



August 31, 2021

To,

BSE Limited  
The Corporate Relationship Dept  
P.J. Towers,  
Dalal Street,  
Mumbai – 400 001

**BSE Company Code: 500214**

Dear Sir/ Madam,

Sub: **Submission of Transcript for conference call under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.**

Pursuant to our letter dated August 5, 2021, we enclose herewith communication relating to conference call as per Regulation 30(6) Para A of Part A of Schedule III of the SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015.

The said conference call with the Institutional Investor/Analyst on Thursday, August 12, 2021 was to discuss the financial performance of the Company for the First quarter ended June 30, 2021.

The aforesaid information is also disclosed on website of the company i.e. [www.ionindia.com](http://www.ionindia.com).

Kindly take the information on your record.

Thanking You,

**Yours faithfully,  
For Ion Exchange (India) Limited**

**Milind Puranik  
Company Secretary**

**Ion Exchange India Limited**  
**Q1 FY22 Earnings Conference Call**  
**August 12, 2021**

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**Moderator:** Ladies and gentlemen, good day and welcome to Ion Exchange India Limited's Q1 FY22 earnings conference call.

As a reminder, all participants' lines will be in the listen-only mode, and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal for an operator by pressing '\* ' and then '0 ' on your touch-tone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Anuj Sonpal from Valorem Advisors. Thank you and over to you Mr. Sonpal.

**Anuj Sonpal:** A very warm welcome to you all. My name is Anuj Sonpal from Valorem Advisors. We represent the investor relations of Ion Exchange India Limited. On behalf of the company, I would like to thank you all for participating in the company's earnings conference call for the 1st quarter of financial year 2022.

Before we begin, I would like to mention a short cautionary statement. Some of the statements made in today's earnings conference call may be forward looking in nature. Such forward-looking statements are subject to risks and uncertainties which could cause actual results to differ from those anticipated. Such statements are based on management's beliefs as well as assumptions made by and information currently available to the management. Audiences are cautioned not to place any undue reliance on these forward-looking statements in making any investment decisions. The purpose of today's earnings conference call is purely to educate and bring awareness about the company's fundamental business and financial quarter under review.

Now, let me introduce you to the management participating with us in today's earnings conference call and give it over to them for opening remarks. We have with us Mr. Aankur Patni - Executive Director, Mr. N. M. Ranadive - Group CFO, Mr. Vasant Naik - Executive Vice President of Finance, and Mr. Milind Puranik - Company Secretary.

I request Mr. Vasant Naik to give his opening remarks. Thank you and over to you, sir.

**Vasant Naik:** Good afternoon everybody. It is a pleasure to welcome you to the earnings conference call for the 1st quarter of the financial year of 2022. Firstly, I hope that everyone is keeping safe and well. Let me take you through the financial performance for the Q1 of FY 21-22 of our company on a consolidated basis. The operating income for the quarter was INR 3141 million, an increase of approximately 18% year on year. Operating EBITDA reported was INR 358 million, an increase of approximately 14% year on year. The EBITDA margin percentage stood at 11.4%, a slight decrease of 40 basis points on year on year. Net profit after tax was INR 232 million, an

increase of 32.6% year on year while the PAT margin percentage was 7.39%, an improvement of 79 basis points on a year-on-year basis.

As evidenced from the numbers, the company witnessed steady improvement in the financial performance. There has been an improved opportunity flow from the international markets. However, on account of the resurgence of the second wave of Covid-19, besides dampening the economic recovery, it has also posed challenges for execution including disruptions in logistics for material movement.

Let me take you through the quarterly segmental performance on a consolidated basis. In the engineering division, the revenue for the quarter was INR 1767 million, an improvement of 3.8% compared to the same period of last year. The EBIT for this segment was INR 92 million which decreased by 17% on a year-on-year basis. The execution of the ongoing engineering orders was affected due to the second wave of Covid-19 and restrictions in various geographies. We have a healthy order book on the back for steady flow of medium-sized orders coupled with 2 large EPC orders received from UP Jal Nigam for approximately 12,000 million and IOCL Paradip Refinery for an EPC project for design and installation of an effluent treatment plant for a total contract value of INR 3574 million. The ground activity in the UP Jal Nigam project has started, and we expect to start accruing the revenues from the 3rd quarter of this current financial year. The total order book as of 30th June 2021 stood at INR 7320 million. This excludes the Sri Lanka project, the UP Jal Nigam project, and a recent contract awarded to us from IOCL. If we add these to the order book, our total order book would be more than INR 25,000 million and we would also have a big pipeline of approximately INR 55,000 million. With this, we have a strong revenue visibility for the next 2-3 years from the engineering segment.

Coming to the chemical division, the revenue for the quarter was INR 1251 million which increased by 51% on a year-on-year basis. The EBIT was 273 million which also increased by 53% on a year-on-year basis. With the progressive Covid-19 relaxations in the country, the sales and dispatches have picked up by the quarter end. However, exports for the quarter were muted due to the logistic challenges which affected the dispatches. The margins were also under pressure due to the increase in the raw material input costs. The company has taken measures to mitigate the impact including passing on the cost to the customers wherever possible.

Lastly, in the consumer products division, the revenue for the quarter was INR 235 million, an increase of about 17% on a year-on-year basis. The loss for the quarter was INR 13 million versus a loss for 8.4 million for the same period in the previous financial year. The Covid second wave and the associated social restrictions with restrained economic activity in key consumer sectors continued to pose challenges, although the company has launched some new products at the end of the quarter which are getting good responses in the market.

With this, we can now open the floor for the question & answer session.

**Moderator:** We will now begin the question & answer session. Ladies and gentlemen, we will wait for a moment while the question queue assembles. The first question is from the line of Sunil Kothari from Unique Portfolio Management Service. Please go ahead.

**Sunil Kothari:** Congratulations for a really very good performance during these difficult times. My question is basically, in the chemical segment during the last almost 10-12 quarters, our range of revenue is roughly 110, 120, 125 crores. I wanted to understand if the constraint is on the side of demand or capacity? That is my first question. And whatever the constraints, what efforts we are taking to overcome those hurdles to move towards a new trajectory?

**Aankur Patni:** The chemicals segment is seeing much better prospects. The demand scenario has improved, especially in the export market. However, during this 1st quarter, we faced significant logistic challenges. Availability of containers and other challenges associated with shipping the products to international locations were quite heightened, this is one of the important reasons why the numbers have not grown more than what they already have.

**Sunil Kothari:** Sir, my question is, are we adding enough capacity and doing Capex? I think in the last quarter con-call also, you said that we are planning to invest more than 100 crores as previously we had planned and then we are thinking about bigger investments. So, if you can talk a little bit more about opportunity and the investment we are doing? I am not worried about these quarterly numbers. What I am saying is, are we moving towards bigger size of chemical business by investing and opening up further opportunities?

**Aankur Patni:** Yes, we are. As of this quarter, our capacity utilization was roughly in the range of 70%. That leaves us a little bit of headway. Beyond that, as I have been mentioning over the past few calls, we are going to invest in the greenfield project to expand capacity on resins. This investment is going to be upwards of 200 crores and that would increase our ability on this part of the market substantially. We are also expanding our capacity in the other chemical line. This is not just happening in India but we are also putting up facilities abroad to meet the distributed demand.

**Sunil Kothari:** Sir, by when we are planning to invest this Rs. 200+ crores investment? When the project execution cycle? Something more details will be very helpful.

**Aankur Patni:** The investments would ,likely, start towards the end of this financial year. The capacity would get online only towards the end of FY23.

**Sunil Kothari:** Sir, my next question is on the engineering side. You rightly always talk very positively about our capability in the international market and our recognition in the engineering segment and we were I think expecting some really good and sizable orders which we already received from domestic - UP government's project. Anything would you like to talk on international order? That is one question, and related to that, currently we are executing roughly 1000 crores of size of business in the engineering segment. If given order and international opportunity, can we reach higher size execution maybe 1500 crores or maybe 2000 crores and for doing that, what we will require to do and are we preparing ourselves for those things? if you can share your thoughts, it will be really helpful.

**Aankur Patni:** We have been following a lot of opportunities globally, as I have shared on a few of the earlier calls. These opportunities take time to mature. However, we are close to concluding some of these. I would still not be able to give you an exact timeline, but hopefully it will be soon. These are large international orders. In terms of looking at an overall expanded invoicing from the engineering segment, I certainly hope that in the coming periods, we will be able to execute at a larger scale, and as we speak, we are augmenting our capabilities to be able to handle more numbers of such large contracts.

**Moderator:** The next question is from the line of Renjith Sivaram from ICICI Securities. Please go ahead.

**Renjith Sivaram:** I hope we are able to tackle this Covid in a better way compared to our competition looking at your numbers. I just wanted to know this 200 crores of Capex which we are putting in, what can be the potential revenue from this 200-crore CapEx? If you can share some ballpark numbers on this?

**Aankur Patni:** We should be expanding our capacities substantially. This would go up by more than double of our current capacity eventually. In the initial phases, we are expecting the capacity to at least double and thereafter we will take up further expansion of that capacity.

**Renjith Sivaram:** So, the contribution from this resin segment can potentially double from hereon once these capacities come on stream. Is that understanding, correct?

**Aankur Patni:** That's right. Once we achieve full capacity utilization, that is what would happen.

**Renjith Sivaram:** Sir, you had mentioned 5500 crores in the order pipeline. If you can elaborate from which segments are you seeing these orders or what will be the timelines or some more clarity on that order pipeline of 5500 crores which you have shared in your PPT?

**Aankur Patni:** The offer pipeline is largely in the heavy segment. It would be a mix of infrastructure projects and industries like refinery steel, fertilizer, power segment. It has a reasonably good percentage of international offers. This does not include the mega projects that we are pursuing in the international markets.

**Renjith Sivaram:** We get to hear regarding this desalination project from Chennai and also there have been a couple of other desalination in and around Mumbai. Did we participate in any of these tenders or we will try to stay away from desalination? What is our strategy on this desalination market?

**Aankur Patni:** We were one of the first in the country to enter into the desalination engineering projects and have been participating in such projects for quite some time. Although we are not necessarily pursuing all opportunities, and especially when it comes to the infrastructure side or the municipal side, we take our pick and would pursue only selected opportunities.

**Renjith Sivaram:** So, we won't be looking at Chennai because of the size of the project. Is that understanding correct?

**Aankur Patni:** We would evaluate our strategies and would take a decision in the times to come.

**Moderator:** The next question is from the line of Dipen Shah, an individual investor. Please go ahead.

**Dipen Shah:** Congratulations on a good set of numbers. Continuing with the chemical business, I just wanted a slightly more understanding on who is the competitive scenario in the chemical segment panning out and specifically are there any protection or protective measures which help us in terms of say anti-dumping duty or any other protection which is currently helping us, and if yes, then whether you expect these to remain or to go away?

**Aankur Patni:** There are no significant advantages which we are getting because of anti-dumping duties or otherwise. On the contrary, we are experiencing some unreasonable price movements on the raw material side and the corresponding price movements on the imported finished goods may not always be apparent. In spite of these, we have not really seen any protective countermeasures taken by the government. Having said that, we are well capable of handling competition both domestically and internationally.

**Dipen Shah:** Sir, in terms of the margins in this business, how confident are we of being able to pass on all the cost increases or maybe we should expect some impact on the margins in the foreseeable future?

**Aankur Patni:** We have seen an impact in the current period, i.e., the margins in the chemical segment have dipped a bit. Our ability to pass on the costs is reasonable but it takes a little bit of time. Roughly, it takes 1-1/2 to 2 months for the margins to get stabilized again.

**Moderator:** The question is from the line of Chirag from \_\_\_\_\_ and Associates. Please go ahead.

**Chirag:** Sir, where do you see Ion Exchange growing within 10 years and what about the DuPont eyeing into the Ion Exchange business and is Ion Exchange planning to do operations in diversified fields rather than growing more on only chemical and engineering?

**Aankur Patni:** Ten years is a long time frame, Chirag, and I would not like to dive into speculation on that long a time frame. Needless to say, we will be looking at multiples of where we are today. We hope to continue growing at a reasonably good pace as we undertake these measures on capacity expansion both in terms of geographical presence and the products that we manufacture and engage in. We do not really envisage that we will be growing into unrelated areas

**Moderator:** The next question is from the line of Vikas Goel, an individual investor. Please go ahead.

**Vikas Goel:** Sir, you have recently launched a product called Hydrolife in consumer segment. It has all the ingredients to become our company at a next level. I want to know about this product that how this product can help our company to go to a different level and whatever the competition. Is there any competition for this product in the Indian market?

**Aankur Patni:** This is an innovative product launched by our company. I am sure in times to come, it will contribute significantly to the growth of the consumer segment. Competition for this product is limited.. This has got a lot of innovative features which other similar products don't have. So, you are right. This has a significant potential to contribute to the growth of the consumer segment.

**Vikas Goel:** Sir, I am not saying that aggressive marketing or any push for this product since it has been launched 3-4 months back, but this product is so good that we should spend aggressively on marketing this product, sir?

**Aankur Patni:** The product goes through various cycles of introduction in the market. The initial couple of months is always soft launch where we would try out the product in different markets, make sure that our service delivery is optimized and the supply lines are completely streamlined, and only thereafter, you would see an increased level of market spend.

**Vikas Goel:** Sir, we are hearing about DuPont taking stake in our company. What about this?

**Aankur Patni:** Please don't get swayed by market rumors and I would request you to keep the questions to the facts and the numbers which are being published by the company.

**Moderator:** The next question is from the line of Manish Poddar from Nippon India. Please go ahead.

**Manish Poddar:** Sir, just 2 questions. First one is on the chemical side. Could you probably quantify how much of orders that you didn't go through because of probably the logistics or lockdown and would it be a fair understanding that this will come back in Q2 and thereby our margins will get restored?

**Aankur Patni:** Yes, Q2 should perform better. However, the logistic challenges haven't really been solved as yet. If you are tracking the global crisis on the front of availability of containers and closure of a few major ports in some of the countries, you would know that the problem still exists. There is expectation that this situation would start easing over the next few months. We are keeping our fingers crossed and hoping that in the coming times, the logistic challenges will be significantly lesser.

**Manish Poddar:** Probably could you quantify how much amount of orders were lost because of this?

**Aankur Patni:** Orders were not exactly lost, but we have not been able to ship out what we could have shipped out during this period. Our customers have been quite understanding. Everybody is aware. I guess there would always be situations where the requirement is immediate and if our ability to supply is not commensurate with the requirement, there would be some attrition of this demand. I would not really be able to quantify exactly how much this has been.

**Manish Poddar:** The chemical Capex which you are doing, any timeline you have, let us say, for utilization of the plant?

**Aankur Patni:** It would take roughly 2 to 3 years for the plant to get into 100% capacity utilization stage.

**Manish Poddar:** If I understand correctly, it is largely your extension of the existing products. Or are we going to do more value-added products here?

**Aankur Patni:** No, it would be focusing largely on the current line of products. The addition to the existing product line is an ongoing exercise. This plant is not specifically targeted towards new product introductions.

**Manish Poddar:** On these 2 contracts which we had for the UP projects, have you been able to now quantify the quantum of the order? I think last quarter we had an estimation. Given that now we are

up about 2 to 3 months and probably we will start booking revenues from Q3, any estimation now you would have got on the order size?

**Aankur Patni:** We have submitted project reports for some of the villages and these are approved. This process is still in the early stages. However, based on the current numbers that we are seeing, the estimate value would go up from what we had earlier projected.

**Moderator:** The next question is from the line of Pratik Kothari from Unique Portfolio Management Service. Please go ahead.

**Pratik Kothari:** In the last con-call, you had mentioned that we are working on some technological innovation on the chemical side and that was the reason why we have delayed our Capex a fair bit and also taken it up from 100 crores to 200 crores. If you can just throw some light what was the technical innovation that we were working on?

**Aankur Patni:** I am sorry, that is not something which I will be able to share with you. It is a significant advantage that this bit of innovation will provide to us and we really hope that once the plant is fully executed, we would be able to convert it into improved revenues and margins.

**Pratik Kothari:** Sir, earlier our plan was to double the resin capacity, right? Now what we are doing is, we are also doubling the other chemicals segment.

**Aankur Patni:** No, this greenfield project is talking only about the resin capacity expansion. The chemical capacity expansion is happening as I mentioned earlier through other projects which are more distributed in nature. We are trying to create capacities in the international market so that we are able to address the demands originating from the respective zones.

**Pratik Kothari:** And this is included in the 200 crores that you spoke about?

**Aankur Patni:** No, this is not included in that 200 crores.

**Pratik Kothari:** Earlier, we had said that we will be doing 3 times asset turn on the earlier 100 crores. That still remains for this 200 crores on the resin part?

**Aankur Patni:** As I said, this expansion would initially look at doubling our capacity. Asset turn will not be 3 times, it will be slightly lesser than that.

**Pratik Kothari:** Sir, the reason I asked this was, while we were earlier doing 100 crores of CapEx to increase our resin capacity. Our resin capacity was supposed to go up 2 times. Now, instead of 100, we are doing 200, but still we are keeping that the capacity will still work only 2 times?

**Aankur Patni:** Yeah, because this plant would be in a position to give us more capacity expansions in the next phase. The second bit is that the additional investment which I spoke about on the technological front, that would give us advantage on other areas, not just in terms of capacity. It would have a very good payback.

**Pratik Kothari:** What would be our capacity utilization on the membrane, sir?

**Aankur Patni:** Membrane capacity utilization is upward of 90% at the moment.

**Pratik Kothari:** Are we working to increase that?



**Aankur Patni:** Yes, we have already gone ahead with a plan to double the capacity. This expansion should also be in place by the end of this year,.

**Moderator:** The next question is from the line of Ritesh Chheda from Lucky Investment Managers. Please go ahead.

**Ritesh Chheda:** Sir, I have 2 questions; one on the project side. Now with the execution starting on the 2 large projects, what is the expected revenue booking that you would expect totally for the current year and at what stage does the UP project start becoming profitable?

**Aankur Patni:** The UP project is actually a number of projects pooled together, as I had mentioned in one of the earlier calls. We are looking at a number of villages and village clusters, and for each one of these, we would be having a separate DPR or project report and we will be executing those individual micro projects. Each one of these would be profitable. In terms of invoicing on the these UP projects, we expect it to start in the 3rd quarter. The other large project which we have just won from the petrochemical industry, I am not expecting any major invoicing to happen in this current financial year.

**Ritesh Chheda:** What is the expected revenue in the project this year or execution that you will do this year?

**Aankur Patni:** It should be a little bit higher than the last year in percentage terms.

**Vasant Naik:** We expect roughly 20% growth on the 2021 engineering turnover.

**Ritesh Chheda:** My second question is on chemicals. Whatever the industry checks we have done, chemicals is a largely single-digit growth industry because the usage is restricted to thermal and water. First one, is this assessment correct? And second, when you are putting such a large capacity, is the idea behind the capacity utilization linked to export or for it to get utilized?

**Aankur Patni:** In terms of utilization, chemicals are utilized in all industries and all sectors that we operate in. Virtually every single entity that we would engage with would have some form or the other of chemical demand. There is also a very large potential in the export market, and as you would have been witnessing, we have been performing reasonably well in the export market and we continue to expand our presence in various markets and products. We are more than confident that this capacity which we are putting would get utilized in a short period of time.

**Ritesh Chheda:** What is the market growth rate for the industry - chemicals?

**Aankur Patni:** Yes, it is safe to say that the percentage market growth is in single-digit. However, our growth potential is not dictated by market growth because our market share at a global level, is really very small. So, there is a significant opportunity for us to grow at a higher pace than the overall market growth.

**Ritesh Chheda:** What would be the size of the largest player?

**Aankur Patni:** It's over a billion dollars.

**Moderator:** The next question is from the line of Bhavya Doshi from Kriis Portfolio Private Limited. Please go ahead.

**Bhavya Doshi:** I just had 2 questions for you. I wanted to understand what is the target size of our membrane and the resin market. And also, how are we seeing things on the consumer segment?

**Aankur Patni:** Did I get your question correct? You are wanting to know what is the target market for resins and membranes?

**Bhavya Doshi:** Yeah, and also what's your outlook on the consumer segment?

**Aankur Patni:** Consumer segment, I am very hopeful that we will be doing much better this year compared to the previous years. I am still hopeful we will be able to turnaround by the end of the financial year.

Resin and membrane market is wide market. As I was just talking to the previous caller, almost every industry and in all sectors whether medium, large, or infrastructure, there is a requirement for resins and membranes. This is both in India and internationally. In the Indian market, we have a dominant share of the resin market. However, globally our market share is in the very low single digits. Therefore, the opportunity in the international market is really very large.

**Moderator:** The next question is from the line of Sunil Kothari from Unique Portfolio Management Service. Please go ahead.

**Sunil Kothari:** Sir, looking at the opportunity available related to water engineering segment in the domestic and international markets, our industrial investment has also slowly started happening. So, we got just 1 order and again hopefully we will be getting more. So, will it create a better pricing power from our side and it will give you a little bit better margin? That is right conclusion or understanding?

**Aankur Patni:** It's a very dynamic situation, difficult to answer or generalize this. But yes, as the scale goes up, our ability to negotiate goes up. We certainly hope that we will be able to capitalize on this leverage in the times to come.

**Sunil Kothari:** Sir, with this reasonably good order book size, will you be constrained for not taking any further bigger orders or you have further scope to get and execute parallelly further this type of and this size of orders during current and next year?

**Aankur Patni:** No, we are not really constrained. We would be able to pick up large orders, but it certainly gives us additional ability to be selective and choosy about what orders to pick up and at what terms. The project business or the engineering business is such that expansion of our ability or capacity is not really a big constraint. Basic expertise of handling these projects very much exists in the company, and we are able to expand our manpower or engineering design and execution capabilities at relatively short notice.

**Sunil Kothari:** Can we complete this Sri Lankan order looking at the current situation in the current year?

**Aankur Patni:** Over the course of the last quarter or 2 quarters, we have had further challenges because of the Covid scenario. Certainly, this current wave has hit not just our own country, but also Sri Lanka quite bad in terms of effect on human life and its impact is larger as compared to earlier stage. Therefore, there have been delays arising on account of movement of material,

movement and availability of manpower and also on-site execution. So, we have got a further extension from the Sri Lankan Water Board, and we, at the moment, expect that a good portion of the contract to be executed by the 3rd quarter. There would be some tail of the contract which would still be left. Hopefully, we should complete that bit also by the end of the financial year.

**Moderator:** The next question is from the line of Renjith Sivaram from ICICI Securities. Please go ahead.

**Renjith Sivaram:** We have seen the pace of execution and also the margins have tapered down in the current quarter. Yeah, we understand that some of this is due to this second wave of the pandemic, but then, what is our overall view for this year like what's the kind of growth will it be in mid teens or single digit or what do you see the overall growth for this year for the projects? Last year had been a very good year in terms of margins. Would we be able to repeat such kind of a margin performance or do you believe that because of the kind of projects, the margins would be a tad lower?

**Aankur Patni:** I think there was an earlier question on this and Vasant had responded that we expect roughly 20% or thereabouts growth on the engineering revenue. This is on a full year basis. And on a full-year basis, we should be able to sustain the margin which we reported last year.

**Renjith Sivaram:** In the consumer, why do we still want to run that business? because it is making continuous losses. So, what is the overall strategy in the consumer business? What are your thoughts on that?

**Aankur Patni:** I am quite hopeful that this year around, we would be able to at least break-even on the consumer segment. The potential of this segment is large. Our approach is to target products which are innovative and different from what some of the other competitors offer, we are also operating in a slightly different market space, for example, rural India. Further, the kind of products and challenges which it requires is slightly different from what you would see in an urban landscape.

I am hopeful that in times to come, the segment will justify itself both in terms of topline and bottom line.

**Moderator:** The next question is from the line of Mr. Reddy, an individual investor. Please go ahead.

**Reddy:** Sir, my question is regarding this engineering division pipeline. You mentioned that it is about 5500 crores. This 5500 crores is exclusive of the international orders. Am I correct, sir?

**Aankur Patni:** Yes, this excludes the very large opportunities that we are pursuing in the international market. The reason that we exclude from this number is because it would very unreasonably skew and present a very large picture. The gestation period could be in the range of 4 to 5 to 7 years,

**Reddy:** Sir, it is gratifying to know that we are aiming at such an order and it will put our company in the next league. It is a great thing to know. Another question, sir, regarding this passing all of the raw material cost of connection, are we following the same principle in our engineering division also, sir?

**Aankur Patni:** Yes, we try to do that in engineering business also. However, because of the nature of contracts and orders that we have in these 2 segments, there is a difference in the mechanism of how the price increases can be passed on. It is often a shorter cycle in case of chemicals and a longer cycle in case of engineering and the nature and extent of negotiation, the give-and-take which happens with customers, is also different. In some cases, in the engineering contracts, the price escalation is already built-in and in some others, it's a question of our ability to convince the customers which takes a little bit longer. But yes, we do make an attempt in almost all cases to try and explain to our customers the rationale and we generally get good support from them.

**Moderator:** The next question is from the line of Dipen Shah, an individual investor. Please go ahead.

**Dipen Shah:** I just had one question; you spoke about a 200-crore CapEx for the chemical business and some more CapEx you were hinting out of India. If you can just quantify that amount of CapEx what it could be, and if I understand it correctly, this will be finance from internal accruals or you are looking at any debt or equity option?

**Vasant Naik:** The CapEx of the 200 crores which was referred to will be a mixture of debt and internal accruals. As regards the CapEx other than the 200 crores, we expect it to be in the region of another 60 to 65 crores. That will be largely through the internal accruals.

**Moderator:** As there are no further questions, I will now hand the conference over to Mr. N. M. Ranadive for closing comments.

**N M Ranadive:** Thank you all for participating in this earnings con-call. I hope we have been able to answer your questions satisfactorily. If you have any further questions or would like to know more about the company, we would be happy to be of assistance. We are very thankful to all our investors who stood by us and had confidence in the company's growth plan and focus. And with this, I wish everyone a great evening. Thank you.

**Moderator:** On behalf of Ion Exchange India Limited that concludes this conference.