PONDY OXIDES AND CHEMICALS LIMITED POCL®

31st January 2026

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 Q3 FY 2025-26 Investor Call held on 29th January 2026

With reference to our letter dated 29th January 2026, intimating you about the link of the audio recordings of the investor call held on Thursday, 29th January 2026 at 03:00 PM IST, and pursuant to Regulation 30 read with Schedule III of the SEBI (LODR) Regulations, 2015, please find enclosed the transcripts of the aforesaid Investor call.

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

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

Thanking you,

Yours faithfully
For Pondy Oxides and Chemicals Limited

KRISHNAMOORTHIKUMARAVEL
Digitally signed by KRISHNAMOORTHIKUMARAVEL
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K. Kumaravel
Director Finance & Company Secretary

"Pondy Oxides and Chemicals Limited"

Q3 FY '26 Earnings Conference Call

January 29, 2026

MANAGEMENT:

1) **MR. ASHISH BANSAL – MANAGING DIRECTOR – PONDY OXIDES AND CHEMICALS LIMITED.**
2) **MR. K. KUMARAVEL – DIRECTOR FINANCE AND COMPANY SECRETARY – PONDY OXIDES AND CHEMICALS LIMITED.**
3) **MR. R. S. VAIDHYANATHAN – EXECUTIVE DIRECTOR – PONDY OXIDES AND CHEMICALS LIMITED.**
4) **MR. VIJAY BALAKRISHNAN – CHIEF FINANCIAL OFFICER – PONDY OXIDES AND CHEMICALS LIMITED.**
5) **MR. PRATIK GUPTA – ASSOCIATE VICE PRESIDENT, OPERATIONS – PONDY OXIDES AND CHEMICALS LIMITED**

MODERATOR: MS. SANA KAPOOR – GO INDIA ADVISORS LLP

Moderator: Ladies and gentlemen, good afternoon, and welcome to the Pondy Oxides & Chemicals Limited Q3 FY '26 Earnings Conference Call. 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 this conference call, please signal an operator by pressing star then zero on your touch-tone 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, Ms. Sana.

Sana Kapoor: Thank you, Swapnali. Good afternoon, everyone, and welcome to Pondy Oxides and Chemicals Limited earnings call to discuss Q3 and 9-month FY '26 financial performance. Today, we are joined by Mr. Ashish Bansal, Managing Director; Mr. K. Kumaravel, Director Finance and Company Secretary; Mr. R. S. Vaidhyanathan, Executive Director; Mr. Vijay Balakrishnan, Chief Financial Officer; and Mr. Pratik Gupta, Associate Vice President, Operations.

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, everyone, and thank you for joining us for POCL's Q3 and 9-month FY '26 earnings call. I hope you've had the opportunity to go through our financial disclosures available on the exchanges. I will walk you through the key strategic updates, operational progress and financial performance, followed by a Q&A session.

I'm delighted to report that POCL has delivered its strongest ever quarterly and 9-month performance, driven by disciplined execution and operational efficiency. On a 9-month basis, revenue, EBITDA and PAT increased by 33%, 96% and 114% year-on-year, respectively, supported by substantial growth in both production and sales volumes across our lead and copper business.

I would want to mention that the India-EU trade deal serves as a structural catalyst for POCL, enhancing our global price competitiveness, securing long-term demand visibility and solidifying our status as an organized compliant leader capable of meeting Europe's rigorous sustainability standards.

On the domestic front, the regulatory environment continues to be supportive for organized recyclers with stronger enforcement of BWMR and EPR frameworks, enhancing accountability and producers, recyclers and collection agencies. This has led to more efficient collection mechanisms, reduced leakages to the unorganized sector and improved traceability across the value chain. These measures have materially strengthened domestic scrap availability, enabling higher local sourcing.

Before delving into the numbers, I'd like to begin with key strategic developments that are shaping up our growth journey. Our capacity expansion update. We are making steady progress on our capacity expansion roadmap. The second phase of lead expansion project, adding 36,000 metric tons per annum was commissioned and became operational in December 2025.

As a result, the total lead capacity has increased from 132,000 metric tons per annum in FY '25 to 2,04,000 metric tons per annum, representing an increase of over 50%. The lead capacities are expected to ramp up to 70% in the coming quarters.

Our copper recycling capacity is set to double from 6,000 metric tons per annum to 12,000 metric tons per annum by the end of Jan 2026. During 9 months FY '26, POCL invested around INR 25 crores in capital expenditure and expects to deploy additional INR 35 crores in the last quarter of FY '26.

POCL's Board has approved the amalgamation of its wholly-owned subsidiary, POCL Future Tech into the parent company, subject to regulatory approvals. The merger strengthens vertical integration in plastic recycling, improves cost efficiency and cash flow management and creates long-term value for POCL without any equity dilution or cash outflow. We have shifted POCL Future Tech from the leased premises to the Thervoy Kandigai facility during the quarter. The facility is now operational and production has commenced in the facility.

Coming to our operational performance. The procurement mix for 9-month period comprised approximately 70%, 59% and 100% imports for lead, plastics and copper. There is a significant increase in sales of copper by 15 times on a 9-month basis to INR 296 crores. The production of lead has increased by 23% year-on-year to 83,746 metric tons on a 9-month basis and 57% year-on-year and 26% quarter-on-quarter to 33,271 metric tons on a quarterly basis. EBITDA per ton of lead increased significantly by 46% year-on-year to INR 18,086 per ton on a 9-month basis by 39% year-on-year to INR 17,427 per ton on a quarterly basis.

Moving to financial performance. I would like to reiterate that POCL has continued to deliver consistent performance, resulting in its highest ever quarterly and 9-month revenue EBITDA and PAT. On a quarterly basis, revenue increased to INR 776 crores, up 22% quarter-on-quarter and 55% year-on-year on a 9-month basis. Revenue stood at INR 2,007 crores, reflecting a growth of 33%. This growth was driven by improved capacity utilization and higher sales volumes across both lead and copper segments.

Export contributed 67% of total revenue, reflecting POCL's growing global presence and customer confidence. On a 9-month basis, value-added products accounted for 65% of lead segment revenue, supporting the company's long-term target of achieving over 60% contribution from value-added products. EBITDA increased by 122% year-on-year to INR 59 crores on a quarterly basis and by 96% year-on-year to INR 157 crores on a 9-month basis.

EBITDA margins remained strong at over 7% plus compared to over 5% in 9 months FY '25. PAT more than doubled on both quarterly and 9-month basis. On a quarterly basis, PAT increased by 148% year-on-year to INR 38 crores, while on a 9-month basis, PAT rose by 114% to INR 101 crores on 9-month FY '26 PAT margins improved by 5%, up from over 3% in 9-month FY 2025.

On a consolidated basis, POCL reported strong performance with revenue EBITDA and PAT growing by 32%, 94%, 128% year-on-year, respectively, on a 9-month basis. On a quarterly basis, these metrics increased by 53%, 119% and 167% year-on-year, respectively.

In conclusion, POCL remains aligned with its Target 2030 vision, supported by a clear road map focused on value creation and sustainable growth. The company continues to scale its lead and copper capacities while expanding into adjacent non-ferrous segments with an objective of delivering 20% plus volume growth and 20% plus CAGR in revenue and profitability. Growth will be supported by margin improvement with a focus on maintaining EBITDA margins above 8% and ROCE above 20%.

Alongside scale and strategy emphasis, operational efficiency through innovation and modernization with a target of over 60% revenue contribution from value-added products and 20% plus reduction in energy consumption, backed by a net cash balance sheet, disciplined execution, a supportive regulatory environment, extensive land bank, experienced leadership and stakeholder support. POCL is well-positioned for long-term sustainable growth.

That concludes my update. I'd now like to open the floor for questions. Thank you.

Moderator: Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Dheeraj Ram from B&K Securities.

Dheeraj Ram: Congratulations for a great set of numbers. First question is based on -- since you're ramping up your capacities in copper, which have a little lesser EBITDA margin compared to lead for '27 and '28. So how do you see the EBITDA margin guidance that you have given of 8% on a consolidated basis?

Ashish Bansal: Hi Dheeraj, thank you for your question. We have always guided our margins to be in the range of 7% to 8% EBITDA, and these will continue as copper increases, we are increasing the copper capacity as well, which is currently at a lower EBITDA range, but we'll also be adding on products on copper, as explained in our earlier calls, which will also have a higher margin. So the blended margins will remain in the range of 7% to 8%.

Dheeraj Ram: Sir, what could be the range of copper EBITDA per ton, including once your 6,000 tons is expected to commence?

Ashish Bansal: I will not be able to give you specifics on those numbers right now, but we'll keep you updated as we announce the products.

Dheeraj Ram: Got it, sir. Last question is, what is the volume sales of copper during Q3?

Vijay Balakrishnan: Dheeraj, the volume sales for copper is about 1,235 metric tons for this quarter.

Dheeraj Ram: Okay. And do we think that this EBITDA per ton going to continue for copper that we have clocked in 3Q? Or will it improve?

Vijay Balakrishnan: Right now, for the recycling, it is in the range of INR 35,000 per ton...

Ashish Bansal: Yes, I'll put it this way, Dheeraj. The copper, as you are noticing, the whole copper market is going through extremely volatile phase. And when any metal, which almost close to 40%, 45% just shoots up in a vertical manner, overall industry, it takes a little bit of time and momentum for it to absorb these kind of price increases and which have to flow down eventually to the end consumers. So, there is always a slight margin shrink.

And once these things start realigning and people start accepting these higher elevated prices, the margins start falling back into the regular ranges. So that is the whole transitional period, which again should be sustainable.

Moderator: Thank you. We have the next question from the line of Sagar Shah from Spark Capital.

Sagar Shah: First of all, congratulations, sir, for excellent set of numbers. Now my first question was related to our utilization actually. Can you tell me what is the utilization of the 32,000 tons per annum that you commissioned in Q1 and the 132,000, which was the old capacity? So, what is the capacity utilization of 168,000 tons right now as of this 9 months FY '26?

Vijay Balakrishnan: Sagar, this is Vijay. See, overall, if you see the lead capacity utilization for this 9 months ended is about 70%. And for this quarter alone, it is about 79.2%. For copper for 9 months about 74% and for this quarter, it's about 86.2% on an overall basis for this quarter.

Sagar Shah: Okay. So basically, we are at the peak of the capacity as regards to 32,000 tons per annum, which is recently commissioned, right?

Ashish Bansal: 36,000, but you were able to get those capacities only in the last month of previous quarter. So that's when it was commissioned.

Sagar Shah: Okay. So now the growth will be largely led by the new capacity, the 36,000 tons, which was just recently commissioned?

Ashish Bansal: More or less, yes.

Sagar Shah: Now coming on to this plastics one. The plastics one, actually, I see our capacity utilization coming down to almost 31% and I understand that you are shifting your capacity to the new premises. But as far as the demand is concerned, I wanted to understand that what exactly are we seeing there? How is the demand shaping up from which industries? And how are you placed up as FY '27, FY '28 is concerned? And you're not -- I think so that is the reason you are not placing capacity also in that particular segment.

Vijay Balakrishnan: Sagar, regarding -- if you see in the past also, our quarterly capacities or the sales in terms of copper is about approximately 850 to 900 metric tons per quarter. But right now, we see the demand very soft. But going forward, the 800 metric tons probably will increase to 1,000 in the coming quarters. So that is what our plan is.

Ashish Bansal: We'll be slowly looking at trying to build those volumes. But currently, what we saw in the last quarter, the whole market demand was pretty much on the softer side, along with softer prices and offtakes as well.

Sagar Shah: Okay. So this market was largely led by automotive or non-automotive, sir?

Ashish Bansal: It is a mix of both automotive and non-automotive. Yes, and also largely a little bit led by the primary material price also coming down quite a bit in the domestic market.

Sagar Shah: Okay. Now my last question, sir, was related to Mundra, most importantly, which we are actually waiting for. And I saw your utilization proceeds also, you hardly have -- are left with around INR 13 crores of money left from your QIP proceeds as well and also from your Pref allotment because largely you have spent on your -- the new capacity.

So I wanted an update at when exactly are you planning the expansion in Mundra because it's been almost 2 years since you have purchased that land, 123 acres. So how -- what's the progress in that land? What are you eyeing? What kind of plans are we getting there? Have you built the entire ecosystem? It's near to the port also. So what is the actual thought process behind that expansion? Because that will be the major growth driver for POCL, if I'm not wrong, in the years to come.

Ashish Bansal: So Sagar, currently, as indicated earlier as well, we will be looking into Mundra only in 2027. That is now once our copper expansions are completed by this last quarter of 2026 and 2027, and post that, the Mundra land capacity will be seen.

Definitely, we'll be looking at the existing businesses that we have and also some fresh business. But currently, our thought process is to have a few -- a little more capacity of our existing lead and copper business in Mundra. And like you said, that having an advantage and also having better reachability and freight towards the European and Middle Eastern markets, that will also serve as a driver for us to enter those markets.

Sagar Shah: So basically, are you referring to FY '27 or calendar year '27, sir?

Ashish Bansal: I'm referring to second half of calendar year 2027.

Sagar Shah: Calendar year or financial year FY '27?

Ashish Bansal: I am talking about the year of implementation.

Sagar Shah: Because the thing is in the free cash flow you are going to generate over INR 100 crores of free cash flow this year and also correspondingly next year. So I think you have a lot of cash left also.

Ashish Bansal: Yes. I mean even though we are using -- we have used quite a bit of our QIP funds, all of those. But every year, we are generating cash surplus as well. So these are going back into investments for our expansions and all of those.

Sagar Shah: Okay. So first of all -- so right now, after this, your major focus will be towards the forward integration of the copper segment, the products that you are eyeing actually, which will be margin accretive, if I'm not wrong, right?

Ashish Bansal: That's true. That's right.

Sagar Shah: Okay, sir. Thank you and all the best.

Moderator: Thank you. We have the next question from the line of Vikas Singh from ICICI Securities.

Vikas Singh: Congratulations on a very good set of numbers. Sir, my first question pertains to the sourcing. Given the commodity prices are kind of pretty volatile and actually moving in upward direction, are we experiencing any problem with the sourcing because...?

Ashish Bansal: Commodity prices moving up vertically. In fact, sourcing tends to become a little better because everybody wants to get rid of the scrap that's available to them and they get a higher price. So that is actually technically a better scenario to source more scrap.

Vikas Singh: So as of now, no such problem we have faced in terms of sourcing because sometimes the holdings kicks in, people think that they would get a better pricing if they sell at a later stage. So nothing that sort of is happening, right?

Ashish Bansal: See, what happens is every time now what will happen drastically price drops, people like I explained to Dheeraj in the initial part of the call also, when there's a sudden rise or a sudden drop, market pauses a bit to re-understand and realign and then it gets back into the whole cycle.

How long can anybody hold a material? I mean, pockets are not continuously deep enough to keep holding material or keep waiting for the high or low side of it. And this is a trade. So trade cycle has to resume. So definitely, sometimes there is a pause in between and then the whole cycle starts resuming back again.

Vikas Singh: Noted, sir. Sir, my second question pertains to our lead EBITDA per kg. If you could share that? And also, given that the prices are moving in copper as well as other segment, shall we assume that since this scrap is as a certain percentage basis, our EBITDA per kg in all these 3 segments is going to go up in the subsequent quarters?

Vijay Balakrishnan: Irrespective of the price movements, our EBITDA per tons will be -- in lead will be in the range of -- as we rightly in the past, we said that INR 15,000 to INR 17,500 is something what we have -- it's a sustainable EBITDA per ton irrespective of the price movement. Even for copper as well for last quarter, the per kg increase is about INR 100 per kg. That is why you can see a slight drop in your EBITDA percentage. But in terms of per ton basis, the amount remains at INR 35,000 plus, which we have already informed.

Vikas Singh: Noted. So we are not baking in any improvement in overall per kg basis, right?

Vijay Balakrishnan: The more the value addition in terms of -- as Mr. Ashish said, in terms of copper, the EBITDA per metric tons will increase once the forward integration happens, which is -- which we will do in the next financial year.

Ashish Bansal: Coming financial year.

Vikas Singh: Noted, sir. Thank you. All the best.

Moderator: We have the next question from the line of Samay Shah from Nuvama Wealth.

Samay Shah: Congratulations on a good set of numbers. My question was regarding copper capacity. You said for this quarter, we've done 1,235 metric tons for copper. So how much would be for 9 months, sir?

Vijay Balakrishnan: 9 months overall volume is about 3,308 metric tons, out of which 6,000 is the overall capacity. So if you take on an average basis, then it is -- the utilization is about 74% pro rata basis.

Samay Shah: Okay. And how much production can we expect for the coming year, FY '27?

Ashish Bansal: FY '27, we are targeting a minimum of 12,000 metric tons but would be definitely higher than that.

Samay Shah: Sir, you will be doubling your capacity to 12,000 tons for FY '27, if I'm not mistaken. And then the capacity utilization you're saying would be 100% for FY '27 12,000 metric tons?

Ashish Bansal: Through the year, also, there are other capacities that are getting added. So that will be a continual process. As of now, in this last quarter, the capacity that we are adding is relating to 12,000. It will increase from 6,000 to 12,000.

Samay Shah: Okay. Would you be able to shed some light on how much capacity would be added in FY '27 for copper?

Ashish Bansal: We'll be updating those in the future announcements that we have.

Samay Shah: Sure, sir. Thank you so much.

Moderator: We have the next question from the line of Nihar Mehta from Bay Capital.

Nihar Mehta: Congratulations on good set of numbers. I just had a couple of questions. Your balance sheet size has significantly increased if I compare as on December end. So what has led to the expansion of balance sheet size?

Vijay Balakrishnan: There is an increase in the current assets. Typically, inventory has increased by about INR 75 crores. And in terms of -- there are some refunds that are expected from the government authorities, which is in the tune of about INR 75 crores to INR 80 crores. So this has led to increase in our balance sheet numbers.

Nihar Mehta: What is the nature of refunds from government?

Vijay Balakrishnan: This is regarding export with payment of duty, wherein we procure domestically, the IGST part of it, we claim as a refund from the government after paying the duty.

Nihar Mehta: Understood. Also, Vijay, sir, what's the cash on the books as on December end?

Vijay Balakrishnan: It's about INR 35 crores.

Nihar Mehta: Understood. And my second question is related to the employee cost. Now if I see the size of the business has significantly increased, but Q-on-Q, our employee cost is on a downward trajectory. So what exactly is the reason for this downward trajectory?

K. Kumaravel: It is not downward this thing. Actually, in the second quarter, we paid increment for the employees with arrears, along with the incentives also we paid for the last year performance, which is accounted on paid basis. So because of that second quarter employee cost is comparatively higher than the third quarter employee cost.

Nihar Mehta: Thank you. That’s it from my side. All the best.

Moderator: Thank you. We have the next question from the line of Khush Gosrani from Geojit PMS.

Khush Gosrani: Congratulations on the good set of numbers. Just wanted to understand your view on the aluminum side of the business. What are the numbers that we have done over 9 months? And how should we look at going forward?

Ashish Bansal: Aluminum is not a segment that we are technically concentrating on specifically. So there are not much of numbers that we are technically doing on aluminum side. It is a very small number, which is about INR 7 crores to INR 10 crores, but that typically is not by doing the aluminum business, but ancillary when you do a lot of scrap, you do generate some few other metals. So that gets just added on. But typically, there's no concentration as of now on aluminum at all.

Khush Gosrani: Got it, sir. And how should we look at lead because capacity expansions have been announced by 2, 3 players now. So is the demand still there? How should we look at the segment for next 2, 3 years?

Ashish Bansal: I will not say the demand is explosive, but demand is consistent. For India, we are looking at anywhere between 5%, 6% of incremental demand and also the demand that comes from your regular replacement demand of existing batteries and vehicles. And internationally, about 2% to 3% is the growth.

Khush Gosrani: Got it. And by FY '28, what should be our net capacity with all the expansions that you have announced till now?

Ashish Bansal: As of now, our capacity is 2,04,000 tons. Once we are doing any further expansion, we'll keep -- we'll make an announcement and keep you updated.

Khush Gosrani: Got it, sir. And in Q4, you could see some margin pressure with the copper plant also coming up now or it would be in Q1, the ramp-up cost coming up?

Ashish Bansal: No, the margins are pretty similar. I mean there was no margin pressure. It was more or less in similar lines of guidance of 7% to 8%, and we have achieved that.

Khush Gosrani: Got it, sir. Thank you!

Moderator: Thank you! We have the next question from the line of Naman Parmar from Niveshaay Investments.

Naman Parmar: So firstly, I just wanted to understand what was the reason for a decrease in the gross margin in the current quarter compared to the previous quarter?

Vijay Balakrishnan: See, I will tell this is two-pronged. One is that if you see our procurement mix, last quarter is about 85% imports and 15% domestic. And this quarter, it has significantly increased to imports is about 70% and domestic is about 30%. So there is a shift in the procurement mix.

Apart from that, the value-added component, which was typically 70% this quarter, it has reduced to 55%. That is also one of the major reasons why your margins have dropped. But despite these 2 factors, the EBITDA margin is still at 7%, we delivered the EBITDA margin 7% to 7.5%. So that is what we have already on a sustainable basis, we'll be able to do it.

Naman Parmar: You expect that the 13%, 14% that you used to do in the previous, you will be able to catch up that particular margin in the coming quarters or years?

Vijay Balakrishnan: We have not done 13%, 14%.

K. Kumaravel: He's talking about material margin.

Vijay Balakrishnan: Material margin last quarter was, of course, 14.6%, but that also depends upon your product mix, your procurement mix. This is a commercial decision, sir. So it will depend but overall, if you see due to volumes, you are able to get the advantage of our fixed cost. So that is why we are able -- and apart from that, you have operational efficiencies. Our new plant is in line. We have Phase 1 and Phase 2 is also live. So all put together, we are confident that we'll be able to deliver EBITDA margins in the range of 7% to 7.5% in lead.

K. Kumaravel: And the absolute value of the profitability has increased considerably over the period.

Naman Parmar: Okay. Understood. Secondly, on the press release that you have mentioned about the provision of the mark-to-market of INR 7.28 crores. I think it's related to any derivative contract that you have been hedging for. So just wanted to understand on the hedging part of your copper basically. So how is the whole contract you used to fully hedge your copper prices? Or what is your strategy on that side?

Ashish Bansal: Yes. We used to hedge our copper. And since already 100% of our copper volumes are hedged. And if you see from the last quarter to this quarter, there's consistently incremental volume. So that mark-to-market difference of the incremental volume is what is reflected back, which is currently a moving position.

As the sales happen, those profitability keep coming in and the next position keep coming in. So when there's an increase in volume, that much difference and the market has gone further above that. So there is a mark-to-market difference.

K. Kumaravel: It is a point of time figure as on 31st December 2025.

Naman Parmar: Yes. So in previous year quarter, there was any such provision as of now or it was the first time that you have been making the provision for the mark-to-market?

Ashish Bansal: No. Every quarter, some provision we are making, but this time the amount varied. This time it is a larger thing since the copper movement has been pretty vertical. And also a little bit mark-to-market on the rupee side as well.

Naman Parmar: Okay. Understood. And lastly, I just wanted to understand on the EBITDA per ton for the lead specifically. If we compare with the other players, they are doing very wonderfully high about INR 20,000 per ton they are able to. So any thesis that we can also achieve on that side given that we have a very good capability and value-added products kicks in significantly?

Vijay Balakrishnan: We will not be able to comment on other peers, sir. So see, our thing is whatever we have said the range will be in the range -- the EBITDA per ton will be in the range of INR 15,000 to INR 17,500. And in fact, the value addition component increases, probably it will increase by INR 1,000 or INR 1,500 extra. So it all depends, once again I'm reiterating, it depends upon your product mix, procurement, everything determines the number.

Ashish Bansal: So overall, like we promised 7% to 8%, which will definitely be maintained.

Naman Parmar: Okay. Understood. Thank you!

Moderator: Thank you. We have the next question from the line of Mitul Patel from 360 One AMC.

Mitul Patel: So just on the lead EBITDA per ton for this quarter, I understand that the new capacity had a lower share of value-add products. But are we going to sort of -- is that the only reason why the EBITDA per ton this quarter was lower? And do we expect this value-add share to go back to Q2 levels and we should be around INR 19,000 per ton mark for Q4?

Ashish Bansal: See, there are 2 reasons, definitely, yes, because the value-added product mix was slightly lower, that definitely did bring down a little bit of the margins. Apart from that, we had increased a little bit of our domestic procurement on raw material as we want to slowly start sustaining our domestic procurement footprint where the current domestic prices were a little bit on the sharper side. And that also led to a little reduction in the EBITDA per ton. Going forward, we are looking at this should be stabilized and should be in better numbers and should be able to achieve the higher side again.

Mitul Patel: Okay. And just on the fact that this mark-to-market INR7.28 crores, I think the gentleman earlier asked this question. So if our sales in -- for example, if the sales in Q4 are up substantially for copper as well on a volume basis and the prices stay around similar levels or higher, then this reversal will not happen in Q4. It will take some time.

Ashish Bansal: It's not that specific manner the way you're looking at it every time there will be a volume increase. It is a point in time when you hedge a particular quantum of metal and then from there where the market moves. And when the sales happen, that gets reversed. So, it is a point in time moving figure. It's not necessarily that every time the volume increases, there will be a huge negative mark-to-market.

Mitul Patel: Got it. Okay. And then let's say, this reverses, then this will show up in what line item will they show up in?

K. Kumaravel: Again, same, mark-to-market only.

Mitul Patel: Okay. Okay. But this is currently bringing down the profitability, right? So, it will be sort of getting added up.

Ashish Bansal: Yes. So, the profitability will get added up.

K. Kumaravel: Yes. This is accounting standard requirement that is not in our hand. That is to be accounted like that only.

Ashish Bansal: But the moment it is converted, it's not only -- I mean, either it's a part of the sale or it's a part of your costing.

K. Kumaravel: Yes, costing or MTM. That's all.

Mitul Patel: And lastly, I think in your initial remarks, you mentioned that the EU FDA agreement is positive for you. I understand there is a lot of sourcing and selling that goes from Europe and into Europe. So, considering what are the sort of duties that we are paying currently and what could be the benefit in terms of both procurement and selling for our business?

Ashish Bansal: See, what happens is the whole ecosystem starts opening up. Right now, when EU imported from India, there were a lot of -- there are customs duties and other -- I mean, other import duties that they have. Going forward on metal specifically, they have indicated they will make it 0. So that opens up as a very good and competitive market for Indian material to start flowing into EU.

And we definitely already have approvals with quite a few of the customers, but it was only opportunistic business when we are able to sell to them. But once these agreements and FTAs are in place, this should turn back into a sustainable long-term business. Apart from this, this also gives us one more good reason to look into the Mundra side of it because operations from there towards the European side and the Middle Eastern side become much more feasible.

Mitul Patel: And on the procurement side, when you import scrap batteries, is that something that is sort of...

Ashish Bansal: Currently, you can't import batteries from EU region because they're not allowed to be exported to India from EU. But hoping that with these -- because they do not have the recycling capacity and they are piling up the battery, hoping with these agreements, maybe some EPAs or something could be done with them, and that could be another opportunity of sourcing. So that we'll have to wait and see how it translates in the few coming months.

Mitul Patel: Got it. Thank you and best of luck for the coming quarters.

Moderator: We have the next question from the line of Kaushal Sharma from Equinox Capital Venture Private Limited.

Kaushal Sharma: Am I audible?

Ashish Bansal: Yes, sir.

Kaushal Sharma: Congratulations for good set of numbers, sir. Most of my question has been answered. Just last question on the working capital cycle. So how is the working capital cycle going forward considering current expansion? And what is the sustainable inventory and receivable days in our business?

Vijay Balakrishnan: See, quarter-on-quarter, our working capital cycle has been -- we are seeing -- we have set our own targets. And for the last quarter, it's about 47 days. This is including lead as well as copper. So, we are seeing a substantial reduction in our working capital cycle. And moving forward, it is expected to sustain at this level. And as for inventory, INR 230 crores to INR 250 crores will be a number which we can expect in the -- by year-end.

Kaushal Sharma: And what about receivable days, sir?

Vijay Balakrishnan: Receivable days, right now, it is about 15 days.

Kaushal Sharma: Okay. And sir, just last question on the copper side. Could you please guide what is the current EBITDA margin per ton on our current production level?

Vijay Balakrishnan: The current -- for 9 months, it is about INR 34,361, for this particular quarter, it is about INR 35,325.

Kaushal Sharma: This is our EBITDA margin, right?

Vijay Balakrishnan: Yes.

Kaushal Sharma: Okay sir. Thank you.

Moderator: We have the next question from the line of Abhijit Mitra from Aionios Alpha Investment Management.

Abhijit Mitra: So just to understand the nature of your value-added product sales that you report. So typically, it would mostly be OEM sales, right?

Ashish Bansal: Yes, that's right.

Abhijit Mitra: And this new capacity, which has come up, which is essentially 132,000 going to 204,000, I mean, to sort of get OEM sales from the capacity, how long will it take you feel? I mean, there should be a timeline to sort of place incremental volumes to OEMs coming out of these lines, right? So I mean, do you also think along this lines, I mean there will be a period, right, say, 1 quarter, 2 quarter, 3 quarter?

Ashish Bansal: So basically, for this in the first phase, which was 36,000 tons, which is already commissioned. For that, the value-added products orders have already been secured, and those contracts start now starting Jan, Feb, March for this financial year. And we have some smaller options to take up a little more volume, but I would not say 100% of that balance 36,000 tons volume in terms of value-added products. But definitely, since we're already approved with them, we can try and expect and push for a little bit of volume increase on the value-added part as well.

Abhijit Mitra: Got it. And the incremental volumes that we are seeing quarter-over-quarter in Q3. So, we are seeing almost in terms of sales, 22,000 tons of additional sales coming in quarter-on-quarter in Q3 over Q2. So, a large part of that would not be OEM sales, right? Because those volumes wouldn't have gone to OEMs yet?

Ashish Bansal: No. Quite a bit of that is to the OEMs as well, but it would be -- sometimes we route them through another channel that we have as well.

So, I'll say about -- out of that incremental sales, almost 60%, 65% is to the OEMs.

Abhijit Mitra: Okay. But if you're routing it, say, through Trafigura or other traders, then you will not get the volumes, right? You will not get the margins, sorry, not volumes, you would not get the margins.

Ashish Bansal: No, it doesn't work that way. Our contracts are a little differently done and not like our industry peers. And I will say, a direct contract where we route it through 1 or 2 of these traders, and we have certain pricing benefits. We have some other options that we work around.

Abhijit Mitra: Okay. Lastly, just to end this thought process, so Q4 over Q3 volumes will go up, will value-added go up or you feel value-added will sort of stay the same with those higher volumes?

Ashish Bansal: Value-added will go up. We've already secured a decent amount of volume orders.

Abhijit Mitra: That means that there can be an uptick on the margin side, everything else remaining equal.

Ashish Bansal: We will maintain the guidance that we have given on the margins.

Abhijit Mitra: Okay. Got it. That's all from my side. Wish you best of luck.

Moderator: We have the next question from the line of Soumil from Lucky Investments.

Soumil: I just wanted to understand the implications of a rising or a falling copper market on our EBITDA per ton and also on our balance sheet from that perspective, if there is either a vertical rise or a vertical fall in copper.

Ashish Bansal: Could you repeat the question? It is a little unclear, sorry.

Soumil: Is it better now?

Ashish Bansal: Yes, please.

Soumil: I wanted to understand what will be the implications of any volatility on the -- in copper prices from both the P&L perspective and also from a balance sheet perspective.

Ashish Bansal: So basically, in terms of balance sheet, inventory is always at the purchase price. I mean, so it is not this thing. And the differential whenever you buy, there is a hedge position created and the hedge position is what moves, and that's where the mark-to-market comes in.

So basically, the implied volatility does not change in terms of our procurement ways or the way the margin determines. Like I explained suddenly when there's a vertical push up to this kind of extreme extent, which is -- I would say this is like a historical time when in the history of copper, this is the kind of run-up that's happened in such a short while.

At that point in time, the market, like I said, pauses a little bit, resets the prices. At that point in time, there is a slight panic, sometimes the deltas shrink a bit, but again, eventually come back to the normal working position. And also, a lot of consumers, you have to understand that everybody does not have a free working capital where they can absorb the 40% rise in working capital requirement and all of those.

So, they also start operating at a little lesser volumes and quantity. So that's the whole shift that happens. Eventually in the 2, 3, 6 months, 1 or 2 quarter down the line, everything resets and restarts again. That's how the whole cycle works.

Vijay Balakrishnan: In terms of EBITDA per ton irrespective of prices, we still maintain at INR 35,000 to INR 40,000. This is what we have maintained.

Soumil: Okay. Now a follow-up on that. If your EBITDA per ton is going to stay sort of constant because of the hedging policy, as copper prices increase, that means a higher receivable cycle on the fixed or on the same EBITDA per ton, right? Is my understanding correct? And that would be ROCE dilutive? If I understand correctly.

Ashish Bansal: Not technically, so there is -- in terms of absolute numbers, there would be a rise. But like you rightly said, the financing cost increases. So eventually, when you look at it, the margin in terms of percentage profile starts coming back to the similar levels.

Currently, the market is still digesting these rapid increase in prices. And hence, there's a slight margin shrinkage. But of late -- from January, what we are looking at is market is realigning itself to the newer prices and market is getting to these as fresh levels and margins will be back in place. So, I would say it is a transitional period and the whole business restabilizes in the next 1 or 2 months.

Moderator: Kindly request Mr. Soumil to join the queue for other questions. We have the next question from the line of Shubham Thorat from Perpetual Capital Advisors.

Shubham Thorat: Am I audible?

Moderator: Yes, you're audible.

Shubham Thorat: First of all, I have a few questions on the copper. So, I just wanted to know from where do we source our scrap for the copper and the geography that we source from. The second, I just wanted to know was that when the 6,000 tons per annum incremental capacity for the copper will be live?

And how much are we spending for that? And third, what kind of forward integration are we looking to do in copper that you mentioned in order to improve the EBITDA per ton?

Ashish Bansal: See, on the copper side, our sourcing is, again, global in terms of multiple countries that we source from, U.S., South America, Australia, across the globe. We are sourcing wherever the scrap export is feasible and allowed to be exported to India. In terms of the capacity that you asked from 6,000 to 12,000 we are almost at Jan end. And right as we speak, some trials are going on and these capacities should be live as soon as maybe next 2, 3 days. So, you will have those incremental capacities come in for the month of Feb and March.

Apart from that, on the product side, I will not be able to give you the specifics right now because we will anyways break that out what product, what it is, in our announcement, the moment we make it on our further expansions. But this 12,000 tons, what we are talking is almost live as of now.

Shubham Thorat: How much capex are you doing on that copper?

Ashish Bansal: It is a moving capex. So we'll be announcing that as well along with the larger plans on the project. But as I -- as we told during my initial speech, we've already done INR 25 crores of capex in this 9 months and further approximately INR 35 crores will be done in this quarter.

Shubham Thorat: Okay. Second, on the plastic division. I just want to know what product do we deal in the plastic and what kind of EBITDA do we generate there? What current capacity that we have in the plastic?

Ashish Bansal: Currently, on the plastic, we are considering more on the plastic that we are generating in-house from the batteries, which is PPCP and ABS. Apart from that, we are also looking at Nylon. Currently, it is a very flattish number in terms of EBITDA which slowly we will be converting a little bit on the positive side.

Moderator: Sorry. Kindly request Mr. Shubham Thorat to join the queue for other questions We have the next question from the line of Utkarsh Somaiya from Eiko Quantum Solutions Private Limited.

Utkarsh Somaiya: Provision which you had this quarter, that almost had a 1% impact on your EBITDA margin. I just wanted to know, you mentioned this is a recurring number. So will it also be recurring next quarter? And what is the same number for Q2?

Ashish Bansal: So yes, the last quarter was unclear. You said 1% drop and then?

Utkarsh Somaiya: No, no, INR7 crores was the provisioning cost, right, in this quarter.

Ashish Bansal: Okay?

Utkarsh Somaiya: What is the same expected to be in quarter 3 and the rest of the quarters ahead?

Ashish Bansal: I'm sorry, I wish all of us knew that we could stop manufacturing and just play the market basis, understanding what the market would look like 3 months down the line. It's only a market phenomenon, sir, and we definitely would not know what it could be in the future. It is only volume-driven and at what price my purchase has come in and at what price it has been hedged at that point in time. So this is -- nobody, I think, can answer this question.

Utkarsh Somaiya: Was it higher than normal this quarter because of the high volatility in prices?

Ashish Bansal: Not higher volatility in prices, the vertical one way run up. And when the products are bought at the lower level, when you hedge it at that level, the differential comes in as mark-to-market. When this gets sold, that mark-to-market gets reversed and comes back into the books as your sales numbers.

Utkarsh Somaiya: Sir, what is the cost in Q2, provisioning cost?

Vijay Balakrishnan: Provisioning cost MTM, is INR 2 crores.

Utkarsh Somaiya: In quarter 2, right?

K. Kumaravel: Quarter 2.

Utkarsh Somaiya: And can I ask you one last question?

Ashish Bansal: Sure.

Utkarsh Somaiya: Would it be feasible for you to do an 8% EBITDA margin for FY '27?

Ashish Bansal: We wish to do a lot better than that as well. But as of now, how we look at the markets, we are sure about having it in the range of 7% to 8%.

Utkarsh Somaiya: Okay. Thank you and best of luck .

Moderator: We have the next question from the line of Akshay Jogani from Xponent Tribe. Please go ahead. Due to no response, we will take the next participant. We have the next question from the line of Pranav Jain from Ageless Capital Finance.

Pranav Jain: Congratulations on the results. Sir, my first question was just a follow-up. So Vijay sir was saying we expect to end the year with an inventory of INR 220 crores -- around INR 220 crores to INR250 crores, which is similar to what we had last year in the FY '25 balance sheet. Just to understand, won't the copper prices going up optically increase your inventory number for the same amount of scrap that you're importing?

Ashish Bansal: Definitely, what you are saying is the way you're looking at is in plain vanilla terms, very right. But also, along with the inventory management, we are also trying and squeezing our working capital cycle and trying to rotate it more number of times with lesser number of days. So, I mean, we are looking at technically having lower inventory even though because the prices are going up and trying to manage say the lower working capital cycle. So we are confident we should be able to achieve this.

Pranav Jain: Good. But the prices going up, they don't pose a challenge in sourcing because of maintaining a lower inventory while it's good for the cycle, won't it cause you problems while sourcing or attaining your orders?

Ashish Bansal: I'll put it this way higher scrap prices is better for any seller to sell. I mean, if you had some scrap lying in your house versus six months back, now you will look for some copper scrap to sell out because you know the prices are 1.5x, 2x than what it was 6 months back. So everybody, whether smaller or larger player would like to sell at these levels.

Pranav Jain: Got it. And sir, my second question, sir, I just want to understand your view on aluminum. I heard you said that you are not focusing on it. But is there any particular reason why? Because the way copper prices are going up, the next closest alternative to that is aluminum and there is a good demand there as well. So why not look at it right now?

Ashish Bansal: The aluminum market typically in India and all of it is completely unhedged. I mean it is more demand-driven or more availability kind of driven, and it is not directly linked with LME. So I mean, it becomes a little -- how do I explain, a little more -- a little less rather organized manner of running a business. So that is why we don't look at that in a very serious manner, the secondary aluminum alloys.

Pranav Jain: Those are my 2 questions. Thank you and all the best.

Moderator: We have the next question from the line of Nikhil Agarwal from Money Stories Asset Management.

Nikhil Agarwal: Congratulations for the good set of numbers. I just wanted to ask your view on lithium-ion. So we are expanding on copper, lead and everything. So I just want to understand your view on how we are approaching the lithium-ion side of the business.

R.S Vaidhyanathan: Yes. I mean, we have been contemplating on lithium-ion. The reason that why we haven't forward is, firstly, we are now currently concentrating on the copper part of it, number one. Number two, on lithium-ion, basically, we aren't very sure of 2 things. One, the feedstock availability in the Indian market. And number two, we also expect kind of the technology upgradation, what is happening in lithium-ion is quite fast tracked.

And we just wanted to monitor that and understand the technology and the feedstock availability because whatever -- it mostly comes from the EV and the electronics. And both of it and especially EV is the major contributor. And we foresee that probably by 2028 or so, the feedstock of lithium-ion batteries would be much better. And we thought we'll take it later. So that is the only thing. And we are also exploring the technology part of it.

Nikhil Agarwal: Got it. So as I assume, so for the next year, we don't see any lithium-ion part taking?

R.S Vaidhyanathan: No.

Nikhil Agarwal: Okay sir. Thank you.

Moderator: We have the next question from the line of Avesh Chauhan, an Individual Investor.

Avesh Chauhan: Sir, in the last 3 quarters, we have seen that our lead EBITDA per ton has been in the range of INR17,000 to nearly INR20,000 per ton. But now we are guiding between that INR15,000 to INR17,500. So, I was just wondering whether we had some different advantages in last 3 quarters, which are not going to be there going forward that we are guiding towards the lower end between INR15,000 to INR17,000.

Ashish Bansal: Mr. Chauhan, our guidance has always been INR 15,000 to INR 17,500, and we are striving to have our margins over and above that. So that is all about it. So typically, INR 15,000 to INR17,500 is a sustainable margin. And that is why we are continually guiding INR 15,000 to INR17,500 but yet achieving at those levels or higher than those levels. So, we would like to keep the guidance of INR15,000 to INR17,500 even though we are achieving slightly over that.

Avesh Chauhan: Right. But with value-added products, you said it can go up by INR 1,000, 1,500, right?

Ashish Bansal: Yes, that's based on the mix. So, what we have guided INR 15,000 to INR 17,500 was a blended of value and this thing with the current mix that we've been having. So, a little bit of value-added mix increases, that margin also will definitely increase.

Avesh Chauhan: Okay. And for our Mundra, we have already have a land, but we're not done anything. But I know it's too early to comment, but what is management thinking at least directionally how we want to utilize that land?

Ashish Bansal: I think a couple of queries back, I had answered the same question, again I'll answer. We are looking at that in second half of calendar year 2027 once we complete our copper expansions. And like I said, by then we're also looking into the Middle East and European market, a lot of things open up. So definitely, we'll be looking into our existing businesses and also add other verticals along with that in Mundra.

Avesh Chauhan: Great sir. All the best. Thank you.

Moderator: We have the next follow-up question from the line of Khush Gosrani from Geojit PMS.

Khush Gosrani: Could you elaborate on how the EPR norms are shaping up and the rebates, etcetera? That would be helpful.

Ashish Bansal: EPR, I mean, the norms are yet -- I mean they are notified. I mean I'll say yet to be, it's a little bit still on the fluid state. So even though we have some credits in our book, the pricing has not yet evolved. So, we'll have to wait till April 1st when the government is enforcing even in a stronger manner along with price mandates. So, we'll have a better clarity in the next quarter.

Moderator: We have the next follow-up question from the line of Soumil from Lucky Investments.

Soumil: Am I audible?

Ashish Bansal: Yes, sir.

Soumil: Yes. Just wanted to clarify one thing. You mentioned that over shorter cycles, your EBITDA per ton remains fixed because of the hedging policy. But as the market calibrates to either higher or lower metal prices, specifically copper, that would mean that the market readjusts to a similar fixed percentage, right? Otherwise, your balance sheet would look sort of very different or rather return metrics would look very different in case of high volatility on either side in the copper prices. Is that understanding correct?

Ashish Bansal: Yes. So basically, you're more or less right on that side. So basically, once the prices adjust, then people, again, the basic margin requirement for doing a particular business is needed. So, people start readjusting and all of it. But like I said, sometimes when the market suddenly shoots up, there's a panic sale or somebody has a position at the lower side, for them, it's still a much higher margin, they liquidate. So once always finds a plateau, the market readjustment comes back to the normal positioning.

Soumil: Got it. And because you are hedged in the interim, that would not affect not severely.

Ashish Bansal: Yes, not severely, but it did get affected a bit in this quarter because when the pricing vertically shot up, people are not willing to pay the complete delta that we were receiving in the previous quarter. Hence, there's a marginal difference in the delta received this quarter. But coming quarters, that will even out.

Moderator: We have the next follow-up question from the line of Shubham Thorat from Perpetual Capital Advisors.

Shubham Thorat: Sir, earlier in the call, you mentioned that our gross margins were impacted due to higher percentage of domestic sourcing. So, I just wanted to ask why our imported scrap is more economical? That's one. And second, why our domestic sourcing was higher for this particular quarter?

Ashish Bansal: I mean domestic sourcing sometimes is higher because it's more of the availability phenomenon. When a little more scrapping happens, a little more vehicle sales happen the flow is better. But sometimes when the flow is more lean, the domestic prices tend to squeeze up a little and more people are seeking for scrap and the availability is low. So, it's more of a market-driven formula.

And also, you have to understand that for us to look into the domestic market, we are extremely picky about taking it only from the formal sector from the larger companies or the IT companies and so those kind of things are options. And there, there's typically slightly the costs are higher.

Shubham Thorat: Got it. And sir, my final question on the lead side. So, I just wanted to know what is our current lead capacity? What is our capex cost over there? And what kind of value-added products do we produce in lead.

Ashish Bansal: So, your question is what kind of value-added products we manufacture? I mean, I'm a little unclear on your question, sorry.

Shubham Thorat: No, that's right. That's right.

Ashish Bansal: So, there are multiple kinds of alloys that we do. We do lead-tin based alloys. We do tin-based alloys, we do antimony-based alloys, calcium, a lot of specific alloys that we manufacture for certain OEMs. So, I mean, it's a blend of alloys. We do almost close to over 100 kinds of alloys for various customers. So, it's a whole lot of plethora of portfolio that we give to our OEMs.

Shubham Thorat: And comment on your current capacity and what kind of capex are you looking over there in the lead?

Vijay Balakrishnan: The capacity for this quarter in terms of -- this quarter is about, we have done about 79%. Overall, for this year, it's about 65% to 70% capacity utilization. And in the new plant, we expect capacity utilization in blended manner about 70% in the coming quarters.

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

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. Once again, we extend our gratitude to all the participants for joining us today. Thank you and have a great day.

Moderator: Thank you very much. On behalf of Pondy Oxides and Chemicals Limited and Go India Advisors, that concludes this conference. Thank you for joining with us today, and you may now disconnect your lines. Thank you, everyone.