

# Ion Exchange (India) Limited

## COMPANY BACKGROUND.....

- Ion Exchange (India) Ltd. (ION Exchange) was originally formed as a subsidiary of Permutit, UK in 1964. It became a wholly owned Indian company in 1985.
- The company has expanded its footprints globally and possesses a diversified product range. It offers one stop water and non-water treatment solutions catering to diverse segments like infrastructure, industry, institutions, municipal, homes and communities, urban and rural.
- The company offers a wide range of solutions across the water cycle from pre-treatment to process water treatment, wastewater treatment, recycle, zero liquid discharge, sewage treatment, packaged drinking water, sea water desalination etc.
- The company has a global presence apart from presence in major cities in India with sales & service centers and dealer network of more than 100.
- Executing large projects worth USD 194 Mn from National Water Supply and Drainage Board in Sri Lanka & INR 1,000 Crores worth from the UP-State Water & Sanitation Mission.

## BUSINESS MIX (as on FY23).....

- **Engineering (60%):** Provides comprehensive and integrated services and solutions in water & wastewater treatment including Sea Water desalination, Recycle and Zero liquid discharge plants to diverse industries.
- **Chemicals (30%):** Provides a comprehensive range of resins, specialty chemicals and customized chemical treatment programs for water, non-water and specialty applications.
- **Consumer Products (10%):** Caters to individuals, hotels, spas, educational institutions, hospitals, laboratories, railway and defense establishments providing safe drinking water and a clean environment.

## KEY STRENGTHS.....

- Largest one stop shop water solution's provider in Asia
- Design, Engineering and supply of water, wastewater treatment and recycle plants on turnkey, BOT and EPC basis.
- Global footprint with exports to several African, European and Middle East countries as well as to UK and USA.
- 50 years of pan India presence
- Manufacturer of chemicals and ion exchange resins in ISO 9001, 14001 and OHSAS 18001 certified facilities.
- Marquee clients are Reliance, IOCL, L&T, Taj Hotels, Unilever, Tata Group etc.
- Over 50 patents to credit and 100+ products commercialized

## FINANCIAL PERFORMANCE (CONSOLIDATED).....

(INR Mn.)	Op. Income	Op. EBITDA	Op. EBITDA%	PAT	PAT%	EPS
<b>FY21</b>	14,495	2,023	13.96%	1,433	9.89%	12.141
<b>FY22</b>	15,769	2,132	13.52%	1,617	10.25%	13.730
<b>FY23</b>	19,896	2,550	12.82%	1,950	9.8%	16.595
<b>9M-FY24</b>	15,660	1,798	11.48%	1,229	7.85%	10.395

Note: All numbers are as per IND-AS

Key Data	
<b>BSE Code</b>	500214
<b>NSE Code</b>	IONEXCHANG
<b>Reuters</b>	IONX.BO
<b>Bloomberg</b>	ION:IN

Market Data (INR) As on 31 <sup>st</sup> December , 2023	
<b>Face Value</b>	1.0
<b>CMP</b>	561.95
<b>52 Week H/L</b>	687.6/243.1
<b>MCAP (Mn.)</b>	82,419
<b>Shares O/S (Mn.)</b>	146.67
<b>1 Yr. Avg. Vol. ('000)</b>	241.16

Performance As on 31 <sup>st</sup> December , 2023			
	3M	6M	12M
<b>Ion Exch.</b>	7.1%	33.7%	105%
<b>SENSEX</b>	9.8%	11.4%	18.7%
<b>BSE SMALLCAP</b>	13.22%	30.52%	47.25%

Shareholding Pattern As on 31 <sup>st</sup> December , 2023	
<b>Promoters</b>	26.46%
<b>Employee Trust</b>	16.18%
<b>Mutual Funds</b>	9.78%
<b>FPI</b>	5.20%
<b>AIF</b>	2.16%
<b>Others</b>	40.22%

## BUSINESS SEGMENTS.....

### Engineering (60%):

- **Projects:** Projects cater to treatment needs of industries such as nuclear and thermal power, fertilizer, refinery, petrochemical, automobile, electronics, paper, textile and chemical.
- **Standard Systems:** Packaged and pre-engineered range - softeners, filters, demineralizers and reverse osmosis systems, Ultra-filtration plants are engineered to meet the exacting process water quality requirements of different industries.
- **Membranes:** Reverse osmosis - Industrial and domestic applications - brackish, Sea & process water and waste water treatment/recycle and drinking water systems.

### Chemicals (30%):

- **Resins:** Ion exchange resins are used for softening, demineralization in water treatment. They are also used in various non water separation across many verticals such as pharmaceuticals, biotechnology, food and beverages etc.
- **Industrial Chemicals:** Water treatment chemicals are used in boiler, cooling water treatment, coagulation and flocculation, membrane cleaning etc. They are used to prevent corrosion, scaling, fouling, growth of algae, fungi and bacteria. Non-water or specialty chemicals are used as additives that impart superior qualities in the end product along-with protecting the pre-treatment equipment.

### Consumer Products (10%):

- **Water Purifiers:** The company's water and environment management solutions extend beyond the industrial sector to homes, hotels, spas, educational institutions, hospitals, laboratories, realty sector and defence establishments providing safe drinking water and a clean environment. It focuses on household and point of use water purifiers and plans to increase its presence in the rural drinking water treatment. Zero B, the flagship brand of Ion Exchange (India) Ltd., has revolutionized RO technology, in India.

## KEY GROWTH DRIVERS.....

- **Engineering:**
  - Increased exposure to international markets.
  - Selectively target Infrastructure and Municipal projects.
  - New Government initiatives resulting in more opportunities.
- **Chemicals:**
  - Export of resins and development of new products for the US & Europe markets.
  - Introduction of new specialty chemicals through inhouse R&D facilities
- **Consumer Products:**
  - Initiation by the government to provide drinking water to every household.

## PEER COMPARISON (TRAILING 12 MONTHS) INR MN .....

Company	Operating Income	Operating EBITDA	Operating EBITDA%	PAT	PAT%	Market Cap
Ion Exchange	22,135	2,863	12.9%	2,041	9.2%	71,427
VA Tech Wabag	28,391	3,591	12.6%	603	2.1%	45,237
Thermax	88,707	7,243	8.2%	6,119	6.9%	4,09,344
Triveni Eng.	64,216	6,660	10.4%	4,244	6.6%	74,200
Praj Industries	34,517	3,653	10.6%	2,796	8.1%	91,884

### APPROXIMATE ORDER BOOK & PIPELINE:

#### Engineering projects<sup>^</sup>

INR 2,156 Cr.

#### Bid Pipeline

INR 8,526 Cr.

#### Outstanding UP SWSM & Delhi Jal Nigam

~ INR 951 Cr.

#### Outstanding Sri Lanka

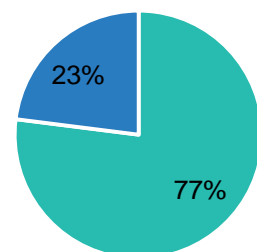
~ INR 196 Cr.

#### Total Orderbook

~ INR 3,303 Cr.

<sup>^</sup>Excluding Sri Lanka Order, UP SWSM

### Consolidated Geographical Sales (FY23)



■ Domestic ■ Exports

### Segmental Revenue & EBIT (%) As on 9M-FY24

Segments	Operating Income (Mn)	EBIT Margins (%)
Engineering	9,222	6.3%
Chemicals	5,095	25.2%
Consumers	1,809	(1.8)%

## INCOME STATEMENT (CONSOLIDATED) .....

INCOME STATEMENT (INR MN)	FY21	FY22	FY23	9MFY2024
<b>Operating Income</b>	<b>14,495</b>	<b>15,769</b>	<b>19,896</b>	<b>15,660</b>
Expenses	12,472	13,637	17,346	13,863
<b>Operating EBITDA</b>	<b>2,023</b>	<b>2,132</b>	<b>2,550</b>	<b>1,797</b>
<b>Operating EBITDA Margins (%)</b>	<b>13.96%</b>	<b>13.52%</b>	<b>12.82%</b>	<b>11.48%</b>
Depreciation	277	280	219	260
Finance Cost	126	100	92	88
Other Income	331	417	411	270
<b>PBT</b>	<b>1,951</b>	<b>2,169</b>	<b>2,578</b>	<b>1,720</b>
Share of Profit of equity accounted Investee	(1)	4	9	18
Tax	517	556	637	508
<b>Profit After Tax</b>	<b>1,433</b>	<b>1,617</b>	<b>1,950</b>	<b>1,229</b>
<b>PAT Margins (%)</b>	<b>9.89%</b>	<b>10.25%</b>	<b>9.80%</b>	<b>7.85%</b>
Other Comprehensive Income	(2)	(10)	(17)	(9)
<b>Total Comprehensive Income</b>	<b>1,431</b>	<b>1,607</b>	<b>1,933</b>	<b>1,220</b>
EPS Diluted (INR)	12.141 <sup>#</sup>	13.730 <sup>#</sup>	16.595 <sup>@</sup>	10.395 <sup>@</sup>

\*Earnings per equity share includes impact of equity shares held by IEI Shareholding (Staff Welfare) Trusts (No. of Shares-26,62,914) and shares held by Subsidiary companies (No. of Shares- 4,37,874)

#Earnings per equity share includes impact of equity shares held by IEI Shareholding (Staff Welfare) Trusts & HML shareholding (Staff Welfare) Trusts (No. of Shares-23,73,614) and shares held by Subsidiary companies (No. of Shares- 4,37,874)

## BALANCE SHEET (CONSOLIDATED) (IND-AS).....

PARTICULARS (INR MN)	FY22	FY23	H1-FY24	PARTICULARS (INR MN)	FY22	FY23	H1-FY24
<b>EQUITIES &amp; LIABILITIES</b>				<b>ASSETS</b>			
Equity				<b>Non-Current Assets</b>			
(A) Equity Share Capital	142	142	142	(A) Property, Plant and Equipment	1,446	1,707	1,683
(B) Other Equity	6,414	8,193	8,793	(B) Capital Work-in-progress	200	420	344
Equity attributable to owners	6,556	<b>8,335</b>	<b>8,935</b>	(C) Right-of-Use Assets	370	343	349
Non Controlling Interest	(8)	23	32	(C) Other Intangible Assets	19	18	15
<b>Total Equity</b>	<b>6,548</b>	<b>8,358</b>	<b>8,967</b>	(D) Goodwill	86	86	160
<b>Non-Current Liabilities</b>				(E) Investment accounted using Equity Method	40	48	59
(A) Financial Liabilities				(F) Financial Assets			
(i) Borrowings	117	157	690	(i) Investments	44	47	51
(ii) Lease liabilities	29	34	59	(ii) Trade Receivables	45	45	42
(iii) Other Financial Liabilities	89	87	139	(iii) Other Financial Assets	171	155	153
(B) Provisions	191	239	240	(G) Deferred Tax Assets (Net)	93	116	125
(C) Deferred Tax Liabilities (Net)	2	8	62	(H) Other Non-Current Assets	257	120	129
(D) Other Non-Current Liabilities	5	5	5	(I) Non-Current Tax Assets	14	18	18
<b>Total Non – Current Liabilities</b>	<b>433</b>	<b>530</b>	<b>1,195</b>	<b>Total Non – Current Assets</b>	<b>2,785</b>	<b>3,123</b>	<b>4,128</b>
<b>Current Liabilities</b>				<b>Current Assets</b>			
(A) Financial Liabilities				(A) Inventories	1,810	2,223	2,508
(i) Borrowings	364	368	220	(B) Financial Assets			
(ii) Lease liabilities	42	33	29	(i) Investments	3	3	4
(iii) Trade Payables	5,235	5,513	5,208	(ii) Trade Receivables	5,077	6,968	6,905
(iv) Other Financial Liabilities	324	404	432	(iii) Cash & Cash Equivalents	1,691	1,754	1,643
(B) Other Current Liabilities	3,085	4,071	4,590	(iv) Bank Balances	3,668	3,726	3,864
(C) Provisions	73	66	117	(v) Loans	201	152	82
(D) Liabilities for current tax (Net)	150	59	49	(vi) Other Financial Assets	137	151	100
<b>Total Current Liabilities</b>	<b>9,273</b>	<b>10,514</b>	<b>10,645</b>	(C) Current Tax Assets (Net)	3	0	14
<b>GRAND TOTAL - EQUITIES &amp; LIABILITIES</b>	<b>16,254</b>	<b>19,402</b>	<b>20,807</b>	(D) Other Current Assets	879	1,302	1,559
				<b>Total Current Assets</b>	<b>13,469</b>	<b>16,279</b>	<b>16,679</b>
				<b>GRAND TOTAL – ASSETS</b>	<b>16,254</b>	<b>19,402</b>	<b>20,807</b>

## INVESTOR RELATIONS TEAM AT VALOREM ADVISORS .....

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