We are definitely looking at international projects as well.

**Astha Sundarka**

Analyst | Niveshaay Investment Advisory

Okay. Okay. Thank you so much, and good luck.

**Ashish Bansal**

Managing Director | Pandy Oxides and Chemicals Limited

Thank you. Thank you, Astha.

**Piyush Dhawan**

President, Commercial and Strategy | Pandy Oxides and Chemicals Limited

Thank you, Astha.

**Radhakrishnan Chonat**

Director | AlphaStreet

Thank you, Astha. The next question will be from the line of Rohit Ohri. Rohit, please unmute yourself.

**Rohit Ohri**

Analyst | Progressive Share Brokers

Hi, am I audible?

**Ashish Bansal**

Managing Director | Ponds Oxides and Chemicals Limited

Yes, Mr. Rohit, you're audible.

**Rohit Ohri**

Analyst | Progressive Share Brokers

First one, can you take us through the current demand scenario with the OEMs?

**Ashish Bansal**

Managing Director | Ponds Oxides and Chemicals Limited

Rohit, can you be a little more specific on that question? I mean...

**Rohit Ohri**

Analyst | Progressive Share Brokers

In terms of the lead-acid battery and the demand for the lead-acid batteries from these OEMs, if you can take us through the market scenario, the demand scenario from their end.

**Ashish Bansal**

Managing Director | Ponds Oxides and Chemicals Limited

See, basically as in POCL, we cater to multiple markets, that's not only India, like, as you are aware about 55% or plus is exports as well. So close to about eight to 15 countries is where we export depending on the market requirement. So as far -- and we have most of our customers are all Class-A Tier 1 manufacturer of batteries or their OEMs. And these -- I mean, in the last one year, I mean there has been extremely robust demand in terms of the battery -- demand for batteries and so on, whether be it automotive or any other sector as well. And as of now, we still see that demand going forward and more of -- and also in the last two years, there has been also a lot of shift from -- of these other buyers also to moving out from the smaller players and coming into a more stable organized larger players. So that has also helped us increase little bit of our market share as well.

**Rohit Ohri**

Analyst | Progressive Share Brokers

Okay. Yeah, has there been a spillover during the quarter under review? And if yes, then what percentage of revenue has gone into the next quarter?

**Ashish Bansal**

Managing Director | Pandy Oxides and Chemicals Limited

You mean spillover from September quarter to the December one or over to the current...

**Rohit Ohri**

Analyst | Progressive Share Brokers

Yeah, December to March.

**Ashish Bansal**

Managing Director | Pandy Oxides and Chemicals Limited

There's not been any spillover from the December quarter. December quarter orders were almost more in line catered to, maybe a very small percentage because of maybe some shipments that have happened towards the end of December on 30th or 31st where the bill of lading, as per the accounting policies, it has to be as per the B/L date, so a few hundred tonnes here and there which is not a very big impact.

**Rohit Ohri**

Analyst | Progressive Share Brokers

Okay. If KK you can share the cash flow from operations nine months as compared to CFFO from last year nine months?

**Ashish Bansal**

Managing Director | Pandy Oxides and Chemicals Limited

Yeah, Mr. Vijay will answer that one and...

**Rohit Ohri**

Analyst | Progressive Share Brokers

Okay.

**Vijay Balakrishnan**

Chief Financial Officer | Pandy Oxides and Chemicals Limited

Actually, if you see the cash flow for December '22, operating profit is INR57.47 crore. And cash from the -- net cash flow from operating activities is flat, almost 0.87 only. Cash flow from investing activity is INR29.21 crore. And cash from financing activities is INR30.54 crore.

**Rohit Ohri**

Analyst | Progressive Share Brokers

Okay. Okay, and in terms of capex, KK, what have we spent?

**Vijay Balakrishnan**

Chief Financial Officer | Pandy Oxides and Chemicals Limited

For almost INR24 crore we spent on capex.

**Rohit Ohri**

Analyst | Progressive Share Brokers

And any more that is less that you intend to spend in next three months?

**Vijay Balakrishnan**

Chief Financial Officer | Pandy Oxides and Chemicals Limited

Three months, except that investment in subsidiary, nothing is more on that.

**Rohit Ohri**

Analyst | Progressive Share Brokers

Okay. Ashish, there is this global giant, Glencore, and they intend to source from ACE Green Recycling that will be via some four or five plants In '24, '25, including India, Thailand and U.S. So are we in talks with them or if you could share something from their end or can we contribute something via ACE Green?

**Ashish Bansal**

Managing Director | Pandy Oxides and Chemicals Limited

Yes, definitely, let me explain to you. In fact, Glencore has been our customer, say -- I'll say, for over 15 years, now it's somewhere around 2008, '09. In fact, I'll say, we are among the first companies on the lead space -- or rather, I'll say the first company from India to supply to them. And currently what Glencore has tied up with ACE Green is when they start through their other -- where they're giving out the licenses, where they could start -- where they start manufacturing and getting products out of the lithium-ion recycling, Glencore is ready to buy out the product from them as and when it's available.

And definitely, I mean, Glencore, we're having a very strong relationship with them for over a decade. They're on constant touch and talks with us for all our products, including the Green Lead and also other -- there are other companies also internationally. I mean, I would not name them right now, but as the product is building on, the sales are on, we can definitely share those with you.

**Rohit Ohri**

Analyst | Progressive Share Brokers

Okay. Okay. So in addition to the long-term contract that we had with ACE and will there be some more top-up via Glencore in the future? Do you feel that, that will come through?

**Ashish Bansal**

Managing Director | Pandy Oxides and Chemicals Limited

I did not really get your question. Top-up from Glencore in what form?

**Rohit Ohri**

Analyst | Progressive Share Brokers

The order that we had around, I think, 40 million was the order for 10 years, right, with ACE Recycling. And then in addition to that, with the Glencore-ACE conversations, do you think that there will be more of long-term contracts that would come from their end?

**Ashish Bansal**

Managing Director | Pandy Oxides and Chemicals Limited

You're talking from Glencore into us?

**Rohit Ohri**

Analyst | Progressive Share Brokers

Yes.

**Ashish Bansal**

Managing Director | Pandy Oxides and Chemicals Limited

See, I mean, the question is a little vague here. I mean, we have tied up with ACE for the licensing and machines. And of course, as and when we require to scale up our production, we can definitely buy out whole licenses and modules from them. And this has got nothing to do with Glencore. Glencore is one of the customers out of many. I mean, yeah, of course, they are a very large player in the international market. But they are one of the -- this thing. And like I said, they're our very old long-term customers or partners, whatever I can call them. POCL has been in business with them for almost 10 to 15 years -- close to 15 years, rather, I'll say. That should not be an issue.

**Rohit Ohri**

Analyst | Progressive Share Brokers

Okay. Okay, any impact that you feel that, because of China opening up, the average selling prices would increase or decrease in terms of even EBITDA per tonne, if at all, because of China?

**Ashish Bansal**

Managing Director | Pandy Oxides and Chemicals Limited

Yeah, you're telling, because of China opening, will that affect the selling -- our selling price or something? Is that what you're asking?

**Rohit Ohri**

Analyst | Progressive Share Brokers

Yes, yes.

**Ashish Bansal**

Managing Director | Pandy Oxides and Chemicals Limited

Yeah, you'll have to understand one thing. China does not export any lead. And China is an internal consumer of lead and even zinc and so on because they have export duty on exporting out lead or zinc.

**Rohit Ohri**

Analyst | Progressive Share Brokers

Okay.

**Ashish Bansal**

Managing Director | Pandy Oxides and Chemicals Limited

So, no lead really comes out of China in any of these scenarios. So China opening up or not -- but yes, of course, if China opens up, some demand of other countries could be catered through their

exporting battery. It's a circular motion. And also as they open up, their internal demand also will grow in. So it'll offset more or less. I mean it is not going to really impact on margins or anything else.

**Rohit Ohri**

Analyst | Progressive Share Brokers

Okay. If you can share the average EBITDA per tonne in this quarter and the same quarter last year?

**Ashish Bansal**

Managing Director | Pandy Oxides and Chemicals Limited

It was -- this quarter was 5.7% versus 6.8% in the last quarter -- I mean, last year's same quarter.

**Rohit Ohri**

Analyst | Progressive Share Brokers

EBITDA per tonne.

**K. Kumaravel**

Director Finance and Company Secretary | Pandy Oxides and Chemicals Limited

EBITDA per tonne.

**Ashish Bansal**

Managing Director | Pandy Oxides and Chemicals Limited

In percentage, right?

**K. Kumaravel**

Director Finance and Company Secretary | Pondy Oxides and Chemicals Limited

Percentage only we've given.

**Rohit Ohri**

Analyst | Progressive Share Brokers

Okay.

**K. Kumaravel**

Director Finance and Company Secretary | Pondy Oxides and Chemicals Limited

Yeah, almost similar.

**Rohit Ohri**

Analyst | Progressive Share Brokers

In terms of rupees, if you can share, if you would like to share that in rupees term?

**Ashish Bansal**

Managing Director | Pondy Oxides and Chemicals Limited

We'll have to get back to you on that, Rohit.

**Rohit Ohri**

Analyst | Progressive Share Brokers

Okay. Okay, that's not an issue. In terms of developments for POCL Future Tech and ACE tech, by when do you think -- do you think that quarter four, it will be up and running in terms of operational, commercial production?

**Ashish Bansal**

Managing Director | Pandy Oxides and Chemicals Limited

Yes, the Future Tech, the trial productions are over and also the second phase of machines are installed. So by February end, the complete machinery installation, as we've targeted, should be complete and the commercial production should start by second half of March. So a full month of production, I would say, would be more or less like April. But, yes, definitely, commercial production would have started by March second half.

**Rohit Ohri**

Analyst | Progressive Share Brokers

Okay.

**Ashish Bansal**

Managing Director | Pandy Oxides and Chemicals Limited

And similarly with the ACE technology, we are expecting the first half of March, we'll have the commercial product rolled out.

**Rohit Ohri**

Analyst | Progressive Share Brokers

So probably the end of this financial year, both will be up and running.

**Ashish Bansal**

Managing Director | Pandy Oxides and Chemicals Limited

Yes, they'll be up and running.

**Rohit Ohri**

Analyst | Progressive Share Brokers

Okay. In terms of Harsha, you did touch up on some of the points for CSM, that is chopped strand mats. But in terms of the operation, do you think you will still continue with that? And is it like, in the margin profile, does it fit into the system that is there or with the backward integration, do you feel that you will continue with that business?

**Ashish Bansal**

Managing Director | Pandy Oxides and Chemicals Limited

It's a little early to say. Probably in the next con-call, we'll give you proper concrete answers with numbers as well on that. Our team is in the market right now, researching and various professionals are working on this.

**Rohit Ohri**

Analyst | Progressive Share Brokers

Okay. And this funding of approximately INR30-odd-crores, how was that done or how is it done?

**Vijay Balakrishnan**

Chief Financial Officer | Pandy Oxides and Chemicals Limited

Rohit, right now, we have used internal accruals for funding the same. But going forward, depending on the product portfolio, what we are trying to get in, we will see alternative funds, raising of funds through banks or be it commercial papers or whatever depending on the requirement, we'll be able to raise the funds.

**Rohit Ohri**

Analyst | Progressive Share Brokers

Okay. And any guidance that you'll like to share for the quarters -- the upcoming two quarters or so, which is related to the LME prices according to your estimates? How do you think that will pan out for us?

**Ashish Bansal**

Managing Director | Pandy Oxides and Chemicals Limited

See, I will put it rather this way that this financial year will be more or less in line with the last financial year in terms of top line and bottom line with addition of all these new projects and still absorbing all these costs. So if I take as a apple-to-apple comparison, even if the numbers are similar but with so much of additions, I would call this financial year a little more superior than the last financial year.

**Rohit Ohri**

Analyst | Progressive Share Brokers

Okay. Ashish, last con-call you mentioned that you were looking and you were analyzing some more businesses and vertical additions to the business. Do you think it's the right time to talk about it or do you still need more evaluation to be done to the new verticals that might be added?

**Ashish Bansal**

Managing Director | Pandy Oxides and Chemicals Limited

Definitely, there are some exciting verticals we're looking at, but right now, it's too early for us to speak.

**Rohit Ohri**

Analyst | Progressive Share Brokers

Okay, Ashish, thank you.

**K. Kumaravel**

Director Finance and Company Secretary | Pandy Oxides and Chemicals Limited

Ground work has been done to acquire the land, building. We have done it.

**Rohit Ohri**

Analyst | Progressive Share Brokers

Okay. We'll wait for the official announcement from your end and all the best. Thank you, Ashish. Thank you, Piyush. Thanks a lot.

**Ashish Bansal**

Managing Director | Pandy Oxides and Chemicals Limited

Thank you, Mr. Rohit.

**Piyush Dhawan**

President, Commercial and Strategy | Pandy Oxides and Chemicals Limited

Thank you, Mr. Rohit.

**Radhakrishnan Chonat**

Director | AlphaStreet

Thank you, Rohit. Ladies and gentlemen, once again, as a reminder, do use the raise hand functionality or the chat functionality for asking your questions. Next in line is Aditya Sen. Aditya, please unmute and go ahead and ask your question.

**Aditya Sen**

Analyst | RoboCapital.in

Hello, everyone. I have this question on the plastics facility. When are we expecting to commercially commission it and by what time shall we reach peak utilization for the first 1,200 -- for the first phase?

**Ashish Bansal**

Managing Director | Ponds Oxides and Chemicals Limited

Good afternoon, Aditya. Ashish here again. See, like I just was -- we were talking to Rohit and the commercial production in full form will start by second half of March and April will be the first full month of production. And we target the peak production, we should be able to reach within a span -- within first two quarters, so the third quarter, we'll start seeing the complete utilization of the plant and facility of plastics and that's the point when we will probably look at the next phase of expansion. It's how we are envisaging now. But there could be two, three months plus or minus, I mean, not to hold us exactly by the tenure. But definitely within this next financial year, we'll be literally at peak production.

**Aditya Sen**

Analyst | RoboCapital.in

Yeah. That would be great. And on the future guidance, shall we expect a high-teen number on the growth of the company in terms of revenue growth?

**Ashish Bansal**

Managing Director | Ponds Oxides and Chemicals Limited

High? Sorry, I lost you there. Expect a -- I lost you somewhere there.

**Aditya Sen**

Analyst | RoboCapital.in

Shall we expect a high-teen number in terms of revenue growth of the company?

**Ashish Bansal**

Managing Director | Ponds Oxides and Chemicals Limited

High-team members?

**Aditya Sen**

Analyst | RoboCapital.in

High-teen like 17, 18, 19 percentage revenue...

**K. Kumaravel**

Director Finance and Company Secretary | Pondy Oxides and Chemicals Limited

High-teen, okay.

**Ashish Bansal**

Managing Director | Pondy Oxides and Chemicals Limited

Yes, definitely, I mean the next year we will -- as I said, we are looking at somewhere around a 15%, 20% growth and we will push in every manner so to achieve that or maybe even higher. We like to little under-commit and overperform. So we'll keep up our promise.

**K. Kumaravel**

Director Finance and Company Secretary | Pondy Oxides and Chemicals Limited

And definitely our consolidated turnover is going to be good only.

**Aditya Sen**

Analyst | RoboCapital.in

Okay. So, thank you, those were my questions.

**Ashish Bansal**

Managing Director | Pondy Oxides and Chemicals Limited

Thank you. Thank you.



Radhakrishnan Chonat
Director | AlphaStreet

Thank you, Aditya. We'll once again check if Deepak's line has become okay. Deepak, can you unmute and ask your question? Deepak, you are unmuted now. Can you...



Deepak Poddar
Analyst | Sapphire Capital

Hello, am I audible now?



Radhakrishnan Chonat
Director | AlphaStreet

Yes, please go ahead.



Deepak Poddar
Analyst | Sapphire Capital

Hello?



Radhakrishnan Chonat
Director | AlphaStreet

Yes, Deepak, we can hear you.



Deepak Poddar
Analyst | Sapphire Capital

Hello?



Radhakrishnan Chonat
Director | AlphaStreet

Yeah, looks like we have a problem. Deepak is unable to hear us. There are couple of chat questions that have come. I'll probably pick it up.

We have a question from Sid S. His question is, how will management focus be split across these different verticals since they have different processes and end customers? Will they look to hire business unit heads for each vertical? This is a question we have received via chat.



Ashish Bansal
Managing Director | Ponds Oxides and Chemicals Limited

Yes, definitely, each vertical needs its own expertise. See, overall, we still call ourselves as a recycling company. So the whole thought process and the gene here has been recycling and green and circular and so on. But like Mr. Sid has definitely pointed out, every division of ours has experts and technocrats who look into the processes, optimization and similarly a separate commercial team who looks at their marketing and penetration into the markets, along with strategy.

So as an L1 management, we look into the complete strategy of the company, the verticals that we can enter based on our research and whatever the market feedbacks we get out of interaction with different players and that's how we operate. And to be clear in one line, it is that every business vertical, yes, definitely, has a strategic business leader heading the division.



Radhakrishnan Chonat
Director | AlphaStreet

Thank you, Ashish. The next question is from one Mr. Praharsh Rai. What kind of growth does the company see in FY '24, FY '25, taking FY '23 as the base? And what kind of margins is the company aiming to achieve?

**Ashish Bansal**

Managing Director | Pandy Oxides and Chemicals Limited

Yes, so '24 over '23...

**Radhakrishnan Chonat**

Director | AlphaStreet

'24, '25 over '23.

**Ashish Bansal**

Managing Director | Pandy Oxides and Chemicals Limited

Yeah. Extremely forward-looking question. Yes, interesting.

**Piyush Dhawan**

President, Commercial and Strategy | Pandy Oxides and Chemicals Limited

These are very forward-looking question. I mean to address this, we are looking at two-digit EBITDA numbers to start with in the coming years. And secondly, on the top line segment, there will be a good amount of growth. I mean, since it's a forward-looking statement, it'll be unreasonable for me to put up numbers here.

But yes, I mean it's all in the positive side, given that we have four recycling verticals already gone live and there are a few others in the pipeline to kind of go from feasibility to execution stages. So somewhere around 20% should be a reasonable number to target as CAGR over the next three or four years, taking into account '23 as the base year.

**Radhakrishnan Chonat**

Director | AlphaStreet

Thank you. Thank you, Piyush. From Ayush Mittal, Amara Raja is going for backward integration and it'll put up lead recycling capacity. Any thoughts on this?

**Ashish Bansal**

Managing Director | Pandy Oxides and Chemicals Limited

Yes. Amara Raja has been looking at putting up backward-integrated lead facility for last couple of years and we are aware of that. And, in fact, they are also in -- looking for various processes and procedures on the same. See, like we said, we are not concentrated specifically on one customer or on one market.

And just like Amara Raja there are also many other companies internationally and also within India, like the other peer which is Exide, they also have their own smelters. This will not really make a very big impact in terms of the whole process. As a company, it's not only one is about putting the unit, one is about the whole complete chain of sourcing and the next comes the customer.

So we are well-diversified and we don't look at it as a very big challenge in terms even if anything is there to offset our production. And as to also again remind, we are LME-registered brand. At any point of time, our metal which is manufactured in our plant is liquid and can be also placed against warrants in any warehouse across the globe.

**Radhakrishnan Chonat**

Director | AlphaStreet

Thank you. Thank you, Ashish. Mr. Deepak Poddar who couldn't ask the question directly, he has sent us a message. His question is, we were earlier targeting 150 basis points EBITDA margins improvement year-over-year. Are we still targeting that? And if so, accordingly, can we look at 6.5% to 7% EBITDA margins in FY '24?

**Ashish Bansal**

Managing Director | Pandy Oxides and Chemicals Limited

Yes, definitely, we are targeting that. But this one year has been extremely volatile, I'm sure, for most of the companies across the board in terms of your fuel prices, your freights and all. These kind of extreme swings, I mean, do little bit push the company's projections away. But on an overall level, if you noticed, even with extreme rise on these kind of costs, company has still been able to almost be at par with the last year. And definitely, once these are stable and now with the new contracts negotiation going on, we will be able to achieve our numbers in the coming years.



Radhakrishnan Chonat
Director | AlphaStreet

Thank you, Ashish. The next question is from Aditya Sen. His question is, I would like to understand the upcoming plastic division. When are we expecting to commence this? How will we ramp up the facilities and what would be the peak revenue?



Ashish Bansal
Managing Director | Pandy Oxides and Chemicals Limited

RC, I think we just spoke and we answered the same question.



Radhakrishnan Chonat
Director | AlphaStreet

Okay. Sorry about that. Okay. It's a repetition. One, Mr. Ankur Agarwal. Will the company close the present lead recycled plant after starting ACE Green tech plant?



Ashish Bansal
Managing Director | Pandy Oxides and Chemicals Limited

So, ACE Green is a parallel process that we are taking up right now. And based on the techno-commercial feasibility, we will, in phased manner, look at whether this will be our only technology or we will use the earlier technology as well. So at this point in time, we might not be able to just comment specifically on that. But definitely, we would love to do that as that's a greener process.



Radhakrishnan Chonat
Director | AlphaStreet

Excellent. Here's one more question, Ankur. Will green technology in lead recycling increase EBITDA in lead business?

**Ashish Bansal**

Managing Director | Pandy Oxides and Chemicals Limited

The green recycling facility as and when it gets accepted by the customers to fulfill their targets and all of it, and it depends a lot on the marketing of the product as a green product will definitely -- once that is done will definitely add on to EBTIDA.

**Piyush Dhawan**

President, Commercial and Strategy | Pandy Oxides and Chemicals Limited

Sir, one more thing I'll add is, it's always going to be a blended approach whether we do smelting or we use the green technology, I mean, moving forwards as well because costing will always come into the forefront.

**Radhakrishnan Chonat**

Director | AlphaStreet

Thank you, Ashish. Thank you, Piyush. We have a couple of housekeeping items that have come up as a question. We'll share it with the POCL management post this call. Not going to raise the questions over here. If you have any more questions to ask directly, ladies and gentlemen, please use the raise hand functionality. I'll give it a few seconds.

Okay. We have one, Mr. Kumaravel K. Please unmute and go ahead. Please identify yourself. I'm sorry. We can't hear you.

**Navneet**

Analyst | Individual Investor

Have you unmuted me?

**Radhakrishnan Chonat**

Director | AlphaStreet

Yes. Go ahead.

**Navneet**

Analyst | Individual Investor

My name is not Kumaravel. My name is Navneet.

**Radhakrishnan Chonat**

Director | AlphaStreet

Okay. It's showing as Kumaravel K for us.

**Navneet**

Analyst | Individual Investor

Okay. Okay. No, problem. No, problem.

**Radhakrishnan Chonat**

Director | AlphaStreet

What's your name?

**Navneet**

Analyst | Individual Investor

Navneet.

**Radhakrishnan Chonat**

Director | AlphaStreet

Go ahead. Identify yourself and go ahead, and ask your question.

**Navneet**

Analyst | Individual Investor

Hi. My name is Navneet. And my question is to Ashish -- Mr. Ashish Bansal. First of all, let me congratulate you on using the first technology globally for manufacturing green lead. This is what I could understand. My question is in three parts. The first question would be, is the company focusing or does the company has any plans to make value-added or downstream products after recycling? The core focus of the company is recycling of various items. But do you have any plans to make value-added products after that? That's my first question.

The second would be, as we all know and understand that the future of recycling would be -- the e-batteries or what we call modernity as lithium-ion batteries. Is the company tying up with -- is the company tying up with the exclusive technical partners to have this in future?

And my third question would be, is the company planning to make investments overseas? Do you have any plans to invest in overseas manufacturing facilities?

**Ashish Bansal**

Managing Director | Pandy Oxides and Chemicals Limited

Yes. Let me take up these questions. Good afternoon, Navneet. Thank you for your appreciation. And like your first question, is the company focusing on value-added products post recycling? Right now the company operates more on B2B products. But going forward, to start with, as we have started our plastics division, probably in the first -- in the first value-added product line that we would like to start would be on the plastic side and definitely, we are exploring that. And as we go ahead, maybe through other recycled verticals of ours, if we can add into value-added products. And definitely, we also assume that the market will very well accept that, looking at the recycled products and that should give us a little more edge as well.

About recycling lithium-ion batteries, definitely, we are currently in the phase of -- I mean, we are evaluating approximately three different technologies on lithium-ion recycling. And as I earlier said, we are in our pre-feasibility stage where we are looking at the market size in terms of the quantum available, in terms of technology and in terms of other techno-commercial aspects as well.

And also similar overseas question was, I mean, for the locations, it was asked. We are looking at once our current projects and specifically our green lead project, once it is successful and it is up and running, which is techno-commercially viable, we definitely would like to spread our wings across in other geographies and most probably internationally where countries are looking at

green technology to establish their recycling needs.



Navneet

Analyst | Individual Investor

Thank you, Mr. Ashish. That answers my questions.



Ashish Bansal

Managing Director | Pandy Oxides and Chemicals Limited

Thank you. Thank you, Navneet.



Navneet

Analyst | Individual Investor

Thank you.



Radhakrishnan Chonat

Director | AlphaStreet

Thank you, Navneet, for your question.

Ladies and gentlemen, since there are no further questions, that's all the time we have allocated for today. Please do send in any additional questions by email to us and we'll follow-up to get those answered by the POCL management team. Once again, thank you all for joining us for the Pandy Oxides and Chemicals Ltd Q3 FY '23 earnings call. As a reminder, today's call was recorded. A replay of the call will be available on AlphaStreet India's YouTube channel as well as on alphastreet.com/India. A final transcript will be available shortly on AlphaStreet India's website.

Thank you, everyone. Thank you, Ashish, and team.

**Ashish Bansal**

Managing Director | Ponds Oxides and Chemicals Limited

Thank you, RC. Thank you, everybody.

**K. Kumaravel**

Director Finance and Company Secretary | Ponds Oxides and Chemicals Limited

Thank you.

**Piyush Dhawan**

President, Commercial and Strategy | Ponds Oxides and Chemicals Limited

Thank you, everyone.



AlphaStreet, Inc., 44053, Fremont Blvd, Fremont, CA - 94538, USA | www.alphastreet.com

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