Management Discussion

Sana Kapoor - Investor Relations, Go India Advisors
Thank you, Julius. Good afternoon, everyone, and welcome to Pondy Oxides and Chemicals Limited's earnings call to discuss Q2 and H1 FY27 financial performance. 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 After which we will open the floor for Q&A. Thank you, and over to you, sir.

Ashish Bansal - Chairman & Managing Director, Pondy Oxides and Chemicals Limited
Thank you, Sana. Good afternoon everyone, and thank you for joining us for POCL's Q2 and H1 FY27 earnings call. I hope you had the opportunity to go through our financial disclosures available on the exchanges. I will talk you through the key strategic updates, operational progress, and financial performance, followed by Q&A session. We are pleased to share that we delivered a resilient performance during H1 FY27, with revenue growing 33% year-on-year to Rs 1,639 crores. This was driven mainly by scale-up of our copper business, where revenue grew about 4.5 times and contributed about 47% of our top line.

PAT for H1 stood at Rs 55.6 crores, and this performance reflects the resilience of our business model, our continued focus on operational efficiencies, and our ability to navigate a challenging operating environment. Importantly, cash flow from operations turned positive during FY27, FY27, while maintaining a net cash and debt-free position, reflecting improved cash generation and a healthy balance sheet. During the first half of the year, geopolitical developments in West Asia led to considerable disruptions in global supply chains, particularly affecting the shipping routes and timely movement of raw materials across the industry.

While these challenges affected material availability and shipment schedules, we are now seeing signs of gradual easing in supply chain disruptions. We have remained proactive in strengthening our sourcing network, exploring alternative geographies, and optimizing our procurement channels to mitigate the impact on operations. Despite these challenges, our focus on maximizing value from available raw materials, strengthening our product mix, and scaling our manufacturing capabilities remains unchanged.

Before turning to the financial performance, I would like to highlight the key strategic initiatives that are strengthening the foundation of POSCL's long-term growth and value creation. Our copper expansion project continues to progress well. We are establishing a 36,000-tonne per annum copper cathode facility at our Thiruvaiyakandike plant in Tamil Nadu with a total investment of approximately Rs 200 crores, fully funded through internal accruals. Of the project outlay, around Rs 60 crores has already been incurred, with major equipment deliveries and key construction activities underway.

The project is executed in 2 phases, with Phase 1 of 18,000 metric tons per annum targeted for commissioning by December 2026, followed by trial runs in Q4 FY27. Phase 2, compromising the balance 18,000 metric tons per annum is targeted by Q3 FY28. The facility will integrate pyrorefining and electrorefining process to manufacture LME Grade A copper cathodes, strengthening our

backward integration and value-added copper capabilities. Further, 60 to 70% of our internally generated recycled copper material is expected to be utilized in the cathode facility, creating operational synergies.

Improving value addition and supporting long-term profitability. The incremental 6,000 metric ton per annum copper recycling capacity commissioned in Q4 FY26 continues to ramp up well and is expected to achieve approximately 90% capacity utilization during FY27. Meanwhile, the expanded 72,000 metric ton per annum lead capacity at Terwar Kandikai operated at 40% utilization during H1 FY27, with utilization expected to ramp up to 70% in the coming quarters. The coming- the company remains focused on ramping up the expanded capacity supply chain conditions improve.

Coming to operational performance for H1 FY27, while net production and sales volumes moderated during the quarter and H1 FY27 during the supply chain disruptions and production constraints, the company continued to prioritize value-added products, and net EBITDA per ton stood at Rs 18,617 for H1 FY27, in line with the range we had indicated earlier. As supply chain disruptions gradually ease, The company expects production and sales volumes in its lead segment to improve over the coming year- coming quarters.

Copper production and sales volumes increased by over 3x in H1 FY27, reaching 5,649 metric tons and 6,040 metric tons respectively, supported by the ongoing ramp-up of the additional capacity. The segment delivered healthy profitability with copper EBITDA per ton at Rs 44,536 in H1 FY27, an increase of 30% year on year. Copper contributed 47% to the top line in H1 FY27 and is expected to account approximately 45% of overall revenue in FY27, driven by continued ramp-up in capacity. Revenue grew by 33% year on year to Rs 1,639 crores during H1 FY27, driven by scale-up of our copper business.

Domestic and export markets contributed 54% and 46% respectively to overall revenue, while exports accounted for 55% and 39% of lead and copper vertical respectively, with the lead vertical value-added products contributing 65% of segment revenue, reflecting the continued focus on increasing the share of higher margin products. While revenue growth remained healthy, profitability remained under pressure during the H1 FY27, primarily due to elevated input costs, with COGS increasing at a faster pace than revenue, impacting overall margins.

Margins for the period were impacted by lower lead volumes due to supply disruption along with elevated logistics and input costs. As supply chain disruptions gradually ease and raw material availability improves, we remain confident of a stronger growth trajectory in the coming quarters. Looking ahead, our target 2020- sorry, 2030 ramp-up roadmap remains focused on achieving over 15% of volume growth, 20% plus CAGR in revenue and profitability. EBITDA margins of over 8%, ROC exceeding 20%, and deriving over 60% of revenue from value-added products.

The ramp-up of expanded lead capacities, ongoing capacity additions in copper, higher contribution from value-added products and forward integration initiatives, coupled with a continued focus on operational excellence and sustainability, will be key drivers of this journey. The strong balance sheet, a growing copper business, and cathode facility coming on stream, we are well placed to deliver on these goals. We remain committed to delivering sustainable, profitable growth while creating long-term value for all our stakeholders.

Thank you for continued trust and support, and I would like to open the floor for questions. Over to you, moderator.

Questions & Answers

Operator
Thank you, sir. We will now begin the question and answer session. Anyone who wishes to ask question may press star and 1 on their touchtone telephone. If you wish to remove yourself from the question queue, you may press star and 2. Participants are requested to use handset while asking a question. Ladies and gentlemen, we'll wait for a moment while the question queue assemble. The first question is from the line of Dheeraj Ram from 361 Capital. Please go ahead.

Unidentified Participant - Analyst
Hi sir, uh, thank you for taking up the question. Uh, sir, as you, as you, uh, plan to ramp up your capacity utilization of lead segment, uh, how do you see procurement volumes coming in and what is your target for lead volumes for FY27? That's the first question.

Ashish Bansal - Chairman & Managing Director, Pondy Oxides and Chemicals Limited
Yeah, hi, uh, regarding the procurement, we have shifted a lot of our procurement, uh, towards different routing, say South America, say Southeast Asian countries, and also our domestic procurement is being ramped up. And in terms of volume, uh, we are looking at a minimum of 25,000 metric tons per quarter, uh, in the next, uh, financial year.

Unidentified Participant - Analyst
Understood. Okay, do we see any recovery in short term, sir? Do you see any recovery prior to 4th quarter?

Ashish Bansal - Chairman & Managing Director, Pondy Oxides and Chemicals Limited
As currently we have already started initiatives, uh, only in the 4th quarter we will see a turnaround and recoveries on the lead volume as well.

Unidentified Participant - Analyst
And there is a decline, sequential decline in copper volumes. Our YOY did pretty well. And there's a drop in EBITDA per kg in copper. However, it's within your guidance range. Do we see any revision to this upwards or downwards in our own volume and EBITDA per kg for copper?

Ashish Bansal - Chairman & Managing Director, Pondy Oxides and Chemicals Limited
Our copper EBITDA per kg will remain within our guided levels. And in terms of volume, this quarter itself you will see increased volumes. It is overall the same because we have currently 12,000 tonnes recycling capacity. In the first half, we have done 2,000 tons. And these are multiple processes, so sometimes it's overlap of process and certain, uh, you know, process- I mean, certain raw material is partially processed which gets faster processed in one quarter. And that is the reason why you see the little inconsistency in terms of the volume.

However, once our cathode plant is up and our melting facilities are on, these uneven quant volumes will also go away.

Unidentified Participant - Analyst
Understood. And just to clarify this, uh, do we see- so till your copper cathode plant starts, do we see this volatility in your copper volumes in odd quarters, 1Q and 3Q?

Ashish Bansal - Chairman & Managing Director, Pondy Oxides and Chemicals Limited
Yes, I mean, uh, technically there will be a little difference. It is not like a linear move through because these are little different processes than the melting process and goes through multiple stages and all of that. So there might be a little change in volumes in Q3, Q4, but overall capacity, uh, what is there available will be utilized.

Unidentified Participant - Analyst
Understood. Got it. Thank you, sir. Thank you. Thank

Ashish Bansal - Chairman & Managing Director, Pondy Oxides and Chemicals Limited
You.

Operator
Thank you. The next question is from the line of Sagar Shah from Spark. Please go ahead.

Unidentified Participant - Analyst
Uh, yeah, thanks for the opportunity and, uh, uh, uh, congratulations to the management for at least, uh, cleaning up the balance sheet in this tough times actually. Uh, now my first question, uh, sir, was related to lead. Uh, in our lead segment, what was the value-added, uh, proportion actually in this quarter? Uh, the reason why I'm asking is because our lead margins in terms of EBIT margins in our segmental disclosures are down sequentially as well as YOY at 4.8% as compared to 8.2% a quarter ago, or in Q1, I'm sorry.

So what was the reason? Was it our pure value-added mix or something else? And what was the value-added proportion in this quarter actually in terms of light?

Operator
Hi, Sagar, Vijay here. So last quarter, if you see, the value-added mix was about 85%. This time, this quarter is about 60 to 65% only. So yes, of course, the EBITDA should have been in the range of Rs 18,000, but due to other costs like power and fuel, logistics and Uh, the fluxes cost and all has increased. So there is a dip of about Rs 2.5, uh, in terms of your EBITDA per kg. So as, um, Sahaj said, going for the 4th quarter, we are expecting as the volumes improve, we'll be able to once again get to the guided level EBITDA of about Rs 18,000 to Rs 20,000 per kg.

Unidentified Participant - Analyst
Okay, okay, fine, sir. Uh, and, uh, this, uh, the guidance that you just gave about 25,000, uh, 25,000 tons per quarter, uh, will we be able to achieve from Q4 or from Q1 of FY28?

Operator
Uh, Q4, definitely there'll be an increment. Uh, for next year, we are, you know, guiding about 25,000 metric tons per quarter.

Unidentified Participant - Analyst
Okay, fine, sir. My second question was related to copper itself. Uh, with regards to our copper segment, uh, you highlighted that, uh, our current facility here at Andhra will be used as a raw material for our cathode plant. So, uh, the output that we are getting from, uh, from, uh, from the current facility, uh, that will be stopped and the production volume, uh, that will be getting the cathode volume actually itself from the new Tamil Nadu plant. Is my understanding correct? So purely the production volume will be calculated as per the new plant.

Ashish Bansal - Chairman & Managing Director, Pondy Oxides and Chemicals Limited
So basically, uh, in terms of the raw material that will be used from our Andhra plant, uh, there are certain grades of raw material that we'll be using from Andhra plant which will account about 60% odd of the current production, and balance 40% will be sold as a product which we are currently doing. So that will be a 40- about 40% basically recycling and 60% of this material to be used for our cathode. And apart from that, there'll be other raw material that will be used for our cathode plant as well.

Unidentified Participant - Analyst
Okay, so from the current facility at Andhra, uh, at least 40% of that will be able to sell outside. And around, uh, the 18,000, the phase 2, the phase 2 project, the cathode project, uh, uh, that, uh, the, uh, the EBIT margins, I wanted to understand, you have already guided about the EBITDA per ton actually of 65,000 to 70,000 in the last quarter. Quarter, but, uh, that translates into how much EBIT margin for at least for segmental results? I'm just, uh, I just want a ballpark number if you can actually.

Ashish Bansal - Chairman & Managing Director, Pondy Oxides and Chemicals Limited
So you, you're asking for a blended, uh, margin of, uh, you know, the recycling and this thing, or I'm a little unclear on your question?

Unidentified Participant - Analyst
Um, okay, my blended- your blended margin, is that anything around 3? So it's anything around- in this quarter it was 3.4%. In the last quarter it was 4.9%. You said, uh, there are- because of the different grades of copper or different processes actually that margin differs. Now, uh, if we sell copper at Rs 65,000 to Rs 70,000 per kg, which is the cathode project, so that translates into how much EBIT margins? Can you please highlight a rough ballpark figure, nothing else, um, on the margin front?

Ashish Bansal - Chairman & Managing Director, Pondy Oxides and Chemicals Limited
We are not guiding on percentage, we are guiding in terms of absolute numbers, which is about Rs 65,000 per ton on cathode. And, uh, 35,000 to 40,000 on, uh, the copper recycling part. And, uh, in terms of, uh, what do you call, uh, the copper recycling, last, last quarter we have not told, uh, that there are different grades because of which there is higher margin or lower margin. Uh, it is because there was a certain amount of market squeeze and demand, so we were able to achieve a little higher margin.

But our guidance still remains intact at 35,000 to 40,000 going forward.

Unidentified Participant - Analyst
Okay, okay, fine, sir, okay, sir, thank you, thank you so much and all the best.

Operator
Thank you. A reminder to all participants that you may press star and want to ask question. A reminder to all participants that you may press star and want to ask question. The next question is from the line of Yash Sonantalia from Edelweiss Public. Please go ahead.

Unidentified Participant - Analyst
Hi, hi, thank you for taking my question. So sir, my question is more upon the procurement part, like what we have faced in last few quarters due to multiple things. Are we planning to have any

warehouse or anything for our procurement of the raw material outside India?

Ashish Bansal - Chairman & Managing Director, Pondy Oxides and Chemicals Limited
Currently, uh, trying to have any yard or warehouse, starting a collection point outside of India does not make absolute, uh, financial sense because that itself has larger costs and procuring in smaller quantities to accumulate and aggregate to ship out. And you take- we as a company taking all the risk through the shipping routes and the delays, holding the complete financial cost through the cycle and everything, uh, technically what does not make this thing- and getting into a new region and segment and boundary trying to disrupt the existing traders over there would not be a fair way of procuring raw materials.

Rather, we have tied up with larger yards, a few of- a few new locations, and also strengthened our domestic supply chain for our procurement of raw material.

Unidentified Participant - Analyst
Got it, got it. Sir, just one follow-up. Like, what my basic understanding is, sometimes having the procurement warehouse or something on the other place saves us a lot of cost in different manners. So can there be a situation where it will start making sense for us financially to now invest into some countries for this?

Ashish Bansal - Chairman & Managing Director, Pondy Oxides and Chemicals Limited
Technically, uh, trying to have a specific warehouse and just trying to collect one metal does not make a procurement feasibility. And definitely that is not going to reduce cost. Rather, look at the scenario this way: you're not going to keep getting on a daily basis to ship out. You get various metals, but you're going to choose only one specific metal. So the people who bring in your scrap also are not going to bring only one metal, and you will taking one. So your supply chain is going to be pretty disrupted, pretty staggered, and your holding cost, your shipping cost, all- so you're taking all the shipping risk, everything on your thing.

So I, I assume the cost- I mean, the way we have looked at it, the cost will slightly increase rather than buying it directly from the yards who are already established and have material security, rather than trying to explore in these uncertain times and trying to establish yourself in a newer geography.

Unidentified Participant - Analyst
Got it, got it. Sorry to harp on this, but, but what I'm- I was trying to understand is, like our peers are doing similar kind of setup. So I just wanted to understand, not in the near term but into medium to long term, what will make it viable for us to also set up such kind of facilities for our business?

Ashish Bansal - Chairman & Managing Director, Pondy Oxides and Chemicals Limited
Not, not commenting anything on the peers, but the way we look at it, we have exclusive, specific exclusive tie-ups that we are increasing with certain larger yards. And, uh, you know, tying up with them rather than spending our capital or manpower and other regular expenses provinces and putting various yards at different places. So we are looking at that kind of a strategy more than, you know, trying to spread and increasing our vulnerability at different locations.

Unidentified Participant - Analyst
Got it, very clear, sir. Thanks a lot, thanks a lot for answering the questions.

Operator
Thank you, sir. The next question is from the line of Sakshan Kandolia from ICICI Securities. Please go ahead.

Sakshan Kandolia - Analyst, ICICI Securities
Yeah, good afternoon, sir. Just wanted to check, you know, on the lead side, none of our peers have reported such muted numbers either on the volume side or the EBITDA per ton side. So what specifically happened with us regarding the procurement scheme which kind of detrimental to the numbers versus the rest of the players of the industry, sir?

Ashish Bansal - Chairman & Managing Director, Pondy Oxides and Chemicals Limited
I'm not too convinced with your statement in terms of volumes. Overall, the industry has reported lower numbers. And even in the peers, if you see on the standalone basis, there has been a decline of 47% and in excess of 40%. So definitely, uh, I do not agree with your statement. I'm sorry to say that. And generally, as you're aware, the whole disruption in, uh, you know, what happens internationally in terms of other regions, I will not be able to comment much on that on the peers. But, uh, generally, as you're aware, with all the supply chain disruption, there has been a little gap delay in supply and All of that.

So we've been very specific in choosing what kind of, uh, you know, from which location we have to take. And this is being realigned and reorganized as we speak.

Sakshan Kandolia - Analyst, ICICI Securities
Even the EBITDA pattern, I think on the period that was closer to Rs 18,000, there's really put it, uh, kind of a muted number. So, uh, how do we really read that?

Ashish Bansal - Chairman & Managing Director, Pondy Oxides and Chemicals Limited
I mean, uh, I would suggest if you relook at the numbers, you will have a clearer picture on that bit also. I mean, uh, I mean, I really do not want to speak here what numbers the peers have, but, uh, definitely that's not the situation. There has been decline in all of it. And if you see, uh, growth also with the peers has not been organic in lead, it's more of inorganic What about the accusation? So I mean, that's not the true picture as we see.

Sakshan Kandolia - Analyst, ICICI Securities
So this year basis on the lead, will we be able to, uh, cross 75,000 tonnes of lead metal in terms of sales volume, or do you see that 75 could be a hard figure to catch upon?

Ashish Bansal - Chairman & Managing Director, Pondy Oxides and Chemicals Limited
I'm sorry, sir, could you repeat that question?

Sakshan Kandolia - Analyst, ICICI Securities
So for full year FY27, can we make, in the case of lead, sales volume 75,000 tonnes, or you feel it's a hard task to achieve?

Ashish Bansal - Chairman & Managing Director, Pondy Oxides and Chemicals Limited
25,000 tons in terms of the total year sale, you're telling?

Sakshan Kandolia - Analyst, ICICI Securities
Yes, total sales for phosphorus lead this year.

Ashish Bansal - Chairman & Managing Director, Pondy Oxides and Chemicals Limited
Uh, I mean, I, I, we cannot commit exactly, but we could be closer to those numbers. We can probably try and reach those numbers.

Sakshan Kandolia - Analyst, ICICI Securities
And next year, obviously, you are targeting the lakh tons plus kind of a thing, right?

Ashish Bansal - Chairman & Managing Director, Pondy Oxides and Chemicals Limited
Yes, yes, we are doing that.

Sakshan Kandolia - Analyst, ICICI Securities
Right. On the copper side, for full year, can we do some closer to 10,000 tons? This year?

Ashish Bansal - Chairman & Managing Director, Pondy Oxides and Chemicals Limited
Yes.

Sakshan Kandolia - Analyst, ICICI Securities
Okay. And next year we have a phase 1 of copper cathode coming in, so probably, uh, something like 20,000 should be on the cards, right?

Ashish Bansal - Chairman & Managing Director, Pondy Oxides and Chemicals Limited
Yes, we are targeting in excess of 20,000.

Sakshan Kandolia - Analyst, ICICI Securities
Right, right. Uh, okay. And on the, uh, EBITDA pattern guidance, we still stick that copper cathodes will make in excess of Rs 60,000 EBITDA pattern, right? So that should not be a challenge for us.

Ashish Bansal - Chairman & Managing Director, Pondy Oxides and Chemicals Limited
Yes, that's right.

Sakshan Kandolia - Analyst, ICICI Securities
Right, right. Thank you so much and wish you all the best.

Ashish Bansal - Chairman & Managing Director, Pondy Oxides and Chemicals Limited
Thank you.

Operator
Thank you. A reminder to all participants that you may press star and 1 to ask question. The next question is from the line of Digant Hariyath from Green Edge Wealth. Please go ahead.

Digant Hariyath - Analyst, Green Edge Wealth
Yeah, hi, uh, thank you for the opportunity. Uh, My question is, uh, see, like 2 quarters back, uh, you know, like we had probably- we were aiming for, say, 1,25,000 tons in our lead, uh, lead sales volumes. And, you know, we had this new high-tech plant also which got inaugurated and stuff, uh, but, but, you know, like we have- we are really facing, uh, you know, challenges in the raw material procurement, you know, not just us but the whole country. But what I wanted to ask is, is this really a supply chain issue or the cost dynamic or the business model itself is under a threat?

Because from what we know, it is, you know, the supplies are available, but the shipping costs are so high that, you know, it is unprofitable for us to get it. So, so like, are we at the mercy of shipping costs completely, that if they come down only then we can someday see 1 lakh 30, 1 lakh 40,000

tonnes? Uh, that's the first question. And then, you know, like, what do we do if it does not come down for one more year?

Ashish Bansal - Chairman & Managing Director, Pondy Oxides and Chemicals Limited
Yes, I'd like to start with just telling, uh, water finds its level. Uh, the, the Shipping cost is an inbuilt cost of the cost of the raw material. Definitely, yes, if the shipping costs go up, sometimes it becomes not viable. But what happens overall when the cost goes up and its cost goes up for the industry? At the end of the day, if every smelter's cost is going up, the selling price also eventually goes up. And that is what is taking a little while. And right now that is turning, turning back around.

And also the consumers and buyers of the metal are understanding this. And so now any, every contract that is being renegotiated rate is being renegotiated with variable, flexible terms, and, uh, that is being taken care of. So it's not that, uh, just because shipping cost doesn't come down, the availability of raw material will not be there or any of those sorts. It depends on how the cost pass-through happens. So that, that remains the key factor.

Digant Hariyath - Analyst, Green Edge Wealth
Okay, okay. So, uh, and, and, and see, like, because we had, say, less volumes, like, you know, we are at 15,000-16,000 tons because of this shortage Uh, but, but then, you know, even then we are- last quarter we did a lot of value-added lead products, maybe 82% is the number you said. This quarter was 65%. So what determines this? Like, is it our ability to sell, ability to make at the factory? What determines how much value-added products can we make in a quarter?

Ashish Bansal - Chairman & Managing Director, Pondy Oxides and Chemicals Limited
Ability to make is fully functional and we can make much more than this, but at times it happens depending on the customer also. If you are able to push, because Uh, the kind of sales mix we had planned and done was actually 65%, but we had a good quarter where we were able to push up a little more of the value-added products. And this, this quarter was in line with the, you know, exact value-added products that we had contracted for. So it is about how you're able to push the value-added products over your contracted or over your, you know, volumes to the customer.

So it depends on that and the specific requirement of the customer as well.

Digant Hariyath - Analyst, Green Edge Wealth
Okay, okay, sir. And you made a very interesting point that, uh, you know, the industry is bleeding because the smelter costs, not for Pondy Oxides, but everyone would have gone up because of this whole raw material thing. So, so our buyers would typically be these battery producers and, and, you know, mostly them. So, so in that cost negotiation, like, you know, passing on the higher costs to your customers, like, what stage are we? Like, have the negotiations started or You know, have they started accepting it?

And you know what sort of pass-through, like is that pass-through being discussed enough so that we reach that Rs 18-20 a ton of EBITDA per kg? If you can just give some idea on that.

Ashish Bansal - Chairman & Managing Director, Pondy Oxides and Chemicals Limited
On the international front, the negotiations have already started and of course the buyers do understand the cost not only on the freight but also on other costs, be it fuel, dearth, fluxes, additives and other operational costs. And those discussions and the first level of quotations have been submitted And other variabilities and other flexibilities on the contracts also have been

discussed. And the second round of discussions are due because these contracts typically will start from Jan and Feb.

So it's continuously ongoing. But yes, there has been acceptability. And as any buyer or every buyer, they will first show the resistance. But here the resistance this time has been lower because at these levels they are also not getting raw materials. So they are inclined also to renegotiate and increase the pricing in terms of all of these factors. As of now, it looks pretty positive and it is moving in a positive direction.

Digant Hariyath - Analyst, Green Edge Wealth
Okay, okay. And then last question would be on copper, that did we lose anything because of, say, hedging policy? And then, you know, like, how much is this guidance of EBITDA per ton of, say, 40 kgs in copper and 65 in copper cathode, how much of it depends on the copper price? Like, if you can just explain that part.

Ashish Bansal - Chairman & Managing Director, Pondy Oxides and Chemicals Limited
We have not lost anything on hedging because when, when you call it hedge, you don't lose or gain on it. It is a mechanism to manage your risk. So technically, we have not lost anything on the hedging part of it. Our guidance has been 35 to 40 on the recycling part and about 65 on the cathode part, which remains extremely intact. In fact, once the plant is up and, you know, as we push up the volumes and a lot of other efficiencies kick in, the copper cathode EBITDA should probably also increase on a positive side.

Digant Hariyath - Analyst, Green Edge Wealth
Okay, okay, sir. So just here, like last 2 quarters we were, say, Rs 45,000 and Rs 48,000 a tonne kind of EBITDA time. Now we are at Rs 37,000. So what happened? Because I think we are the only ones whose copper EBITDA has gone down. So like, you know, just wanted to know like what happened. Is it product mix? Is it quarter specific? You said some processes are different, but if you can just elaborate a little more.

Ashish Bansal - Chairman & Managing Director, Pondy Oxides and Chemicals Limited
Yeah, uh, in the last quarter also I had clearly indicated that the increase in the EBITDA on the copper recycling part was a one-off because of a sudden squeeze in the market. So we are- because of demand, we are able to get little higher realizations on our product. Uh, however, right now we remain in the range of 35 to 40, and I think whatever you are referring to was also for them also one-off thing which they have clearly told where they got little higher orders of the value-added product. So our margins remain intact and guidance remains intact at 35 to 40.

For the recycling part of it.

Abhijit Mitra - Analyst, Alpha Investment Management
Got it, got it. So sir, whatever I understand-

Ashish Bansal - Chairman & Managing Director, Pondy Oxides and Chemicals Limited
Hello? Hello?

Operator
Sorry to interrupt, Digan sir. Please rejoin the queue for the more question. The next question is from the line of Vineet Mehta from Ashika Group. Please go ahead.

Unidentified Participant - Analyst
Sir, I have follow-up question on lead. So lead volumes, you are expecting 25,000 per quarter considering West Asia war, will be like, like is it a worst case scenario like a improve scenario from what is happening over here and still you believe that West Asia crisis Uh, we didn't have this capacity, additional capacity. So if- and what is the scenario which we are assuming, that we are also guiding the same amount of volume? So, uh, can you help me with that?

Ashish Bansal - Chairman & Managing Director, Pondy Oxides and Chemicals Limited
We have taken a balanced view, assuming the situation remains status quo and these difficulties still continue. Based on that, we have considered that we will still be able to do 25,000 tons volume.

Unidentified Participant - Analyst
So this this will be the worst scenario, right, like, like, assuming nothing else happens, this status quo, what is happening in West Asia, will sell one lakh is a manageable number.

Ashish Bansal - Chairman & Managing Director, Pondy Oxides and Chemicals Limited
Yes that's right

Unidentified Participant - Analyst
Okay and in terms of copper utilizations, like, you, I understood that you will do 90 So in terms of value-added products, how much you will, you know, buy from outside and what will be the volumes for value-add? Will we, uh, can you guide on that going forward in '28?

Ashish Bansal - Chairman & Managing Director, Pondy Oxides and Chemicals Limited
I didn't get your question. What buy from outside? I lost you there. Can you just repeat that? So

Unidentified Participant - Analyst
Basically for copper, uh, let's- we said that copper recycling will do volumes around 90%, 90% utilization. So I'm assuming in 12,000 You will do 90% is around 10,000 units. So out of 10,000, 60% will go to cathode project. So that is 6,000. So now we are putting up a recycling facility of 18,000. So 6,000, I understood 6,000 will come from your normal recycling. So how much more volumes will you buy from Austin and what will be the copper utilization for value-added products? Like what will be the volumes you will be aiming to sell in value-added products?

Ashish Bansal - Chairman & Managing Director, Pondy Oxides and Chemicals Limited
So when I talk about value-added, we are talking here about cathode, if I'm right. That's what the understanding is. So basically, uh, 6,000 from my internal generation of scrap they will be doing, and about 12,000 to 13,000- we'll require about totally about, uh, close to 19,000 to 20,000 tons of various forms of scrap for our recycling facility for the first phase. And balance quantity of about 13,000, 13,500 will be, uh, procured from outside, which we have already started procuring, and metal is arriving for our arrival for our trial production

Unidentified Participant - Analyst
Okay, so approx what type of volumes will, uh, only for value-add, what types of volumes will, uh, we are projecting for '28?

Ashish Bansal - Chairman & Managing Director, Pondy Oxides and Chemicals Limited
Yeah, we are looking at approximately 16,000 to 17,000 tons for the value-add product by itself, and in a total somewhere around in excess of 20,000 tons.

Unidentified Participant - Analyst
Understood. Thank

Ashish Bansal - Chairman & Managing Director, Pondy Oxides and Chemicals Limited
You. That's

Unidentified Participant - Analyst
All from my side.

Operator
Thank you. A reminder to all participants that you may press star and 1 to ask questions. The next question is from the line of Shubham from 3A Finance Service. Please go ahead.

Shubham - Analyst, 3A Finance Service
Oh, hello sir, thank you for the opportunity. I just had a couple of questions. Uh, first one would be that the management sold around Rs 200+ crores worth of shares in June 2026. I just wanted to know whether all of these shares were sold to ICICI or, uh, was any of them sold to open market as well?

Ashish Bansal - Chairman & Managing Director, Pondy Oxides and Chemicals Limited
The management did not sell shares worth of Rs 200 crores. However, this information you can send us an email and we can give you. These are not disclosable information.

Shubham - Analyst, 3A Finance Service
Uh, okay. Uh, another question would be, uh, do you find any- uh, if you can provide any margin differential between the value-added products or the commodity products in lead, if that's possible?

Ashish Bansal - Chairman & Managing Director, Pondy Oxides and Chemicals Limited
Oh, you mean, uh, the basic, uh, pure lead and the other alloys and the other value-added products?

Shubham - Analyst, 3A Finance Service
Yeah, yeah.

Ashish Bansal - Chairman & Managing Director, Pondy Oxides and Chemicals Limited
So basically, uh, from the- there are different kind of value-added products we manufacture, almost close to 80 to 100 kind of alloys, so it differs. But as a thumb rule, you can look at it anyways anywhere between 0.75 to 1.25% differential in margins. And sometimes it also exceeds, uh, 1.5 to 1.75%. So as average, anywhere depending on the blend of those products, 0.75 to 1.25%.

Shubham - Analyst, 3A Finance Service
Okay, sir. And, uh, my next question would be whether the company is still facing, uh, sourcing issues, uh, in Q3 as well as compared to how you did in Q1 or Q2. Uh,

Ashish Bansal - Chairman & Managing Director, Pondy Oxides and Chemicals Limited
So we have started realigning our sourcing model and Q3 seems a little better than Q2. However, the whole turnaround will happen by Q4.

Shubham - Analyst, 3A Finance Service
Okay. And, uh, so if I'm not wrong, uh, procurement from domestic, uh, sources would- is still expensive as compared to international sourcing, right?

Ashish Bansal - Chairman & Managing Director, Pondy Oxides and Chemicals Limited
Oh, domestic pricing is, uh, slightly expensive than the international sourcing. You're right on that.

Shubham - Analyst, 3A Finance Service
Okay, okay, sir. Now that's all from my end, sir. I wish you the best. Thank

Ashish Bansal - Chairman & Managing Director, Pondy Oxides and Chemicals Limited
You.

Operator
Thank you. A reminder to all participants that you may press star and 1 to ask question. The next question is from the line of Gaurav Shukla from Fineinvestor Research. Please go ahead.

Unidentified Participant - Analyst
I'm audible, sir?

Operator
Yes, sir, please go ahead. Yes,

Unidentified Participant - Analyst
Sir, I want to ask about trade receivables increased from approximately Rs 144 crore to Rs 265 crore. What explains this increase and

Jigar Jani - Analyst, Individual Investor
What is the normal credit period offered to customers?

Operator
The last- hi, this is Vijay here. So you are asking about the trade receivable for March as well as compared with September, or what is your exact- and can you please repeat?

Unidentified Participant - Analyst
September, 144 to 265 crore. No

Operator
It has not increased. Last year it was about 200 plus crore. This year it has reduced

Jigar Jani - Analyst, Individual Investor
To reduced to 253.

Operator
No, it is 144. 144. It is actually the other way round. Out out trade receivables has decreased.

Unidentified Participant - Analyst
Okay, okay, brongly. Then second question is, what is the current utilization of 204,000, uh, 2,04,000, uh, capacity? And what is the utilization level do you expect to achieve by end of 27 and 28? Next.

Ashish Bansal - Chairman & Managing Director, Pondy Oxides and Chemicals Limited
So currently we have done approximately, uh, somewhere around 30,000 plus tons of volume in the first 2 quarters. And for next year, next financial year, we are looking at about 25,000 per quarter run rate, so which should be 1 lakh in excess of 1 lakh tonnes.

Unidentified Participant - Analyst
Okay, thanks. And what is the current copper recycling capacity utilization level and actual production volume?

Ashish Bansal - Chairman & Managing Director, Pondy Oxides and Chemicals Limited
For H1, we have utilized 100%, which is 6,000 tonnes. 12,000 tonnes is annual capacity, 6,000 tons has been utilized.

Unidentified Participant - Analyst
And sir, you have said that 20,000 plus in FY28 copper, then value added 16,000 to 17,000, then we understand 3,000 and 4,000 from recycling. Am I correct,

Ashish Bansal - Chairman & Managing Director, Pondy Oxides and Chemicals Limited
Sir? Yes, that's right.

Unidentified Participant - Analyst
Okay, thank you, sir. Thanks a lot.

Ashish Bansal - Chairman & Managing Director, Pondy Oxides and Chemicals Limited
Thank you.

Operator
Thank you. A reminder to all participants that you may press star and 1 to ask question. The next question is from the line of Naisar Parikh. From Native Invest, please go ahead.

Naisar Parikh - Analyst, Native Invest
Yeah, hi, uh, thanks for taking the question. I, I just want to understand that, you know, uh, when we look at our EBITDA per ton, uh, you know, this is significantly low. So even at such, uh, you know, volumes have obviously, you know, gone down dramatically, but why is our EBITDA per ton, you know, down so, so much? Even if we compare to ours, or even if we compare to like, you know, our competition, the gap has like, you know, is striking now. So what is the reason, uh, for that?

Ashish Bansal - Chairman & Managing Director, Pondy Oxides and Chemicals Limited
Basically, as a H1 level, if you look at our margins, have been at Rs 18,000, uh, for this quarter close to Rs 16,000, and last quarter was Rs 21,000. As we had explained, the last quarter we had been able to push some value-added products And this, this quarter we have, we have had some costs that have been run up due to fuel, other fluxes, and I need to do some shipping costs and all of those. But still, overall, if you see as significant, no, no, they are not significant. No, it's in the guided range as of H1, which is at 18,000, and we've always guided in the range of 18,000 levels.

Naisar Parikh - Analyst, Native Invest
That, that, that is fair, but, uh, you know, the shipping costs, etc., the impact will be even, uh, to the competition, I would assume, right? So, uh, their EBITDA per ton has not, you know, even YOY has not fallen that much, whereas our EBITDA per ton YOY is like down 20%. Uh, so is there something else? Uh, are we- we're just trying to, you know, if you can give some more business sense to it, because what you're saying Uh, and, you know, I heard all the things that you said, but does it really tie up when you look at what your plans were at the beginning of the year and also when you look at what competition is doing?

So is there, you know, something else that is happening in terms of procurement or in terms of our market share where we are actually in significant pressure to, you know, sell at much significant lower prices than, say, what competition is selling, or what is happening? Because it does not explain a lot of the kind of numbers that it has.

Ashish Bansal - Chairman & Managing Director, Pondy Oxides and Chemicals Limited
Technically, I don't- I mean, I won't be able to comment much on what competition is doing, but these are the reasons why our numbers are at these levels. And there is no pressure for us to sell at lower levels or lower margins. This is what the cost pass-throughs happened quarter after quarter. So the maximum impact where we had the impact was in the second quarter, and that is what we can talk about our performance.

Naisar Parikh - Analyst, Native Invest
And since now we are already in the, you know, halfway through, say, the third quarter, is the cost pressure, etc., you know, on similar lines, or how are we seeing the curve and trajectory, if you can talk for this in the next quarter?

Ashish Bansal - Chairman & Managing Director, Pondy Oxides and Chemicals Limited
Yes, I think I just spoke about that some time back. I'll repeat it for you just in case you missed out. So basically, the pressure is definitely there on the 3rd quarter, but we have been able to renegotiate with our customers and pass on certain costs to them and have other variable clauses as well in the fresh contracts. And the whole turnaround will start happening from Q4.

Operator
All right. Okay. Thank you so much.

Ashish Bansal - Chairman & Managing Director, Pondy Oxides and Chemicals Limited
Thank you.

Operator
Thank you. A reminder to all participants that you may press star and 1 to ask question. The next question is from the line of Pawan Kumar. From Global Consulent Research. Please go ahead.

Unidentified Participant - Analyst
Uh, good afternoon and thank you for the opportunity. Uh, sir, I recently started tracking your company, so I apologize for the novice questions. Uh, so I recently noticed that you are significantly expanding your copper recycling capacity, and also I've observed some similar kind of trends across other major recycling players as well, like Gravita and GM Resource, which are also our competitors. So sir, just could you help us to understand that what is driving this aggressive capacity expansion across the industry?

Uh, is it primarily driven by strong demand visibility or a structural tailwind in the cotton cycling business, or there are some other factors at play? And also, how should we think about the demand outlook and ability of the industry, uh, to absorb this incremental capacity over the next few years? So sir, that's my first question to you.

Ashish Bansal - Chairman & Managing Director, Pondy Oxides and Chemicals Limited
Yes, so basically, uh, the reason why we are increasing the capacity on copper, because there is a significant demand-supply gap within India for copper, and already it is at a very, very, uh, high level

of, you know, in terms of the demand being in excess of the supply, and most of it is being imported or has been serviced by other international players. And going forward as well, uh, over the next 2-3 years, uh, based on all the facts and figures that are present and all the expansion plans that, you know, or other infrastructure plans that the government also has, the demand is going to be considerably increasing.

And even after the expansion of us or a few other players who might be increasing their capacity in copper, there will still significantly be a gap and the demand will still remain robust on copper side.

Unidentified Participant - Analyst
Okay, sir. Answer just a follow-up question on that. Given the scale of capacity addition planned across the industry, so do you see any risk of increased competition or pressuring margins over the medium term? And how should we think about the returns on this investment as the new capacity adds up?

Ashish Bansal - Chairman & Managing Director, Pondy Oxides and Chemicals Limited
You're asking, uh, if we see any risk of, uh, what do you call the- in terms of margins, is that your question?

Unidentified Participant - Analyst
Yes, sir.

Ashish Bansal - Chairman & Managing Director, Pondy Oxides and Chemicals Limited
Yes, sir. I mean, uh, no, not technically. Uh, we are not looking at that because, uh, we are very well covered in terms of our sourcing and all other sales and all of it already. And we don't actually see a significant risk or anything. Of course, any, any business or any market does have competition. And, uh, I mean, as long as the competition is healthy, it is most welcome.

Unidentified Participant - Analyst
Okay, sir. And then my last question is on lithium-ion battery. Recently, the government has imposed a ban on the export of lithium-ion battery black mass. So do you think this will create a good opportunity for domestic recycling players like us? And can this become another growth opportunity for the company apart from copper? And also, if I remember correctly, earlier you had mentioned that you were also looking closely at this segment. So any sort of investment plan in this segment, sir, or are you still evaluating this opportunity?

Ashish Bansal - Chairman & Managing Director, Pondy Oxides and Chemicals Limited
Could you repeat the last part of your question? You were a little unclear.

Unidentified Participant - Analyst
Uh, yes, last question is on lithium-ion batteries. Recently the government has imposed a ban on the export of lithium-ion battery black market. So do you think this will create a good opportunity for domestic players like us? And can this become another good opportunity for the company apart from copper? And also, if I remember correctly, you have earlier mentioned that you were also looking closely at this segment. So any sort of investment plan in this segment are you looking for, or you are still evaluating the opportunities?

Ban

Ashish Bansal - Chairman & Managing Director, Pondy Oxides and Chemicals Limited
Of black mass currently has got nothing to do with TSL, but however, uh, the ban of black mass- the black mass was being exported out of India because India does not have capability of processing, uh, black mass, and hence it was being exported out to other countries. And however, I mean, in terms of as POCL, currently still we are not looking at lithium-ion battery recycling as we still do not see the feasibility in terms of this thing and if this technology is still yet to stay or not yet to stay because already there are various other chemistries being introduced like SIB, which is sodium-ion batteries and so on.

So will lithium-ion batteries still continue? That itself is going to be a large question over the next 4 or 5 years. So we'll have to see, and the volumes still don't justify for us to be in the demand that recycling business. Okay,

Unidentified Participant - Analyst
Okay, sir, got it. And thank you very much, and wish you all the best. Thank you.

Operator
A reminder to all participants that you may press star and 1 to ask question. The next question is from the line of Chigarjani, an individual investor. Please go ahead.

Jigar Jani - Analyst, Individual Investor
Yeah, hi sir, uh, thanks for taking my question. Uh, just 2 questions. Uh, one regarding the, uh, pending EU export ban on scrap. Uh, just wanted to know, uh, what are our plans on that and what is the current percentage that we import from EU both for copper and lead, if you can help me with that.

Ashish Bansal - Chairman & Managing Director, Pondy Oxides and Chemicals Limited
So the current ban which is aggressively being spoken about is more on the aluminium side and still our governments are negotiating on on specific, uh, leases of, uh, you know, country which can import. So that is an ongoing thing, and this has been spoken for a very long time, but as of now there's no specific, uh, news on that. Our import on copper from Europe would be maybe about just a 5-ish, 5, 7, 8%, and not more than that as of now.

Jigar Jani - Analyst, Individual Investor
Uh, and sir, if you could also as a follow-up give us which are the major regions in terms of our imports? Is it mainly Middle East, Africa? Where do we actually have the largest imports from?

Ashish Bansal - Chairman & Managing Director, Pondy Oxides and Chemicals Limited
In terms of copper or generally?

Jigar Jani - Analyst, Individual Investor
Uh, both lead and copper would be helpful.

Ashish Bansal - Chairman & Managing Director, Pondy Oxides and Chemicals Limited
Our regions are, say, UK, US, South America. We have some quantities from the, you know, what do you call, say about 5-8% from Australia and New Zealand. And a decent volume from Southeast Asia as well now, and domestic within India as well. Middle East, uh, was- we used to procure about 5-8% from Middle East, but currently we have dropped that volume as well.

Jigar Jani - Analyst, Individual Investor
Okay, understood. And secondly, on, uh, copper. So copper cathode, uh, you were saying that out of that 18,000 capacity, which most probably will kind of stabilize by Q4 FY27, uh, that will be almost fully utilized. Because you're guiding, I think, 16,000 tons next year in FY28. Is that understanding correct?

Ashish Bansal - Chairman & Managing Director, Pondy Oxides and Chemicals Limited
Is that understanding absolutely right?

Jigar Jani - Analyst, Individual Investor
And, and supply for this will again be imports, or are we looking at domestic sourcing? Just wanted to ensure that we have tied up the supply for that much quantity because most of our peers are also expanding in copper. So a lot of expansion is likely to come in over the next couple of years. So what about the supply for that kind of volume increase? Have we- is it going to be more export-oriented or domestically sourced?

Ashish Bansal - Chairman & Managing Director, Pondy Oxides and Chemicals Limited
Right now we have already tied up for much in excess of the quantity required for our raw material for the copper cathode plant. I'll say right now most of it is imported. A very small volume is domestically supplied. But domestic sourcing would be increased to say about 20% coming over next year or 2, and 80% will remain imported. And the supply chain, alternate supply chain, supply chain routes, all of this has been taken into account because we have already seen the problems that have been faced due to various geopolitical issues.

So we have taken in consideration of all those and we have designed our supply chain and raw material network.

Jigar Jani - Analyst, Individual Investor
And, and the price and the hedging of that has already been in place like we always do, right? That's

Ashish Bansal - Chairman & Managing Director, Pondy Oxides and Chemicals Limited
Always been in place, and it's been in place from the time we started the copper business.

Jigar Jani - Analyst, Individual Investor
Understood. Thank you so much, and best of luck, sir.

Ashish Bansal - Chairman & Managing Director, Pondy Oxides and Chemicals Limited
Thank you.

Operator
Thank you. A reminder to all participants, Please restrict yourself to 2 questions. The next question is from the line of Abhijit Mitra from Alpha Investment Management. Please go ahead.

Abhijit Mitra - Analyst, Alpha Investment Management
Yeah, thanks for taking my question. Just to understand, your realizations are much higher compared to your peers for lead, which shows that probably the value-add sales for you are much higher compared to your peers. But despite such higher realizations, you are showing a slight decline in a bit of a ton. On a sequential basis and on a YOY basis, just to understand what's the nature of this cost escalation that you have not been able to pass through. Is it mainly the change in

sourcing mix of the scrap that you are securing now?

And, uh, you know, that probably will, you know, would take, you know, probably 6 months to sort of get approved in those new contracts.

Operator
Hi, Abhijit, Vijay here. So in terms of realization, yes, approximately average is about Rs 260 per kg. So as compared to peers, yes, of course we have, uh, you know, different type of- we do different type of alloys, you know. We do tin alloys, we do calcium antimony. So predominant portion where the realization, for example, tin is about, you know, you know, $45,000. So when that mix comes as a predominant way, your actual realization per kg in terms of lead, this thing increases. So yes, of course, for the RDTs part, yes, of course, it's taken care.

But for the other costs like fluxes, power, fuel, other expenditure and all, there is a cost inflation. That is why there is a decrease in your EBITDA pattern. And last time it was about, you know, most of the, you know, value-added product mix is about 85%, but this time it has decreased to 65. So that is one of the main reasons why the, you know, the EBITDA per ton has dropped.

Abhijit Mitra - Analyst, Alpha Investment Management
Okay. Yes, yeah.

Operator
When you say your,

Abhijit Mitra - Analyst, Alpha Investment Management
Your value-add has gone down, but realization has gone up sequentially, so, so it gives the feeling that your value-add might have actually gone up by looking at your realization. How to sort of, you know, weight the two?

Operator
[Foreign Speech] expensive alloys also [Foreign Speech] been done C C V can not put just because 25 percent is that suppose if you have done fully the higher value products then obviously the relation per kg remains the same you understood the proportion of the higher value alloys which we

Abhijit Mitra - Analyst, Alpha Investment Management
Okay, got it, got it. But higher realization doesn't necessarily mean higher EBITDA per ton?

Operator
Higher realization,

Ashish Bansal - Chairman & Managing Director, Pondy Oxides and Chemicals Limited
Technically no, because it is more of a product, uh, realization and not- it's always not higher value gives you higher realization and gives you higher EBITDA because other costs also go up accordingly.

Abhijit Mitra - Analyst, Alpha Investment Management
Understood. Because what I'm saying here, your, your, uh, you know, just any, anything below your gross margin, the impact seems to be hardly 40-50 bps. I think the majority of the impact is in your gross margins. It gives the feeling that probably the sourcing is the key, um, you know, element which was to be passed on. So all this fuel and energy, all this mix, I mean, are this- are they sitting

in, in the gross margin line item somehow, or is this sort of sitting below gross margin? Okay, okay, got it, got it.

And when you start negotiating, I think, you know, probably on a phase-wise basis, you will start seeing those costs getting passed on from Jan.

Unidentified Participant - Analyst
Yes.

Abhijit Mitra - Analyst, Alpha Investment Management
Okay.

Operator
Sorry to interrupt, Abhijit sir. Please rejoin the queue for the more questions. The next question is from the line of Sagar Shah on Spark. Please go ahead.

Unidentified Participant - Analyst
Uh, thank you so much for the opportunity. Uh, I just had one question, sir. Uh, our regards to our copper cathode project. Uh, in the last quarter you highlighted that, uh, the, the new LME registration for this project will take at least for 12 months actually. Uh, this is for our hedging purposes actually. So our copper cathode project, uh, is it safe to assume that, uh, in the, in the first 12 months of operations, we won't be able to hedge our, uh, hedge our positions with regards to the, uh, with regards to the, uh, the, the, the tonnage that we actually deliver to our clients.

Ashish Bansal - Chairman & Managing Director, Pondy Oxides and Chemicals Limited
No, uh, Sagar, let me explain the concept. Hedging is, uh, different and LME registration is different. Anybody can hedge, even a trader can hedge their position on the exchange. When you talk about LME registration, means you are a registered brand with the LME where you can deliver your product into the LME warehouses against an LME warrant. All are even currently as whatever we are recycling the copper, that is also completely hedged and the cathode will also be completely hedged. So hedging part and LME registration are 2 different, uh, parts altogether.

Unidentified Participant - Analyst
Okay, so what will be the added benefit for this LME registration? What is the lever for that? Added advantage,

Ashish Bansal - Chairman & Managing Director, Pondy Oxides and Chemicals Limited
Uh, gives you a basic liquidity in terms of any time deliverable to the exchange. And also it is more of a reassurance to all your customers about the quality of your product in terms of consistency and, you know, repeatability and all of it, which is guaranteed by LMIA registration. It is giving more focus and more trust into the market, along with at any point in time any of your stock lying in your plant is liquid, as you can deliver that against the warrants on the LME.

Unidentified Participant - Analyst
Okay, so, uh, will it affect our volume, sales volume, sir, by any chance for the next year?

Ashish Bansal - Chairman & Managing Director, Pondy Oxides and Chemicals Limited
On what basis? Our sales volume for- I didn't get your question. Uh,

Unidentified Participant - Analyst
Will it affect our sales volume with regards to the LME registration? Because it will take at least 12 months to register ourselves as a brand. That is why I'm asking.

Ashish Bansal - Chairman & Managing Director, Pondy Oxides and Chemicals Limited
Yeah, for example, we are LME registered brand on lead, and we got listed only in 2019, and we, we are before that 14 years also we were selling. So LME registration by itself is not a guarantee of sale. LME registration makes your product deliverably deliverable against warrants. But even technically, if you see, even right now, uh, we hardly deliver any metal into the warehouse because Delivering into warehouses, last resort when you don't have sale. Like a lot of our other peers do deliver huge volumes because they do not have direct sale to end consumers or do not- are not approved by the OEs, which, which is not the case in our situation.

Unidentified Participant - Analyst
Okay, okay, got your point. Thank you, thank you so much.

Operator
Thank you. A reminder to all participants, please restrict yourself to 2 questions. The next question is from the line of Harsh Maru from Vinamara Capital. Please go

Harsh Maru - Analyst, Vinamara Capital
Ahead. Uh, yes, thank you for this. So sir, my first question is relating to the CAPEX outlay of about Rs 160 crores that we have planned in the second half. So could you please elaborate in terms of what all activities within the CAPEX outlay for the cathode project will be undertaken in this quarter and next quarter? And also in terms of any risks or challenges that you foresee from a supply chain standpoint in terms of the execution of this facility.

Ashish Bansal - Chairman & Managing Director, Pondy Oxides and Chemicals Limited
So basically, uh, our, uh, we have as of now on the, on the copper project side, uh, we have already, uh, spent about, uh, 60 crores right till this point in time. And our total, uh, I mean, spending for the first phase will be close to Rs 140 crores, and that will be done in the next 2 to 3 months. And also the balance Rs 60 crores will be in the phase 2 part, which will be done in the next financial year.

Harsh Maru - Analyst, Vinamara Capital
Right. And in terms of like equipment imports Are you foreseeing any kind of delays on that front?

Ashish Bansal - Chairman & Managing Director, Pondy Oxides and Chemicals Limited
No, we don't see any delay. Equipment are not only imported, we have multiple- we have combination of domestic equipments and also import equipments from other states, wherein the import equipments have already been- most of them have already been shipped and the domestic equipments are also progressing well. So the installation of the equipments will also start by December. December 1st week.

Harsh Maru - Analyst, Vinamara Capital
Okay, and just one quick question on the sourcing bit. So given the current scenario, are you looking at any long-term sourcing contracts, or have you changed your sourcing strategy given the current supply dynamics?

Ashish Bansal - Chairman & Managing Director, Pondy Oxides and Chemicals Limited
Yes, we have changed our sourcing strategy in terms of locations, in terms of the shipping routes, and also on copper, we have tied up exclusively with certain yards. Instead of, you know, setting up our own facility, incurring cost, we have tied up with the yard who will exclusively, you know, collect on our behalf. And all of those, that has already been done.

Harsh Maru - Analyst, Vinamara Capital
Thank you so much, sir, and all the very best.

Ashish Bansal - Chairman & Managing Director, Pondy Oxides and Chemicals Limited
Thank you.

Operator
Thank you. A reminder to all participants, please restrict yourself to 2 questions. The next question is from the line of Yash Joglaker from Arun sir, please go ahead.

Unidentified Participant - Analyst
Hello, am I audible?

Operator
Yes sir, please go ahead.

Unidentified Participant - Analyst
Thanks for the opportunity. So I had a couple of questions on the lead segment. In the last quarter, the management mentioned that there were a few customers who kind of sourced the pure lead from someplace else. So have they come back this quarter? Because I see that the value- the share of value-added products has dropped significantly from around 80-odd percentage last quarter to around 60 to 65 percentage this quarter.

Ashish Bansal - Chairman & Managing Director, Pondy Oxides and Chemicals Limited
Can you rephrase it? I mean, I'm not able to get your question, please. You're asking pure lead volume went up, is that your question?

Unidentified Participant - Analyst
No, so my question is, in the last quarter, the management mentioned that, uh, there were a few customers who sourced the pure lead from someplace else. So have they come back this quarter? Because I see that the share of value-added products has kind of dropped to around 60 to 65 percentage level.

Ashish Bansal - Chairman & Managing Director, Pondy Oxides and Chemicals Limited
That's so, so basically last quarter, uh, the customers were a little flexible in terms they did give us the opportunity to give them more value-added and less of pure lead. And this quarter, since the requirement was higher on this thing, they insisted, uh, to supply certain high volumes of pure lead. So that is one

Unidentified Participant - Analyst
Reasons. Yes. Okay, uh, and just to take some cue on that lead part, uh, so, uh, I guess one quarter back or two quarters back, management had mentioned that we are looking for a total sales, lead sales guidance of around 120 to 130, uh, for FY27. So is that guidance still intact, or after Q2 will

there be any some changes to that?

Ashish Bansal - Chairman & Managing Director, Pondy Oxides and Chemicals Limited
You're right, we did give that guidance, uh, earlier, but, uh, situation drastically, uh, eroded and there were a lot of changes in terms of supply chain and everything, which we explained some time back. So definitely, uh, that guidance does not hold, uh, intact for this, uh, financial, uh, year. But definitely, as we have guided currently, in the next financial year our volumes will pick up, ramp up quite a bit, for which also we have given the guidance. So That's the current situation.

Unidentified Participant - Analyst
Okay, and, uh, and the overall volume guidance of 15%, that still remains intact over the next 4-5 years, right?

Ashish Bansal - Chairman & Managing Director, Pondy Oxides and Chemicals Limited
Yes, that will be intact. That remains our long-term targets and our long-term plans. All of them remain intact and pretty robust.

Unidentified Participant - Analyst
Okay, thank you so much.

Ashish Bansal - Chairman & Managing Director, Pondy Oxides and Chemicals Limited
Thank you, sir.

Operator
Thank you. The next question is from the line of Rahul Majithia, an individual investor. Please go ahead.

Rahul Majithia - Analyst, Individual Investor
So my question is more on the line of our, uh, the possibilities of us expanding into the BSS supply chain. Um, is there a way that with our new copper capacity and value-added products we can expand into the BSS supply chain, as in the integrators, transformer makers, and or anywhere else in the BSS supply chain?

Ashish Bansal - Chairman & Managing Director, Pondy Oxides and Chemicals Limited
So technically, if you look at it, we are directly, indirectly always- we'll mean copper will always be connected to the power sector and energy storage sector or the energy sector. Now the question is, with our value-added further, what our planning is with our value-added products, can we be a part of manufacturing some products that go into the BS segment? Uh, I'll say definitely yes, there is a very good possibility, but, uh, when we like to look at certain niche products with higher margin will go into these industries.

So we are working on a couple of products.

Rahul Majithia - Analyst, Individual Investor
Uh, thanks. And just to supplement to that, would that actually yield a conversion premium of our- over our standard, um, LME cathode spreads, or would it just be a simple volume of tech channels?

Ashish Bansal - Chairman & Managing Director, Pondy Oxides and Chemicals Limited
No, that, that will definitely give a conversion spread at much higher levels,

Rahul Majithia - Analyst, Individual Investor
Right? Um, and also with this commercial and industrial telecom backup shifting from these lead-acid batteries to lithium-ion BSS. Are we seeing any structural softening in export orders for the lead alloys from our Korean and Japanese battery clients?

Ashish Bansal - Chairman & Managing Director, Pondy Oxides and Chemicals Limited
Currently, as of now, more of that shift currently just happened with one company in India, but internationally we don't see too much of that kind of a shift currently as of now. As we speak with the other battery makers, they have also indicated that no such shift they are expecting in the coming year. So we'll have to wait and see because internationally that kind of shift is not happening.

Operator
Thank you, sir. Due to time constraint, we take this as a last question for today. I would now like to hand the conference to the management for the closing comments.

Ashish Bansal - Chairman & Managing Director, Pondy Oxides and Chemicals Limited
Thank you everyone for joining us today, for your continued interest in POCL. I would like to thank our board of directors for the guidance, our employees for the dedication, our customers for the continued trust, and our investors for the unwavering confidence in the company. And if you have any further questions, please feel free to reach out to our investor relations team at GoIndia Advisors, and we really appreciate your participation and continued support. Thank you and have a great day.

Operator
Thank you, sir. On behalf of GoIndia Advisor, that concludes this conference. Thank you for joining us. You may now disconnect your lines.