

PONDY OXIDES AND CHEMICALS LTD (SCRIP CODE: 532626)**DISCUSSION IN ZEE BUSINESS NEWS CHANNEL**
WITH MR. ASHISH BANSAL, MANAGING DIRECTOR OF THE COMPANY
ON 11TH NOVEMBER 2022**FINAL TRANSCRIPT****Ms. Swathi Khandelwal:**

Pondy Oxides and Chemicals Limited was incorporated in the year 1995 as a Public Limited Company and country's one of the biggest Lead & Lead Alloys and Plastic additives manufacturing company for battery chemicals, PVC extruders and moulded products.

POCL has partnered with more than 200 entities across globe and has 3 manufacturing Units. While discussing the financials, there is a reduction of 20% in Profit after Tax and reduction in Turnover from Rs. 400 Crores to Rs. 300 Crores. Let's welcome Mr. Ashish Bansal, Managing Director of the Company to Zee Business News Channel.

First let talk about the numbers as this time the Company has not performed well like there is reduction in PAT from Rs. 15 Crore to 12 Crore and also reduction in revenue, but the margins are standard around 5 to 6%. What is your take on it?

Mr. Ashish Bansal:

Good Afternoon Madam. Our Quarter 2 has been more or less in line with our Quarter 1. If you see the previous year FY 2021-22 first half, it is marginal increase of 3% or revenue on half yearly to half yearly basis. Last year we had a number of Rs. 644 Crore revenue for 1st half year and this year revenue we have Rs. 664 Crores.

In terms of our volumes, more or less our volumes have remained in similar levels. It is only just that the LME has dropped almost close to 10% and that has resulted in little lower PAT. In terms of sales, our volume has been intact and our demand and order book remains strong.

Ms. Swathi Khandelwal:

Sir, you are looking on a half yearly basis, but we have looked on year to year basis and since because of this it shows a slight downfall, but we would like to know how was export sales this time and what is the quantum of export sales this time and what would be the outlook because there are uncertainties in global markets?

Mr. Ashish Bansal:

The uncertainties in the global market still continues like shipping line disruptions, logistics and disruptions in supply chain still continues, but our export sales contribute to 60% and is intact on the levels and would expect to continue.

Currently, we are in the process of re-negotiating our contracts with most of our global buyers and customers, as there are increase in the production costs and related costs in terms of additives, chemicals, etc. and the contracts start from January.

So, this quarter towards November/December 2022, we have re-negotiations for fresh contracts, were we are trying and achieving the price hikes in terms of manufacturing costs and other related costs.

Ms. Swathi Khandelwal:

So, basically, we see cost of material consumed reduced year on year by Rs. 85 Crores. Can you please highlight on these trends and outlook for the future?

Mr. Ashish Bansal:

We have made some changes in our raw material, in terms of scrap, the types of scrap we concentrate more on battery scrap and our efficiency on the plant have also increased marginally from the past couple of years and that we are doing by some technology addition which would help in terms of fuel consumption for achieving better margins.

Ms. Swathi Khandelwal:

I would like to know on the margins where it has been stable for around 5-6% from many quarters now. Do you think whether are these realistic numbers for margins or can be better going forward and what band are you chasing by end of this year?

Mr. Ashish Bansal:

See, margins in terms of 6% is very realistic. May be half a % more we can target at the end of this year.

Ms. Swathi Khandelwal:

Which type of pressure are you facing for the Raw Materials and how to make it better. Also, even from product mix, do you think that there can be a type of arrangement were we can have better margins going forward?

Mr. Ashish Bansal:

If you see now, for Quarter 1 and quarter 2, the drop in the revenue is because of the change in the product mix and we have taken more value added product and less in the basic vanilla product and because of this there has been a small change in the top line and the bottom line is intact. We intend that going forward, we would be concentrating more on these products and apart from this we have also two new vertical which will take off i.e. in 4th quarter, our aluminum project would start and that will also add to our top line and once it gets stablized to our bottom line too.

Our subsidiary company POCL Future Tech Private Limited, the plastics production is also started and that is also picking up slowly. So by Q4, we will have these numbers also added in our topline.

Ms. Swathi Khandelwal:

I am also seeing that the Company is into smelting of Battery Scrap, what type of additional opportunities do you foresee, as we see there is increase in the electric vehicles. So, what are the trends and the amount of contributions on revenue from smelting operations and throw some light on future projections.

Mr. Ashish Bansal:

In EV vehicles also, a part of Lead Acid is being used and that definitely is helping in terms of demand for the product. Going forward, the similar rise in the demand of lithium-ion, we tend to see similar demand in recycling business and in future we might see to add to our product portfolio. Currently, in the next month, we are starting new process of smelting for the same Lead Acid Batteries, which is our Green Lead Technology and we are the first Company in the world to commercialize this technology. The production for this and go live will be approximately in the month of December 2022 which will add better manufacturing practices to the Company.

Ms. Swathi Khandelwal:

How will you be able to quantify the production of Lead using Green Lead Technology with your financial numbers?

Mr. Ashish Bansal:

To start with, we have implemented from operational basis, as this is completely a clean technology, wherein there is no emission of any gases or any kind of pollution and going forward in the future we will look at powering this through Solar Power with Carbon Credits in terms of Greenhouse Gases. So we will scale up on these levels.

Ms. Swathi Khandelwal:

What type of growth can we expect in Copper recycling as you have also presence there?

Mr. Ashish Bansal:

As I also informed in the previous discussion, the copper recycling will be scaled up in the next financial year and we are looking at to set up other forms of copper and top line addition will be seen in the next financial year

Ms. Swathi Khandelwal:

We would also like to know that you had discussion on realisations and change in the product mix for better results. What was the realizations in zinc segment on quarter on quarter and year on year

Mr. Ashish Bansal:

Currently, we are doing trading in Zinc, we are not doing manufacturing in Zinc, because we have entered into the Aluminum segment and we have cut down on our Zinc segment and we would like to concentrate more on the Aluminum segment in terms of recycling.

Ms. Swathi Khandelwal:

If we discuss on the overall expansion plan, the lining of CAPEX for enhancing the production, what is your take for this year and next year and how the funding be utilized?

Mr. Ashish Bansal:

For the starting phase of Aluminum project, we have lined CAPEX for that close to 8 to 10 Crores. We have used the internal accruals from our reserves and we have not taken any debt for this project. Similarly, for plastic subsidiary, that is also from our internal accruals. Going forward, for second phase of the project, probably we might be taking partial debt, depending on the requirement at that point in time. In the second phase the investment will be closely around 25 to 30 Crores, probably 15 to 20 crores we will fund internally and the balance we can take debt.

Ms. Swathi Khandelwal:

We would like to know any good partnership opportunities are there in you radar which you have for recycling and other things like acquisition internationally or in India for adding it to your portfolio and into which segment?

Mr. Ashish Bansal:

Yes, we are in the process of exploring, the Company which can be partnered with specifically on international side for recycling segment of metals. Once it gets materialized, then we will be able to give a confirmed news.

Ms. Swathi Khandelwal:

Thank you so much for connecting with us and letting us know about the Company and its growth plans.
