Operator: Ladies and gentlemen, good day and welcome to Pondy Oxides and Chemicals Limited Q4 FY26 Earnings Conference Call.

Sana Kapoor – Go India Advisors: Thank you, Steve. Good afternoon everyone and welcome to Pondy Oxides and Chemicals Limited earnings call to discuss Q4 and FY26 financial results. Today we are joined by Mr. Ashish Bansal, Chairman and Managing Director, Mr. K. Kumaravel, Director Finance and Company Secretary, Mr. R.S. Vaidyanathan, Executive Director, Mr. Vijay Balakrishnan, Chief Financial Officer, and Mr. Prateek 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.

Management: Thank you, Sana. Good afternoon everyone and thank you for joining us for POCL Q4 and FY26 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.

FY26 stands as one of the most remarkable years in POCL's journey, with the company delivering all-time high production and sales volumes, revenue, EBITDA, PAT, and profitability margins. This stellar performance reflects the combined strength of our growth strategy, execution excellence, and operational discipline. Building on this momentum, POCL has generated an outstanding 5-year CAGR of 24% in revenue, 52% in EBITDA, and 67% in PAT, demonstrating a consistent track record of accelerating growth, expanding margins, and creating significant long-term value for all stakeholders.

Before turning to the numbers, I would like to highlight the business developments and growth initiatives that have not only contributed towards strong performance in FY26, but are also laying the groundwork for POCL's continued expansion and value creation in the years ahead. One of the key highlights of FY26 was the significant progress made in expanding our capacity and strengthening our growth platform. During the year, POCL enhanced its lead recycling capacity at the TKP facility by 55%, increasing it from 1,32,000 metric tons per annum to 2,04,000 metric tons per annum. The expanded facility operated at approximately 65% during FY26 and is expected to steadily ramp up, reaching nearly 75% utilization in the coming quarters.

We also successfully doubled our copper recycling capacity to 12,000 metric tons per annum in Q4 FY26, reinforcing our presence in the copper recycling segment. The facility is expected to progressively ramp up to 70% utilization during FY27. Further strengthening our growth platform, the board has approved the setting up of a 36,000 metric tons per annum copper cathode plant at our TKP facility in Tamil Nadu with an estimated investment of approximately 200 crores, funded purely through internal accruals. The project will be implemented in two phases of 18,000 metric tons per annum each, and Phase 1 is targeted for commissioning by December 2026. This marks a significant step in expanding our non-ferrous recycling portfolio and enhancing value-added capabilities.

Report is AI-generated and may contain inaccuracies.

The facility will utilize integrated pyro-refining and electro-refining technology to produce LME Grade A copper cathodes, strengthening our vertical integration capabilities. Upon commissioning, the project is expected to enhance the revenue and profitability through value-added copper products, improved margins through a richer product mix, generate operational synergies across procurement, logistics, and sales, and create a scalable platform for future expansion and diversification. It will also support import substitution, reduce the carbon footprint through increased use of recycled copper, and further reinforce POCL's commitment to sustainability, circular economy principles, and long-term value creation.

Backing our growth strategy, POCL deployed approximately 49 crores towards capital expenditure in FY26. We remain committed to investing for the future and expect to incur an additional 180 crores in FY27 to support capacity augmentation, copper downstream integration, and other strategic growth initiatives. In line with its commitment to reward the shareholders, the board has recommended a final dividend of 5 per equity share, representing 100% of the face value for FY26.

Against this backdrop of strategic progress, our operational performance in FY26 remained exceptionally strong, with the company achieving record production and sales volumes of both lead and copper, reflecting the strength of our operating model, execution excellence, and growing market presence. The procurement mix from imports stood at approximately 73% for lead, 61% for plastic, and 98% for copper during the period.

Our lead business delivered strong growth and enhanced profitability. Lead production and sales increased by 11% each in FY26 to 1,04,481 metric tons and 1,07,727 metric tons respectively. On a quarterly basis, volumes moderated as we strategically focused on higher margin value-added products. As a result, EBITDA per ton of lead improved significantly by 39% to 18,452 in FY26 and by 43% year-on-year to 19,739 during the quarter, reflecting the success of our value optimization strategy.

FY26 production and sales volume of copper increased by 7 times respectively, whereas EBITDA per ton stood strong at 39,896 per ton. Copper sales witnessed a significant increase in FY26, growing by nearly 11 times to 673 crores. Building on the operational momentum, POCL delivered its strongest ever financial performance in FY26, underscoring our ability to drive sustainable growth. Revenue growth remained robust across both quarterly and annual periods. Revenue increased to 932 crores in Q4 FY26, registering a strong growth of 80% year-on-year and 20% quarter-on-quarter. For FY26, revenue stood at 2,939 crores, reflecting a 45% year-on-year increase driven by improved capacity utilization and higher production and sales volumes.

Export contributed 66% of total revenue during the year, highlighting our expanding global footprint and growing customer confidence. Sales mix between lead and copper verticals stood at 77% and 23% respectively. In FY26, additionally, value-added products accounted for 65% of lead segment revenue, reinforcing our strategic focus on increasing the contribution of value-added products to over 60% over the long term.

EBITDA more than doubled on both quarterly and annual basis, reaching 61 crores in Q4 FY26 and 218 crores in FY26, reflecting the improved earnings profile of the business. EBITDA margin expanded by 212 basis points to 7.4% in FY26 compared to 5.3% in FY25. Profitability growth remained strong, with PAT more than doubling on both quarterly and annual basis. PAT increased

Report is AI-generated and may contain inaccuracies.

by 111% year-on-year to 38 crores in Q4 FY26, while FY26 PAT grew by 113% year-on-year to 139 crores, reflecting the improved profitability of the business. PAT margin expanded by 151 basis points to 4.7% in FY26 compared to 3.2% in FY25.

Our consolidated performance mirrored the strong momentum witnessed in the standalone business. On a consolidated basis, revenue, EBITDA, and PAT grew by 45%, 102%, and 127% year-on-year respectively in FY26. The strong performance continued during the quarter, with revenue, EBITDA, and PAT increasing by 78%, 124%, and 126% year-on-year respectively, reflecting broad-based growth and improved profitability across the business. FY26 also witnessed notable improvement in our financial health indicators. Return on capital employed increased to 17%. Cash conversion days remained healthy at 53 days. Interest coverage improved to 20x from 8x in FY25, and net debt to equity stood at a comfortable 0.17 times, highlighting the strength of our balance sheet and capital efficiency.

In conclusion, POCL remains firmly on track to achieve its Target 2030 aspirations, guided by a clear and disciplined strategy focused on sustainable growth, operational excellence, and long-term value creation. We continue to expand our lead and copper capacity while strengthening our presence across adjacent non-ferrous recycling segments to deliver a 20% volume growth and 20% CAGR in revenue and profitability. Our growth is complemented by a strong focus on margin expansion with targets maintaining EBITDA margins above 8% and return on capital employed above 20%.

At the same time, we remain committed to enhancing operational efficiency through innovation, modernization, and increased value addition, with the goal of deriving over 60% of the revenue from value-added products while significantly improving energy efficiency. Anchored by a clear strategic roadmap, a robust balance sheet, disciplined execution, a sizeable land bank, support of government norms, proven leadership, and support from all stakeholders, POCL is well positioned to capitalize on future opportunities and drive long-term sustainable growth. That concludes my update. Thank you for your attention, and we will now be happy to take your questions.

Operator: Thank you, sir. The first question comes from the line of Dheeraj Ram with 361 Capital. Please go ahead.

Dheeraj Ram – 361 Capital: Hi sir. Congratulations for a great set of numbers and thank you for taking up the question. Sir, your other goods have increased during the quarter. Can we expect this to continue or what was the reason behind this?

Management: Dheeraj, thank you and yes, we had some opportunity on trading in the last quarter and we had taken up, based on the opportunity that was available. I cannot specifically say that it will continue, but definitely there will be some trading which has always been there as the opportunity comes in. Our focus is generally on manufacturing only and that remains our commitment.

Dheeraj Ram – 361 Capital: Got it. And is this more related to copper, sir, or should we correlate this to lead?

Management: This is more related to copper.

Report is AI-generated and may contain inaccuracies.

Dheeraj Ram – 361 Capital: Got it. And sir, our lead volumes for the quarter has dipped slightly, however we have commenced TKP 1 and TKP 2. Is this a short-term dip or how do we take it for FY27? What is the volume growth for lead?

Management: This is only a short-term thing. It's not a dip, it was a conscious decision at the point in time when the supply chains were a little tight, so we deliberately focused more on the value-added products. The customers also well accepted the change as they were able to get the regular products from other suppliers, as we are one of the prime suppliers for the value-added products. So we were able to convert those into value-added products giving us better margin over the quarter as well.

Dheeraj Ram – 361 Capital: Got it. And just last question, sir, is on the capex. What is your capex forecast for FY27 as you had given 180 crores? Is there anything else? And what is your capex for FY28? And can you give segment-wise break-up for lead and copper?

Management: Yes, for the current year, our capex will be approximately 180 crores; 180 to 200 crores for this financial year. And the following financial year will be probably in the range of 50 to 60 crores unless additional anything else is specifically added, which we'll keep you updated.

Dheeraj Ram – 361 Capital: Got it. And this question on inventory days, current inventory days in lead and copper break-up, and then what is it going to be in FY27 and FY28?

Management: Currently on overall we stand at 53 days, but technically it is well below 50 days. It was at that point in time because towards the end last week there was some delay in a shipment due to some vessel movement and those payment payouts were delayed by a week. So at that point in time it showed a little higher, but once you account for that we are well below 50 days. But as on the specific numbers it's at 53 days.

Dheeraj Ram – 361 Capital: And guidance for going forward, sir?

Management: For lead we are at about 45 days and in copper we were earlier at about 70 days and we have brought that also closer to 50 and below 50. And we expect this to continue. We are very strongly poised to bring overall below 45 days as we had spoken earlier as well, and we will continue to do that.

Dheeraj Ram – 361 Capital: Got it. Thank you, sir. All the best for your future results.

Operator: Thank you. The next question comes from the line of Akhilesh with MK Global. Please go ahead.

Akhilesh – MK Global: Next question is on the lead realization. So just wanted to get your thoughts on lead premium where we have kind of reported close to 700 USD per ton of premium, while if I look at our peers they do somewhere around 300 dollars per ton of premium. So what are we doing differently which is fetching these high premiums compared to our peers?

Management: 700 dollars premium... can you give me a reference to your calculation of the premium?

Report is AI-generated and may contain inaccuracies.

Akhilesh – MK Global: So, I have derived the 700 dollars and 300 dollars number. I have got the realization number to it; it is somewhere around 2,42,000 and USD-INR of 91.5 so—

Management: That gives your value of the metal overall. So basically the value-added products that we manufacture are specific alloys and all of that which have blend of different other elements in metals, and the prices of those specific alloys are higher than the basic metal of the regular pure lead or the basic antimony alloys or something of those sorts.

Akhilesh – MK Global: No, I get that. But still, I mean what kind of product lines we are into which are fetching these high premiums because if I look at our peers, like I mentioned that they are also into similar kind of product line and they are doing a premium of around 300 dollars per ton on average?

Management: There are some specific niche alloys that we manufacture which few of the other peers are not manufacturing and those alloys are what fetch us a high premium.

Akhilesh – MK Global: Could you please give us a couple of examples of that? What would that be?

Management: These are very industry-specific alloys which, on an open forum, I would not like to give out the names of those specific alloys, but these are specific to those customers for whom we are a one-point source for them to buy these alloys and hence we demand and command those premiums.

Akhilesh – MK Global: Got it, got it. No problem. And my second question would be on could you please talk more about plastic and aluminum segment as well? How are we doing there? Are we EBITDA positive? And if yes then how much EBITDA per ton are we making in those segments?

Management: So on the plastic as we updated during our last call, we were moving the unit and now the unit has been moved to the new location and it's been set up and the production started around in the new location in March. And as of now we are PAT positive, not only EBITDA positive. Currently we are PAT positive and we are very confident that this year you will see PAT positive numbers on the plastic segment as well. In terms of per metric ton realization, we'll update you over our next quarter.

Akhilesh – MK Global: Okay. Sure because the question came because when I add lead EBITDA and copper EBITDA per ton what you have given in your PPT, that comes more than what EBITDA kind of you have reported, right? So just wanted to get clarity, the EBITDA per ton what you report includes other income also or how?

Management: So this year plastic was marginally negative and that is why it is different. But now in the coming quarters it will be positive.

Akhilesh – MK Global: Okay, okay. And aluminum, are we doing anything there?

Management: As of now not much on aluminum. We'll probably look into that when we see the time is right.

Akhilesh – MK Global: Got it, got it. Thank you so much and that's all from my end.

Report is AI-generated and may contain inaccuracies.

Operator: Thank you. The next question comes from the line of Sagar Shah with Spark PWM. Please go ahead.

Sagar Shah – Spark PWM: Yes, sir. Thanks for the opportunity. First of all a hearty congratulations to the entire team for delivering such numbers. Sir, my first question was related to the capex guidance. The capex guidance that you just alluded to was around 50 to 60 crores for FY28. For FY27 you have already disclosed on the presentation. So still 50 to 60 crores of capex, so is this just for maintenance capex or does it include the capex for Mundra plant as well?

Management: So basically in this year's capex what we have lined up, this follows from Phase 1 and also it includes our other internal smaller capex and some balancing equipment and so on. So the Phase 2 of the copper will require that 50 to 60 crores of capex.

Sagar Shah – Spark PWM: So that means in FY27 we go live for only 18,000 tons of incremental copper capacity, right?

Management: By December, we'll go live for incremental 18,000 and the following 6 to 7 months after that we'll go live for the next 18,000.

Sagar Shah – Spark PWM: Okay. Now my second question sir was related to the copper itself where you have actually disclosed on investor presentation that we are looking for the forward integration of copper. You even alluded on the presentation that you'll be going for the copper busbars and the copper wires. So now can you actually highlight what is the desired product profile that you are looking to clock and secondly is this different from the traditional copper volumes that we are actually already doing so naturally your EBITDA per ton will also increase if you're going for forward integration. Can you highlight on that point sir?

Management: Sagar, hi, we have not spoken anything on busbars or any other wires, so I'm not sure where you derived that data from. But definitely yes, the copper cathode project by itself is a forward integration from what we are doing currently in recycling. And yes, from the point where you're doing recycling now when we reach our completion of this copper anode and cathode project, the margins per ton will significantly increase. And once this copper cathode is done then we will look into further products of forward integration.

Sagar Shah – Spark PWM: Okay. So at least for copper cathode we can expect the same margins that we are drawing as of now?

Management: No, definitely it will be at an elevated level. As of now what we can see we are looking about 60,000 to 70,000 per ton on the copper cathode versus 35,000 to 40,000 what we are currently doing. However, once the trial production is up, we will be able to give you more precise numbers.

Sagar Shah – Spark PWM: Okay. Fine, sir. My last question was related to our working capital. In this year in spite of such a robust performance our we had a negative operating cash flow and that is just because of the heavy trade receivables that are sitting on the balance sheet of around 265 crores. So can you split that between the raw materials and the finished goods of the trade receivables and one more thing, how are we planning in FY27 and FY28 to bring in the operating

Report is AI-generated and may contain inaccuracies.

cash flow to be at least positive in line with the PAT growth? So that at least we can have some better visibility and in the future also we are not in a position to take incremental debt to cover up those receivables.

Management: So let me just explain to you, what you see as a negative cash flow is technically not a negative cash flow because this happened due to movement of some vessel; our export consignment getting delayed because of the movement of time on some vessel departure, and that's when the receivables on the last week of March got moved to first week of April. So on approximately April 5 we received close to 128 to 130 crores in payment in that immediate next week and that is what has impacted the cash flow. But it's a point in time figure. Had this thing come in on time—because of the external factors the vessel not moving—this number would have been extremely positive. Inventory is at a similar level, only on receivables as explained the month-end of March and the sales realization is delayed by a day or two.

Sagar Shah – Spark PWM: Yeah, right sir. So can you split between RM and finished goods in the 265 crore worth of trade receivables?

Management: Sagar, no raw materials in finished goods trade receivables, Sagar. Only the finished goods what we are talking about. So this is purely finished goods. If you see the inventory there is only a 36 crore increase which was more or less consistent with our increased revenue. As Mr. Aarti said, only on the trade receivable front there is a huge increase; that is the point in time figure which has impacted our operating cash flow.

Sagar Shah – Spark PWM: Okay. Fine, sir. Thank you, thank you so much and all the best sir.

Operator: Thank you. The next question comes from the line of Pratap Dixit with Systematix. Please go ahead.

Pratap Dixit – Systematix: Hi, good evening, thanks for the opportunity and congratulations everyone on a great set of numbers. My couple of questions, firstly on the copper side, we commissioned 6,000 tons of additional copper in Q4 and we are now looking at the entire 12,000 tons for FY27. Second question, once we get into the downstream or copper cathode-anode capacity of 18,000 tons in the next phase also, what would be the difference in capacity utilization of that segment versus the current recycled copper capacity and whether we'll continue to sell the recycled copper externally or use it in through feed our copper plant?

Management: So Pratap, in terms of the recycled part, in the current financial year we are looking at somewhere around 8,000 to 9,000 tons of recycled copper, and in the 18,000 tons capacity in the first phase, we'll have the production for the last quarter depending on the raw material deployed. About 50% to 60% from this recycled copper will directly go into the anode process and there will be other raw material also that will be purchased which will be blended. So that will be the product mix in terms of copper.

Pratap Dixit – Systematix: And FY27 volumes would be 8,000-9,000 tons of sales volumes on a capacity of 12,000 tons, is that correct? From existing recycled?

Report is AI-generated and may contain inaccuracies.

Management: Yeah, so once including the copper cathode, the volumes on copper will be approximately 12,000 tons in FY27.

Pratap Dixit – Systematix: And sir another thing was if we're looking at around 180 crores of capex for this year, how are we likely to fund it especially because still the operating cash flow is negative and we're already a little constrained on the cash side. So how are we trying to fund this 180 crores of capex?

Management: In the opening remarks Mr. Aarti has clearly informed this is through internal accruals; we are going to fund this project. We are not going for a debt term loan. Anyhow we have sufficient net worth to handle this. Though it is a point of time figure for negative cash flow, we have sufficient profit earned available in the system to take care of this. For your part, the overall resources surplus plus equity covers 800 crores, whereas if you see our borrowing is about 150 crores and that too is short term; we don't have any long term debt in our books. So we are very confident that we'll be able to meet this expenditure through our internal accruals. We have sufficient liquidity to meet it.

Pratap Dixit – Systematix: And lastly on lead volumes, we saw a significant decline this quarter. I understand that the focus was on value-added products, but the new lead plant primarily focuses on pure lead and existing ones focus on value-added. So are we likely to see this run rate continue going forward when the focus is on value-added products or what kind of utilization can we expect on 2,04,000 tons of capacity for FY27?

Management: Definitely we would love to focus and will focus on value-added products more, but the volumes would not decline going forward and we are looking at a utilization of approximately 70-75% on the new plant capacity. So it'll be a good mix.

Pratap Dixit – Systematix: Okay, that's it from my side. I'll join back the queue for more questions. Thank you.

Operator: Thank you. The next question comes from the line of Kush Gousani with Geojit Asset Management. Please go ahead.

Kush Gousani – Geojit Asset Management: Yeah, hi sir, thank you for the opportunity. Just wanted to understand, this quarter copper pricing has been highly volatile and we have seen some impact on the reported margins as well. So could you highlight how do you handle this, what has happened on the copper side and how are the contract structures?

Management: Yeah, you're definitely right, copper prices have been extremely volatile, and not only this quarter, through the last whole year, they have been pretty volatile. As we've explained in our earlier calls as well, we maintain a completely hedged position on the copper side and as well as our Forex as well, which gives us proper clear indication of what margins we are able to derive out of the product. Further also, this quarter's margins have been better than the previous quarter. One of the good reasons being there was good demand in the domestic market on the copper, which fetched us a slightly higher value for our recycled copper, and that is what gave us better margins on the copper side in this quarter.

Report is AI-generated and may contain inaccuracies.

Kush Gousani – Geojit Asset Management: Got it, sir. And when you said expansion to 8% EBITDA margin, currently copper is at a lower level of margins when compared to lead. So is there room for increment in the copper margins, and by how much can you quantify it? That would be helpful, because then the blending will come back to 8%.

Management: With our current capacity, lead and copper as a blend would be lower. But when you look at our forward integration in terms of our anode and cathode plant and our further products that we are planning, the margin will definitely go up as I spoke in response to the earlier questions as well. So we'll have a blended margin of 8%.

Kush Gousani – Geojit Asset Management: Got it, sir. And for FY27 and FY28, what are the plans for lead in terms of capacity addition and utilization levels?

Management: We are looking at utilization of approximately 70% on the lead side.

Kush Gousani – Geojit Asset Management: And in FY28 we would need to add more capacity in lead? Or are you planning anything as of now?

Management: As of now, in these locations, we are not planning. We will try to move towards 80-90% utilization by FY28.

Kush Gousani – Geojit Asset Management: Got it, sir. And last question, where are we on the EPR norms in terms of implementation and taking the credits?

Management: On the EPR front, the portal registrations have started from June 1. As of now, the government has restructured and they are looking at the registrations and people starting to upload the data. In 3 to 6 months' time, they might come out with the further framework for the same.

Kush Gousani – Geojit Asset Management: Got it, sir. Thank you. That's all from my side.

Operator: Thank you. The next question comes from the line of Sharansh Gupta with Swan Investments. Please go ahead.

Sharansh Gupta – Swan Investments: Good morning. Sir, am I audible?

Management: Yes, sir.

Sharansh Gupta – Swan Investments: Yeah, thanks so much for the opportunity and congratulations on a really good set of numbers, sir. Sir, most of my questions have been answered. I just wanted to understand: we expanded our copper capacity from 6,000 to 12,000 and in December 2026 we'll be coming up with 18,000 tons of copper cathode, which is the value-added product for us. So I just wanted to understand how the mix works; how much of the copper recycling will be used for captive consumption in copper cathode and how much will we be purchasing from the open market?

Management: As I just spoke, basically from our own recycling, we will be using about 50-60%. From our recycling, the lower grades will be used for the copper anode and cathode production and the higher grade recycled material will be directly moved for sales. So let's assume about 50-60% of internal recycling will go into the copper cathode and the balance into the direct market for sales.

Report is AI-generated and may contain inaccuracies.

Sharansh Gupta – Swan Investments: Understood, sir. And how will this mix change when we move from 18,000 to 36,000 tons of copper cathode?

Management: It should remain similar because we have increased our raw material in terms of the recycle part from 6,000 to 12,000 tons. And as the 18,000 comes up, we will also be pushing up the recycling part close to 18,000 or so. So we'll try and maintain our mix of 50-60% from internal generation.

Sharansh Gupta – Swan Investments: Okay, sir. Fair assumption that from 12,000 of copper recycling, we'll be going to 18,000 by next year.

Management: Pretty much, yes.

Sharansh Gupta – Swan Investments: Definitely. And sir, just one last question. We have plans for a capex of 50-60 crores in FY28 if nothing new and attractive comes up for us. So we can assume a debt repayment in FY28?

Management: We don't have any debt.

Management: Sharansh, actually we don't have any—what we have on our books is just for the working capital part of it. So we are a debt-free company in terms of any long-term debts. We have not taken any debt on board. Going ahead, that would also reduce with our inventory days coming down to 45 to 50.

Management: And we are not looking at taking any debt as of now, even for our further expansion or any of these capex that we've announced.

Sharansh Gupta – Swan Investments: All right, sir. And any plans on Mundra expansion? What are we looking there to expand?

Management: Yes, as indicated, in FY27, we'll be starting up our Mundra project as well.

Sharansh Gupta – Swan Investments: Sure, sir. Thank you so much and all the best, sir.

Operator: Thank you. The next question comes from the line of Naman Parmar with Devesha Investments. Please go ahead.

Naman Parmar – Devesha Investments: Yeah, good afternoon, sir. Thank you so much for the opportunity. Firstly, I wanted to understand on the copper sourcing side. Are you facing any difficulty after the conflict between Middle Eastern countries? Any issue on the copper sourcing you are seeing right now, or is it normal?

Management: Right now with the volumes that we are doing, we are not facing many issues on the sourcing side. Definitely sailing days have increased by 10-15 days. But since our payments are on CIF basis, when the vessels arrive, that does not impact our payment cycle as well. We've also expanded our procurement towards Southeast Asia and are looking aggressively into the domestic market for procurement of copper.

Report is AI-generated and may contain inaccuracies.

Naman Parmar – Devesha Investments: Okay, understood, sir. Secondly, after the full forward integration, how much EBITDA per ton are you expecting from the copper? Currently you have 45,000 in Q4.

Management: So as of now, based on a very conservative math, I can say 60,000 to 70,000 per ton on the cathode side. Definitely it would be better because once we have the actual production in hand we'll be able to drive the efficiencies and have a better margin, but I would like to commit on the lower side.

Naman Parmar – Devesha Investments: Right, sir. Understood. And on the gross margin side, if we see, in the current quarter there was an impact. Was it mainly due to the increase in the contribution of the copper or anything else?

Management: If you see on the lead side, it is in excess of 8%. The copper is approximately around 3.5% to 4% levels, and the blended is what is showing as 6.4%. So in this quarter the copper contribution was almost close to 40%.

Naman Parmar – Devesha Investments: Mm, understood. And lastly, on the other expenses side, what happened in the current quarter? It has fallen down year-on-year.

Management: On the other expense side, in the last quarter as explained, approximately 7-odd crores of the mark-to-market was a part of it, and this quarter that has been utilized and reversed, so you don't see that part. Apart from that, if you see the expenses when it comes to lead volumes, as we shared the total utilization is about 65% level, so we have seen very good efficiencies in line items like power and fuel, environmental expenses, and factory expenses; everything has been reduced. Moving forward, despite increased volume, the other expenses will be in the range of 22 to 25 crores.

Naman Parmar – Devesha Investments: All right, that was all from my side. Good luck for the future quarters. Thank you.

Operator: Thank you. The next question comes from the line of Samay Shah with Emkay Wealth. Please go ahead.

Samay Shah – Emkay Wealth: Hello, am I audible? Congratulations on a good set of numbers. My question was regarding the other expenses only, which you explained to the last participant. We were on a run rate of 25 to 30 crores per quarter, which was maintained when our new capacities came online in the past two quarters, and then it dipped to around 18 crores in this Q4. I just wanted to understand a little bit more on this.

Management: As I said, the first part is about the MTM which got reversed in the current quarter. Apart from that, if you see the expenses when it comes to lead volumes, with the total utilization about 65%, we have seen very good efficiencies in power and fuel, environmental expenses, and factory expenses. Moving forward, the other expenses will be in the range of 22 to 25 crores despite increased volumes.

Samay Shah – Emkay Wealth: All right, that was all from my side. Good luck for the future quarters. Thank you.

Report is AI-generated and may contain inaccuracies.

Operator: Thank you. The next question comes from the line of Shivam Dave with MIK Investments. Please go ahead.

Shivam Dave – MIK Investments: Hi, thanks for taking my question. I had one question on the trade receivable. Given that 120 crores has flowed in on April 5, should we expect that your incremental capacity expansion in copper cathode will largely be taken care of by that money?

Management: Are you referring to the payment we received? The trade receivable is for the product sold for which we were to get our payment. Correct.

Shivam Dave – MIK Investments: So you said that on April 5 you got 120 crores?

Management: Yes, essentially that was for the cash flow part. Had we received that in time, if the delay was not there in terms of vessel movement, we would have received that before March 31 and the cash flow would have been positive. Had we received that money, probably our borrowings would have been reduced or we would have invested in short-term instruments. Our debt would have drastically come down had we received that money.

Shivam Dave – MIK Investments: Got it, got it. And the second question was on your overall lead volumes for this quarter. Was there any difficulty procuring scrap because of the war or was this a conscious decision to produce less and improve your EBITDA per ton?

Management: The war situation was more towards the later half of the quarter. None of that impact was there. It was a conscious decision to sell these specific products in terms of the margin profile.

Shivam Dave – MIK Investments: Because I think you had guided for 1,10,000 tons of lead for the full year.

Management: Yes, and we've achieved almost close to that.

Shivam Dave – MIK Investments: Okay, congratulations on a good set of numbers. I think your copper expansion has been very good.

Operator: Thank you. The next question comes from the line of Kaushal Sharma with Equinox Capital Ventures. Please go ahead.

Kaushal Sharma – Equinox Capital Ventures: Hi sir, a very good afternoon. Am I audible? So my question is, as you are moving more on the industry side, do you have any plan in lithium-ion recycling in the future? And what kind of impact has the war had? Logistics costs have increased and everything is going on.

Management: This is Rajat Agrawal here. As regards lithium is concerned, we have been constantly keeping an eye on what is happening in the industry and consulting technical experts. We are deeply understanding feedstock availability, the chemistry that is possible to recycle, and collection infrastructure. We feel that for batteries sold between 2018 to 2022, the scrap market might hit by 2028. Since we are focused on various other things, we thought we'll take this up later. But we are on it.

Report is AI-generated and may contain inaccuracies.

As regards the war, there has been a little delay in overall shipping of the material. There has been a 10-15 day or 20 day delay in receiving raw material and that is the major impact. On the procurement side most of our contracts are on CIF basis. For exports and domestic sales going into the Southeast Asian market, the incremental outward freight is very marginal, maybe about 2 dollars or 3 dollars per ton on average. So that has not impacted us. Definitely with shipping, the schedules move a little back and forth, so planning has to be more precise and backup plans must be in place.

Operator: Thank you, sir. The next question comes from the line of Abhishek Navara from Vedant Capital Advisors. Please go ahead.

Abhishek Navara – Vedant Capital Advisors: Hi sir. I wanted to have an understanding of the scrap formula. One of your peers highlighted a drop in scrap formula for the copper segment as an industry phenomenon. Could you highlight what this scrap formula is for copper and lead and how does it move?

Management: Are you referring to the purchase side or the sales side? Our margins are not impacted; in fact our margins have improved. I'm not sure what any other peer has spoken about regarding a drop in formula. If it's both sales and purchase, the whole delta has moved, so that should not have impacted. Generally if the purchase price goes down, the sale price also marginally goes down and vice versa. It's a follow-through impact. It all depends on demand and supply and how you manage your hedges. If you manage your books well and create a delta between your purchase and sale margin, your margins generally should not get impacted. The impact can be from volatility on the metal side or the FX side. If you hedge both ways you'll protect your margin. We do not do speculative trades.

Abhishek Navara – Vedant Capital Advisors: Okay, great sir. That was it from my side. Thank you.

Operator: The next question comes from the line of Sachin Mittal from Concepts Investwell. Please go ahead.

Sachin Mittal – Concepts Investwell: Am I audible? If we see an increase in competition in the coming years, will we see a dip in margins and volumes for POCL?

Management: As we transition through years going forward, definitely more players will come into the industry. But we need to remember that with the energy transition and infrastructure activities, copper consumption is poised to 3x in the next 3 to 4 years from close to 1.2 million tons to about 3 to 3.5 million tons. If the demand is surpassing consumption, the margin profiles should be protected as long as the products are right, you place them in the right market, and stay well-hedged.

Operator: Thank you sir. The next question comes from the line of Devansh with Antique. Please go ahead.

Devansh – Antique: Hello? Am I audible sir? I just wanted to check, regarding the 2,04,000 capacity, for a quarter it's about 51,000 tons and our production is around 20,700 in this quarter. So I'm calculating that we've done around a 40% capacity utilization. Is that correct?

Report is AI-generated and may contain inaccuracies.

Management: From last quarter specifically, we have taken a blended capacity. Phase 2 started in January. For the full year, the blended capacity should be taken as approximately 1,75,000 metric tons. For Q4 alone, the capacity should be taken as approximately 15,000 metric tons for that one quarter. So on that basis we effectively utilized it.

Devansh – Antique: Got it sir. And in Q1 have we seen an improvement already?

Management: Q1 is a forward-looking statement, but there is always growth in the current quarter. Beyond that it's not correct for us to reveal numbers.

Operator: Thank you sir. The next question comes from the line of Utkarsh Somaiya with Equirus Securities. Please go ahead.

Utkarsh Somaiya – Equirus Securities: Thanks for the opportunity. I just wanted to confirm: you said that in FY27 your lead utilization will be 70%, which is a volume of 1,40,000 odd tons and copper will be 12,000?

Management: Yes, that is what we are targeting and looking at.

Utkarsh Somaiya – Equirus Securities: And for FY28 can you tell me what could be the similar numbers?

Management: On the lead side we are looking at about 15% growth in volumes year-on-year. Towards the end of FY28 we should be able to do a copper volume of 36,000 tons. In FY28 we can look at anywhere between 24,000 to 29,000 tons of copper.

Utkarsh Somaiya – Equirus Securities: So 12,000 tons in FY27 and 24,000 minimum in FY28?

Management: On a conservative basis, yes.

Utkarsh Somaiya – Equirus Securities: Sir, your EBITDA per ton for lead—can we assume you can do 18,500 in FY27 and for copper 45,000, or you think these numbers will be better next year?

Management: In lead we'll give you margin guidance of 17,000 to 19,000. On a conservative basis for copper on the recycling part anywhere between 35,000 to 40,000. Once the cathode part comes in, we are looking at a margin of 60,000 to 70,000.

Utkarsh Somaiya – Equirus Securities: So we can achieve 60,000 for the whole year in FY28 in copper?

Management: I specifically mentioned that for the cathode part of it. For FY28 we can achieve a 60,000 blended number for copper on target volume of 24,000. For lead, it's 17,000 to 19,000. If we can achieve higher through our value added products, we'll target that.

Utkarsh Somaiya – Equirus Securities: Sir the delta in copper from FY27 to FY28 is going to be humongous because your volumes are doubling and your EBITDA per ton is going from 40 to 60.

Management: Yes sir, that's right.

Report is AI-generated and may contain inaccuracies.

Operator: Thank you. The next question comes from the line of Rishabh with Vinamra Capital. Please go ahead.

Rishabh – Vinamra Capital: Thank you for this and congratulations on a good set of numbers. We have a purchase of stock in trade and traded goods of about 122 crores in the fourth quarter. If you could explain why there is a purchase of stock in trade and did this translate to superior profitability?

Management: This was an opportunity available in the market for us with good margins so we were able to take it up and we did the trade.

Operator: Thank you. The next question comes from the line of Gopinath Chenna, an individual investor. Please go ahead.

Gopinath Chenna – Individual Investor: Thanks for the opportunity. I would like to congratulate POCL management for the great set of numbers. I've been attending the calls for two years and whatever you have promised has getting delivered. Is there any impact from the Middle East conflict on procurement and sales?

Management: The impact is on the time delay in receiving raw materials. Since we have everything on a CIF basis contract, there's not much pass through on freight, but it affects the timing. We've shifted a lot of our procurement to different regions or tried to avoid the Middle Eastern part.

Gopinath Chenna – Individual Investor: In the last couple of weeks we can see an increase in petrol and diesel prices in India. Does it have any impact on our margins?

Management: We don't use petrol and diesel; we use oils and other gases. There is a marginal impact in terms of pricing and I think that should not be for too long and it will be a pass through as we go to forward months.

Gopinath Chenna – Individual Investor: One last question. In Q3 we got around 8% margin but in Q4 we have produced it to 10.5.

Management: I would again repeat that the sales mix is different. If you look at the lead part of it, lead is in excess of 8% still. Copper sales are accounting for about 40%, where the margin profiles are in the range of 3.5% to 4%. That is why you see a blended margin of 6.4%. All numbers have been maintained in terms of lead and copper individually.

Operator: Thank you sir. The next question comes from the line of Meet, an individual investor. Please go ahead.

Meet – Individual Investor: Thanks for the opportunity. Sir, what led to the sharp spike in the other non-current assets and in the other current assets in our balance sheet?

Management: Non-current assets are mainly GST receivables from the government of India. If you see the non-current assets, this is due to fixed asset additions that have happened during the year. In terms of current assets, trade receivables is a big part. Apart from that, in other current assets, we have about GST receivables and supplier advances. Inventories are more or less in line with

Report is AI-generated and may contain inaccuracies.

revenue numbers. The major amount is attributed to trade receivables.

Meet – Individual Investor: And sir, my second question was in our copper business, our sales volume has increased approx 9 times for the current year. Then why has the EBITDA per ton reduced from FY25?

Management: FY25 was the starting year and the volumes were very low. Very specific amounts were bought, processed and sold. Taking that as a base number for a larger volume would not be a right yardstick. From the first quarter, we've always given a guidance of approximately in the range of 35,000 to 40,000 per ton for copper and that has been achieved.

Operator: Thank you. The next question comes from the line of Shweta Dixit with Systematix. Please go ahead.

Shweta Dixit – Systematix: Hi, thank you for the opportunity. Just a clarification, do the copper volumes for the quarter include the trading volumes as well?

Management: In terms of sales, yes.

Shweta Dixit – Systematix: Okay, so if we have done 45,000 per ton EBITDA, then this is a blended EBITDA per ton for both trading volumes and direct manufactured product sales?

Management: Yes. The reason we took up the trade was because it was lucrative and that's why we took it up. The margin was on the higher side for a trade. Generally, trading margins are lower, but since we got a higher margin trade opportunity, we took it up.

Shweta Dixit – Systematix: Okay, understood. And lastly, what is the lead volume growth guidance for FY27 and FY28?

Management: We are looking at growth of about 15%. We are looking at moving from 1 lakh tons to somewhere around the 1,25,000 to 1,30,000 range.

Operator: Thank you sir. The next question comes from the line of Jigar Jani with Varma PCG Research. Please go ahead.

Jigar Jani – Varma PCG Research: Yeah hi, thanks for taking the question. You just said that there is a 70% utilization on the lead volume. Should we take a 30% kind of growth on the 1 lakh tons that we have done in last year?

Management: That 70% was specifically for the newly commissioned unit. The 2,04,000 tons includes value-added product capacities. Certain equipment can be used only for certain products. If those sales are not happening, that capacity is vacant. The 70% was specifically for the TTV plant. In terms of volume, we are looking at somewhere around 1,25,000 to 1,30,000 tons for this year. If we are able to push it up, we will try to reach slightly higher.

Jigar Jani – Varma PCG Research: Lead structurally doesn't grow that high. Have any new customers been added which is driving this 25-30% kind of lead volume growth?

Management: Yes, we have added new products and customers.

Report is AI-generated and may contain inaccuracies.

Jigar Jani – Varma PCG Research: Lastly, on copper, the 18,000 copper cathode capacity is not fully backward integrated with recycling, right? 12,000 will be the recycling capacity?

Management: 12,000 is the recycling capacity. We will debottleneck that and scale it up as well to 18,000.

Management: Thank you everyone for joining us today and for your continued interest in POCL. If you have any further questions, please feel free to reach out to our investor relations team at Go India Advisors. We appreciate your participation and continued support. Thank you and have a great day.

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

Report is AI-generated and may contain inaccuracies.