

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

10th February 2022

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

Dear Sir/Madam,

Sub: Transcript of the Conference Call held on 9th February 2022

Ref: Scrip Code- 532626

With reference to our letter dated 8th February 2022 intimating you about the conference call with Analysts/Investors held on 9th February 2022, please find attached the transcript of the aforesaid conference call.

The above information will also be available on the website of the Company: www.pocl.co.in

You are requested to kindly take the same on your records.

Thanking you.

Yours faithfully,
For **Pondy Oxides and Chemicals Limited**



K. Kumaravel
Director Finance & Company Secretary



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CIN No. : L24294TN1995PLC030586

GSTIN : 33AAACP5102D4Z4

Pondy Oxides and Chemicals Ltd (532626)

Q3 2022 Earnings Conference Call

February 09, 2022 • 03:30 pm (IST)

Final Transcript

Corporate Participants

Ashish Bansal

Managing Director | Pondy Oxides and Chemicals Limited

K. Kumaravel

Director Finance and Company Secretary | Pondy Oxides and Chemicals Limited

Piyush Dhawan

Vice President, Commercial | Pondy Oxides and Chemicals Limited

Conference Call Participants

Radhakrishnan Chonat

Director | AlphaStreet

Rushit Parekh

Analyst | Hedge Hunters

Presentation



Radhakrishnan Chonat

Director | AlphaStreet

Good afternoon, ladies and gentlemen, and welcome to the Q3 FY '22 Earnings Conference Call of Pondy Oxides and Chemicals Limited, hosted by AlphaStreet. This is Radhakrishnan Chonat from AlphaStreet, and it's a pleasure to host Pondy Oxides and Chemicals Limited for their very first earnings results conference call.

From the management, we have Mr. Ashish Bansal, Managing Director of the Company; Mr. K. Kumaravel, Director of Finance and Company Secretary; and Mr. Piyush Dhawan, Vice President of Commercial.

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



Ashish Bansal

Managing Director | Pondy Oxides and Chemicals Limited

Good afternoon, everyone. This is Ashish Bansal, Managing Director of Pondy Oxides and Chemicals Limited. We wish you a very warm welcome to POCL's Q3 FY '21-'22 earnings call. I hope that you and your families are staying safe and healthy.

POCL has delivered a robust result for quarter three with a growth rate of 41% year-on-year and 3% on a quarter-on-quarter basis, on top line, and has delivered an earnings before tax of INR19.89 crores this quarter. The future outlook of the industry remains very positive for us. POCL continuously endeavours to emphasize on the importance of a circular economy and to support and focus on environmental sustainability.

Since this would be the first time POCL is debuting on a platform with AlphaStreet and interacting with different stakeholders via the earnings call, I would like to briefly walk you through our Company's journey so far and then highlight the future plans and Company outlook. Pondy Oxides and Chemicals Limited was incorporated in the year 1995 in Chennai. POCL is one of India's leading non-ferrous recycling companies and India's largest secondary lead metal manufacturing companies. We recycle lead, copper, zinc and plastic in various forms. We are based from three

different locations in India, two in Tamil Nadu and one in Andhra Pradesh. Our primary portfolio of product offerings include pure lead and specialty lead alloys, zinc ingots, zinc oxide and copper amongst various other products. Post incorporation, in 1996, we set up a litharge, red lead and a zinc oxide plant in Pondicherry. In 1997, we entered into a joint venture in Malaysia for zinc oxide and later in 2002 disinvested from the same as we had by that time set up a base in India for zinc oxide.

From 1995 up to 2004, we were listed on regional stock exchanges of Chennai and Coimbatore. In 2005, POCL's shares were listed on the Bombay Stock Exchange. We have explored various verticals in our line of business. In 2006, the recycling plant of Tamil Nadu was incorporated with a 18,000 metric tonne per annum capacity and right now this plant has a capacity of 36,000 metric tonnes per annum, which will be scaled up to 48,000 metric tonnes per annum from the beginning of FY '22-'23.

In 2014, the Company demerged four of its manufacturing undertakings. In 2015, we set up a plant in Andhra Pradesh with a 24,000 metric tonne per annum capacity. In 2017, we commenced our zinc oxide plant with a capacity of 12,600 metric tonnes per annum in Tamil Nadu. POCL is India's first and only 3N7 Lead Brand to be registered on the London Metal Exchange. We had a merger with Lohia Metals in 2012 and with Meloy Metals in 2020. Our Andhra Pradesh unit has a capacity to produce 84,000 metric tonnes per annum for lead and speciality lead alloys currently.

In a nutshell, our capacities for lead division stand at 120,000 metric tonnes per annum, for copper at 30,000 metric tonnes per annum and for zinc at 12,600 metric tonnes per annum. As on date, we have three plants in South India. We have access to some of the largest battery manufacturers both in India and across the globe who form a part of our customer base in Europe, US, and the Asia Pacific region amongst other countries. Over the years, POCL has built an unmatched brand image within the lead sector for its quality, high-level of efficiency, reliability, technical support and service.

Sourcing of scrap is one of the biggest challenges in our industry and POCL has a competitive edge on the same. POCL has a robust procurement strategy to fulfil our production capacities. The procurement and the supply chain logistics team comprise of veterans who have vast experience in sourcing from both international and domestic markets. We have over 200 plus suppliers and have a unique, engrained and extensive scrap collection network in over 30 countries to collect scrap at the most competitive prices. The suppliers are rated on quality, financials, quantity and other parameters which enable a strong internal control procedure and confidence mechanism in the process. With the advent of Government of India putting special emphasis on recycling through EPR Guidelines and Waste Management Rules, the scrap battery

collection is becoming more organised in the domestic arena as well. We have a back-to-back hedging mechanism in place supported by our in-house software because of which the margins remain integral in a fluctuating commodity market. We hedge our open positions with two of the most globally prominent service providers of the industry.

The core values of POCL are embedded in its rich experience of three decades having passed through various crests and troughs of the market and emerged stronger every time. We believe in manufacturing five ingots of success: excellence, integrity, learning through innovation, responsibility and commitment with a zeal. We believe in Vision 3D, that is, three decades, three dimensional approach, three dimensional growth which we would achieve by 2025. We have a very strong and competitive management team and we will continue to add new talents in the coming months along with putting focus on expanding the resources across different levels. Human resources will play an important factor for POCL in the coming years.

For the next year, we intend to scale up our operations in copper business in order to maximise the top and bottom line. We expect the lead business to grow at a CAGR of 25% plus and make positive headway into a sustainable and green technology along with expansion of our portfolio in non-ferrous segments and expansion into other verticals as well. We would like to create an ecosystem with a more greener and more sustainable long-term solution to the industry and inculcate the concept of 3Ps, that is, triple bottom line comprising of people, planet and profit, and start developing metrics like social return on investment and develop a framework of environmental, social and corporate governance factors for the industry. We expect to walk the talk in the coming years as well.

Now, I will hand over the mic to Mr. Kumaravel, who will run us through the financials of POCL. Mr. Kumaravel?

**K. Kumaravel**

Director Finance and Company Secretary | Pandy Oxides and Chemicals Limited

Thank you very much, Mr. Ashish. Good afternoon to everyone. This is Kumaravel, Director Finance and Company Secretary for Pandy Oxides and Chemicals Limited. We have already shared the Q3 December 2021 quarterly results with your good selves and now I would like to summarise the same for the earnings call.

We have continued to deliver a strong performance despite the challenging market conditions due to COVID. Our revenue from operations for Q3 was INR413.65 crore, which showcases a growth

rate of 41% on a year-on-year basis. Quarter-on-quarter basis a growth rate of 3%. In a year-to-date figure, for the first nine months of 2021 and 2020, the top line has increased by 50%. The proportion between domestic and export sales are at an even 50% each.

Our Company has delivered an EBITDA of INR25.09 crore this quarter with a year-to-date EBITDA of INR64.78 crore. The EBITDA has grown over by 221% on a year-to-year basis and 2% on quarter-on-quarter basis. On a year-to-date figure for the first nine months of 2021 and 2020, the EBITDA has grown by 266%.

The earnings before tax for this quarter is INR19.89 crores and year-to-date INR51.78 crores.

The increase in top line is driven by healthy growth on volumes and realisation coupled with a lower base of last year, while improvement in operating margin is on the back of completion of augmentation of smelting facilities which will help in operating margin reverting to fiscal 2019 levels. In the first nine months of fiscal 2022, Company has reported a top line of INR1,059 crore and operating margin of over 6%. In the last two quarters financial year 2022, the smelting unit has gained scale which is reflected in the operating margin which have reverted to the level of over 6%.

The Company is expected to achieve operational revenue of around INR1,400 crore in financial year 2022 with a margin of over 6%, an increase of 39% on a year-on-year basis. This is a forward-looking statement and based on our projections only.

The Company has a diversified supplier base spread over across Europe to Asia. POCL's key suppliers are themselves present across various geographies globally, which makes them externally -- extremely reliable in maintaining a consistent supply chain in these difficult and challenging times. POCL's top suppliers are themselves the leaders in their respective domain of expertise and financially healthy and robust. The Company also follows rigorous risk management in terms of transport which is end-to-end insured. The Company has recently obtained credit rating from CRISIL for a long-term rating of A Minus along with the short-term rating of A2 Plus. The rating reflects the strength in POCL's business model, which is derived from its strong business risk profile, supported by well entrenched relationships with the key customers, diversified procurement and supply base, moderate entry barriers and established manufacturing capabilities.

The Company has also increased its capacities of smelting whereby production of remelted lead provides a value-added input for refining stage. It has increased year-on-year basis by 93% for the same quarter.

Our production on a year-on-year basis for lead has increased by 13%, and on quarter-on-quarter basis there is a growth rate of 2%.

Earnings per share for Q3 is INR24.3 and for the nine months till December 2021 is INR64.90. We are a consistently dividend paying Company from the date of incorporation. This trend of profitability will continue as forecast for the coming quarters with strong sales order logs in the system backed by renewing commercial contracts with all OEMs and back-to-back ongoing procurement to produce the same.

The Company is the first and only 3N7 London Metal Exchange registered brand in India. This makes the lead metal manufactured by the Company completely liquid and can be delivered to LME warehouses globally and MCX warehouses in India as well.

The procurement trend from domestic has improved from 10% earlier to 20% of total primary raw material sourcing which will subsequently reduce logistics cost and improve working capital cycle.

Our future outlook in the industry remains very positive. Lead business as it is will continue to grow with a CAGR of 20% to 25% plus and as we have added copper to our portfolio, we intend to grow the same portfolio and other non-ferrous metals in the next financial year. Since lead business remains our primary forte, we intend to put special focus on it by improving operational processes and adding new manufacturing processes for a sustainable and green environment. Since we have access to a wide supplier base and scrap yards in various countries, we have an inherent advantage to procure other non-ferrous metal scrap as well. Given that we are planning to expand our portfolio of other non-ferrous metals, and the expertise we have in our Company, we are positive of diversifying smoothly and building a strong base in other verticals as well.

Now, I will hand over to Mr. Piyush, who will run us through the overview of operations and commercials. Over to Mr. Piyush.



Piyush Dhawan

Vice President, Commercial | Pandy Oxides and Chemicals Limited

Thank you, Mr. Kumaravel. Good afternoon, everyone. This is Piyush Dhawan, VP, Commercial from Pandy Oxides and Chemicals Limited. Trust all are doing fine and keeping good health. I will be briefing you on the operations and the commercial update.

On the operational front, we are internally doing an exercise in all our plants to generate

operational efficiency and to translate the same financially. This is done by improving the time factor on scrap loading, processing and unloading to improve the outputs and batch cycles which will result in a higher yield. We expect to improve the EBITDA margins by 15 basis points to 20 basis points through improvement in such processes. We would like to optimally utilise the capacities at which we have built the plants.

The profitability for the Company is maximum when the raw material, that is, the scrap passes through all recycling steps, three of them, namely: battery breaking, smelting and refining. We have further increased our smelting capacities which will start having a positive impact in the coming quarters after the compliance obligations are met in Q4. POCL has invested and revamped its smelting division where maximum profitability and cost of conversion is gained. This was a mindful and calculated effort to scale up capacities in smelting, foreseeing the need to process higher quantities of batteries and other smelting-related raw materials from the domestic and international market as well, in order to realise the maximum value addition.

Most of the capacity -- post the capacity increase and approvals from the authorities, our production capacity are expected to increase to 132,000 metric tonnes per annum, that is 132,000 metric tonnes per annum. We see organic growth in the lead segment as well. We foresee an improvement in quantities for value-added lead alloys or specialty alloys, which contribute to the top line and better operating margins for POCL and keeping it consistent in the range of 6% to 7% and even plus.

Being an London Metal Exchange registered brand, POCL has a competitive advantage to serve to its customers in the international market. On the domestic front, whereas, there is a clear indication of improvement in the domestic market with our share of business witnessing a 22% growth in quantity this year which should continue into the next year as well. The export market continues to witness a CAGR in the range of 18% to 20% in quantities for all the range of alloys and pure lead. Some of the contracts which have been renewed so far endorse the same.

It is to be noted that we are the only Company exporting lead alloys to Japan, which itself bears testimonial to the quality of the product. We have, in our customer portfolio, most of the renowned battery brands like Amara Raja Batteries in India and other global leaders internationally.

Further on, we have also done an internal study to integrate and implement a suitable and state-of-the-art ERP package that will not only be suitable for the finance department but also be useful in different verticals of our business but not limited to operations, quality, procurement, and others.

As a part of the expansion strategy and with a view to enhance our portfolio of non-ferrous metals,

the Company during the second quarter of financial year '21-'22 had commissioned a new facility in our existing plant located at Chittoor in Andhra Pradesh to initiate production of copper. The production capacity of the same is expected to be 30,000 metric tonnes per annum with an investment of around INR12 crores in the first phase. This project would be beneficial to the Company in view of our existing specialisation in both lead and zinc units, along with the growing demand of copper due to its requirements in diverse modern sectors, applications and to meet the ever-growing demand of copper. The location of the project is well connected with appropriate geography of the land, transportation comprising of ports, airways and highways for raw material, finished goods, and labour flexibility.

On the procurement side, it is to be noted that POCL follows a rigorous procurement process for availing raw materials for its lead, zinc and copper recycling business. The Company first assesses its internal requirement and then procures the raw material, that is the scrap, accordingly. It shares long-term relationships with its suppliers spanning 10 to 15 years. It also undertakes detailed analysis of its supplier and then enters into a contract which -- with them which is typically of about a year plus.

On the business development front, we are working on expanding our portfolio of non-ferrous metal recycling segment. So for starters, plastic recycling is going to be an important factor for us in addition to the non-ferrous segment. Plastic, as we know, translates to almost 7% approximately of a battery, hence, we have an inherent advantage of processing about 7% of the total battery scrap in-house and selling them as value-added products.

In addition, we are currently in R&D stages and doing preliminary and all conclusive project reviews and exercises to undertake new projects for the next few years to ensure that, not only do we expand our portfolio of revenue and grow in lead, copper, plastic and other non-ferrous metals, but also add to our bottom line and contribute to the green environment concept in India.

Starting an earnings call was very important to connect with the shareholders and other stakeholders and to develop the right perception for what POCL does, and stands for. POCL endeavours to become the torchbearer of circular economy in India and be synonymous with recycling at every juncture starting with non-ferrous metals and plastics. The right position and the right perception of the Company are extremely crucial factors which all stakeholders should be clearly aware of, and moving forwards we will be connecting to all stakeholders and sharing requisite information on our website in line with regulatory requirements. We will be very shortly, before the end of the financial year, releasing our Investor Presentation, which will highlight in detail our clear intentions for the next five years and the futuristic approach on how we plan to grow. So, please stay tuned for more.

That is all from my end. Over to you, Radhakrishnan.

Questions and Answers



Radhakrishnan Chonat
Director | AlphaStreet

Thank you, Piyush. We will now move into our question-and-answer session. Today we have participants joining via Zoom video platform and also via our tele-calling platform. Participants who have joined us and connected with us through Zoom video platform can also post their question on the chat box, and we will ask the question on your behalf. If you wish to ask a question directly, please use the raise hand functionality.

Gentlemen, the first question, what are the plans for the future in terms of expansion and growth?



Ashish Bansal
Managing Director | Pandy Oxides and Chemicals Limited

I will take this question. This is Ashish. Well, we intend to increase our portfolio in metals and associated alloys, that is, copper and other non-ferrous metals. Parallely POCL will also continue to engage in look out for other verticals apart from metals which could be a good fit for the Company. And we intend to add further value-added products to the current portfolio of lead and copper. We wish to contribute to the circular economy through creating recycling verticals in e-waste and plastic, in addition to the status quo of lead and copper. Our R&D team also sees potential in lithium ion batteries and also its substitutes. POCL is continuously endeavouring to emphasize on the importance of a circular economy and to support and focus on the environmental responsibility by adopting better processes in its manufacturing plant. And we are targeting to increase our financial metrics with 25% CAGR, about 15% return on capital employed, and 7% plus on our EBITDA margins. Thank you.



Radhakrishnan Chonat
Director | AlphaStreet

Thank you. What strategies does Pandy Oxides and Chemicals have in place to improve your supply chain and build long-term relationship with your key suppliers?

**Piyush Dhawan**

Vice President, Commercial | Pondy Oxides and Chemicals Limited

Okay. So, I'll take that one, Radhakrishnan. So, it is to be noted that our relations with our key suppliers have kind of grown and nurtured over the years. So, right now we currently have a portfolio of close to 200 global partners, I mean, that's a substantial number, and those are continuously increasing as well. We also increased -- we are also in the process of increasing the domestic supplier base further. Through investments in technological developments, that is, in-house analytical software and digitising of various processes, we kind of keep ourselves and our key stakeholders in suppliers, updated of all the advancements in the operations and supply chain network. We believe in ease of working for all our stakeholders. Thank you for the question.

**Radhakrishnan Chonat**

Director | AlphaStreet

Thank you. The next question. What are some of the key goals Pondy Oxides have achieved since the last five years?

**K. Kumaravel**

Director Finance and Company Secretary | Pondy Oxides and Chemicals Limited

I'm Kumaravel. I give answer for this. POCL's commitment is the extension of corporate values, that the approach be that of a trustworthy partner, in the ongoing process of building enduring, mutually beneficial relationship, sensitive to customer's needs with uncompromising quality and efficient service with a zeal.

We are the first and only Indian 3N7 Lead brand registered on the LME, London Metal Exchange, that is our achievement. The Company has also been honoured with the highest and prestigious T3 Certification as Authorized Economic Operator Certificate for Importer and Exporter by the Indian Customs, Ministry of Finance. We have all the requisite certifications in place and we keep ourselves updated with the relevant advancements in technology. We have obtained a status of Star Export House and honoured by the Directorate General of Foreign Trade, Ministry of Commerce and Industry by the Government of India. We have been awarded National Awards for the Excellent Excellence in various -- in the last five years consecutively from the government agencies. We have started our commercial operations for copper and have strong intentions to evolve further. So these are all our main achievements over the periods.



Radhakrishnan Chonat
Director | AlphaStreet

Thank you. The next question. How does Pondy Oxides and Chemicals differentiate itself from the competition?



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

Yeah. So I'll take that one, Radhakrishnan. So I mean it's a wonderful thing here, we kind of always competed with ourselves. Okay? And as in, we target to improve over the previous year of hard work, we review our shortcomings and move on to the next level. So our journey of growth has been kind of extremely different from that of our competitors or anyone from the industry. We have explored various verticals in the business and have kind of never been afraid to think of the impossible and out of the box thinking and thereby we have achieved them as well. We have had joint ventures in the past. We have done mergers and acquisitions, and expanded the non-ferrous base and other verticals and so on.

One more very important factor is the relationship we build with our stakeholders. So we value a relation and kind of nurture the same over the years by demonstrating our core values Ashish had mentioned earlier. There is a very strong correlation between our values and our journey with all the stakeholders. In fact, all our vendor of raw materials, and even the service providers and our esteemed customers have been with us since the beginning and have kind of seen us grow and likewise we've seen them grow as well. And thank you so much for asking this question.



Radhakrishnan Chonat
Director | AlphaStreet

Yeah. Thank you, Piyush. We have a question from Mr. Rushit Parekh from Hedge Hunters. Operator, can you please unmute, Rushit Parekh?



Rushit Parekh
Analyst | Hedge Hunters

Good afternoon.

**Ashish Bansal**

Managing Director | Pandy Oxides and Chemicals Limited

Good afternoon, Mr. Rushit.

**Rushit Parekh**

Analyst | Hedge Hunters

Yes. I just mention my four questions that I have. The first is, can you please share the quantitative wise the sales in terms of tonnes during the quarter and nine months and year-on-year figures?

**Ashish Bansal**

Managing Director | Pandy Oxides and Chemicals Limited

Yes. You want to finish your questions or you would like to have the answers as we go?

**Rushit Parekh**

Analyst | Hedge Hunters

Yeah. Yeah. So my second question is relating to the bifurcation of sales, sir. I believe mostly it's from lead. But if you can help how much is from lead alloys and how much is from zinc and the other metals?

**Ashish Bansal**

Managing Director | Pandy Oxides and Chemicals Limited

Yes.

**Rushit Parekh**

Analyst | Hedge Hunters

The third question is relating to the sales breakup in terms of exports and domestic. You mentioned during the quarter it's more of a 50-50. But I believe exports are doing very well for you. So going forward, if you can throw some more visibility in terms of how the export sales will move

and how the domestic will move? And now, which -- we are ramping up the capacities in lead alloy and the other non-ferrous metals as well, how this exports and domestic will shape up going forward?



Ashish Bansal

Managing Director | Pandy Oxides and Chemicals Limited

Okay.



Rushit Parekh

Analyst | Hedge Hunters

And my last question is relating to the working capital cycle. So what has been the working capital days during the quarter? And if you can throw some more light going forward how this working capital cycle is going to evolve for us?



Ashish Bansal

Managing Director | Pandy Oxides and Chemicals Limited

Yes. I'll give you a brief on the quantitative part. This is Ashish here.



Rushit Parekh

Analyst | Hedge Hunters

Yes, sir.



Ashish Bansal

Managing Director | Pandy Oxides and Chemicals Limited

In this year, Q1, we have done a production of 13,892 tonnes, of -- this I'm talking about the lead metal. And in Q2 we have done 18,037 tonnes and in Q3 we have done 18,379 tonnes, a total of 50,311 tonnes. This is for this year.

And year-on-year, Mr. Kumaravel, would you like -- do you have the year-on-year?



K. Kumaravel

Director Finance and Company Secretary | Pondy Oxides and Chemicals Limited

Yeah, yeah. We have year-on-year also. This is -- in 2021, even for the nine months period we have done only 42,620 metric tonne against, as mentioned by Mr. Ashish, almost we have done more than 50,311 metric tonne, that is over 18% increase over the previous period of 9 months, equivalent period, in terms of finished goods production of lead and lead alloys.

Export and domestic, if you compare, as we mentioned in our talk it is 50-50 only, almost. And in terms of value, we have done -- in third quarter we have done almost INR209 crore of exports, this is some spillover will be there. In quarter two, we have done INR212 crore, and in quarter one, we have done INR122 crore in terms of export.



Rushit Parekh

Analyst | Hedge Hunters

So what will be the domestic?



K. Kumaravel

Director Finance and Company Secretary | Pondy Oxides and Chemicals Limited

Domestic, in the first quarter, we have done INR121 crore. In Q2, we have done INR188 crore and Q3 we have done INR204 crore.



Ashish Bansal

Managing Director | Pondy Oxides and Chemicals Limited

So it's more or less 50-50 except for our Q2, where it's 60-40. So average is close to 50% of exports and 50% of domestic. So you also wanted to understand how our export markets are doing and so on. Am I right in understanding your question?

**Rushit Parekh**

Analyst | Hedge Hunters

Absolutely. So on the qualitative part I want to know more about exports as in, so, two ways. One, the current we're seeing all the geopolitical issues and all, so how the exports are going to shape up going forward? And now with we are expanding both in our lead and in terms of the other non-ferrous metals, so how will exports shape up going forward as well?

**Ashish Bansal**

Managing Director | Pandy Oxides and Chemicals Limited

See, before I give overall this thing, we -- as a Company, we would like to keep stay focused on export equally because we would like to distribute our sales into various geographies, not only being restricted to India or not specific one or two countries internationally only. So currently also, Pandy Oxides exports to about 12 to 15 countries in -- mostly currently in the Asian region and little bit into the Middle East region as well, and we emphasise to continue to do that. And going forward, as we grow, equally we wish to grow our export business. And we have -- with our export over the years, over a decade we have created longstanding customers who have been with us and we have slowly nurtured the business and grown along and the years of confidence is also grown as we have had consistent supplies in terms of quantity and quality, and that is one of the reasons we have long-term contracts with them.

**Rushit Parekh**

Analyst | Hedge Hunters

So going forward, you also expect the exports to continue to remain around 50% as well?

**Ashish Bansal**

Managing Director | Pandy Oxides and Chemicals Limited

Yes, definitely, we do expect.



Rushit Parekh
Analyst | Hedge Hunters

Fair enough. My last question is relating to that working capital cycle. So if you can share the current working capital?



Ashish Bansal
Managing Director | Pandy Oxides and Chemicals Limited

Yeah. Mr. Kumaravel will just guide you through that.



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

Yeah. Average working capital cycle for our industry is around 30 days period.



Rushit Parekh
Analyst | Hedge Hunters

So for us for this quarter, what has been the number of days?



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

Why I am saying that 30 days period, mainly on account of raw material procurement side and on all sales side most of the -- all exports are advanced payment or immediate payment, there is no credit period involved on exports. And domestic alone we are having some little credit period. Otherwise, our working capital cycle mainly on the procurement of raw materials. That's why our average cycle is 30 days period.

**Rushit Parekh**

Analyst | Hedge Hunters

So, ours will also be 30 days, right?

**K. Kumaravel**

Director Finance and Company Secretary | Pondy Oxides and Chemicals Limited

Yeah.

**Ashish Bansal**

Managing Director | Pondy Oxides and Chemicals Limited

Yeah. We are talking about our cycle.

**K. Kumaravel**

Director Finance and Company Secretary | Pondy Oxides and Chemicals Limited

Our cycle.

**Rushit Parekh**

Analyst | Hedge Hunters

Okay. Okay. Fair enough. Fair enough. Just lastly, if you can throw some more light on the way how things are going to shape us for our industry? Because we are into definitely a commodity space. Do you expect any knee jerk reaction or something to happen given where we stand in terms of geopolitical issues that you're facing right now?

**Ashish Bansal**

Managing Director | Pondy Oxides and Chemicals Limited

Yeah. I'll take that up. See, basically, I will specifically not call our business, especially the POCL's model as a commodity space, because we concentrate quite a bit much on specialty alloys in lead, which I don't think any other company in India is currently doing. So major part of our

production goes into alloys. And also, apart from that, even the pure lead metal that we manufacture, as you're aware, and we have told earlier that we are LME registered brand, so we really do not see any challenge in placing the metal anywhere in terms of liquidity or in terms of sales or any bit of that.

Going forward, in terms of geopolitical issues and all of that, I mean, those currently be -- in our region of supply or purchase are really not -- we are not looking at it at affecting any -- in any adverse manner. And also, our other expansions in terms of copper and other non-ferrous metals that we discussed are also in line with our thought process on specifically having special value-added products apart from this being in the commodity space and that is why we wish to be into specialty alloys and specific products which are not a commodity.

**Rushit Parekh**

Analyst | Hedge Hunters

Perfect. Thank you and all the best.

**Ashish Bansal**

Managing Director | Pandy Oxides and Chemicals Limited

Thank you, Rushit.

**Radhakrishnan Chonat**

Director | AlphaStreet

Ladies and gentlemen, that's all the time we have allocated for today. Thank you all for joining us for Pandy Oxides and Chemicals Limited Q3 FY '22 earnings call. If you have any further questions, please reach out the IR department of POCL. You may all now disconnect. Thank you, all.



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