ION EXCHANGE
Refreshing the Planet

August 11, 2022

To

BSE Limited
The Corporate Relationship Dept.
P.J. Towers, Dalal Street
Mumbai-400 001
Scrip Code: 500214

National Stock Exchange of India Limited
Exchange Plaza, C-1, Block- G,
Bandra Kurla Complex, Bandra (East),
Mumbai-400 051
Symbol: IONEXCHANG

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 July 21, 2022, 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 4, 2022 was to discuss the financial performance of the Company for the first quarter ended June 30, 2022. The aforesaid information is also disclosed on website of the company i.e. www.ionexchangeglobal.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 FY23 Earnings Conference Call
August 4, 2022

Moderator: Ladies and gentlemen, good day and welcome to the ION Exchange India Limited's Q1 FY23 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 an operator by pressing '*' then '0' on your touchtone phone. Please note that this conference is being recorded.

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

Anuj Sonpal: Thank you. Good afternoon, everyone and a warm welcome to you all. My name is Anuj Sonpal from Valorem Advisors. We represent the investor relations for 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 first quarter and financial year 2023.

Before we begin, I would like to mention a short cautionary statement. Some of the statements made in today's Conference Call may be forward-looking in nature. Such forward-looking statements are subject to risk and uncertainties which could cause the actual results to differ from those anticipated. Such statements are based on management's belief as well as assumptions made by and information currently available to the management. Audiences are cautioned not to place 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 call. I'll hand 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 of the company. Without any further delay, I request Mr. Vasant Naik night to start with his opening remarks. Thank you and over to you, sir.

Vasant Naik: Thank you Anuj. Good afternoon, everybody. It is a pleasure to welcome you to the earnings conference call for the first quarter of financial year 2023. Let me first take you through the financial performance for first quarter of the current year on a consolidated basis. The operating income for the quarter was INR 3824 million, an increase of around 22% year-on-year. Operating EBITDA reported was INR 329 million, a decrease of around 8% year-on-year and EBITDA margin stood at around 8.6%. Net Profit After Tax reported was INR 274 million, an increase of 18% year-on-year while PAT margin percentage was 7.17%, a decrease of 22 basis points on a year-on-year basis. Let me now take you through the quarterly segmental performance on a consolidated basis. In the engineering division, the revenue for the quarter was INR 2024 million compared to INR 1767 million during the same period last year, an increase of 15%, EBIT for this segment was INR 81 million compared to INR 92 million on a year-on-year basis. The company witnessed robust order flow both in the domestic and international markets. Regarding the Sri Lanka order, the execution progressed at a slow pace due to the current political uncertainties and the commodity shortages. On the other hand, execution of the UP Jal Nigam is progressing satisfactorily and revenue has been recognized based on work completion. Margins in the engineering segment were impacted because the company has strengthened the infrastructure on the back of the increased order backlog to enable increased pace of execution in the subsequent quarters. Secondly, the rise in the input cost in the earlier quarter also affected the segment margin in the current quarter. Coming to the order book as of June 30, 2022, it stood at approximately INR 1529 crores excluding the Sri Lanka and the UP Jal Nigam order and if we add both to the order book, the cumulative order book would be in the region of INR 2912 crores. We also have a bid pipeline of INR 8000 crores. With this, we have a strong visibility revenue for the next two three years from the engineering segment. Moving to the chemical Division, the revenue for the quarter recorded was INR 145 million, which increased around 16% from INR 1251 million on a year-on-year basis. The EBIT was INR 313 million, which increased from INR 273 million year-on-year. The sales in the domestic segment continue to record steady growth. While there was reduced volatility in the raw material costs, the sharp appreciation of the dollar kept the input costs under pressure. Coming to the consumer division segments, the revenue for the quarter was INR 505 million, an increase of around 115% on a year-on-year basis. The profit for the quarter was INR 4 million compared to a loss of INR 13 million in the last year. The steady improvements in volumes driven by acceptance of new product launches enabled improvement in the financial performance. We expect the segment to sustain its growth momentum. With this, we can now open the floor for the question and answer session.

Moderator: Thank you very much. We will now begin the question and answer session. The first question from the line of Pratik Kothari from Unique Asset Management. Please go ahead.

Pratik Kothari: Hi, thank you. Good afternoon. Sir my first question is on the engineering part and we have highlighted a point in our presentation that we invested some to strengthen our infrastructure for future orders. I mean, if you can just highlight where is it, what is it that we are strengthening and what is the outlook there?

Aankur Patni: Yes, Pratik. We have strengthened the design, planning and execution teams as far as the infrastructure for engineering is concerned. There has also been upgradation of facilities which has impacted the expenditure side.

Pratik Kothari: My question was more from the internally, what have you prepared for I mean, because we see very healthy growth in order book, the pipeline that we have, your outlook seems very positive for the near future. So wanted to understand what is it that we have done to spend on this, I understand I mean, you take a hit for a quarter or two on your margin, but what have you done to strengthen this, which are those areas that we are improving on it?

Aankur Patni: That is what I highlighted Pratik, the strengthening is in the design, engineering and execution teams and also of the facilities, this is going to have a direct impact on the scale of operations As we look at the coming quarters, there is a substantial order book which we need to execute, we will need these teams to work in parallel and hence the requirement for improvement of this internal infrastructure.

Pratik Kothari: Okay, sir my second question is on the chemical, if you can highlight the CAPEX plan that we had earlier announced any update on the same.

Aankur Patni: Yes, the CAPEX plan stays on course except that we had a long period of vacancy of the approving authority for statutory clearance,. We now understand that the seat has been filled up, we should be receiving the due approvals in the near future. Currently, our expectation is that the plant will go into operation in FY23-24.

Pratik Kothari: Okay, so this will take about 12 odd months when we receive the approval to put up the plant and operationally.

Aankur Patni: That's right.

Pratik Kothari: Okay, fair enough and the other debottlenecking that you were doing in our other chemical division.

Aankur Patni: That's an ongoing process Pratik and it continues. We have a lot of headroom for expanding our revenues.

Pratik Kothari: Fair enough and sir last clarification we were invoked to consolidate all of the various subsidiaries that we have as part of the parent company. Anything you would like to highlight there.

Aankur Patni: That consolidation of subsidiaries is also on course. We will start the formal process in the second half of the current year.

Pratik Kothari: Okay, great. Thank you, sir and all the best.

Moderator: Thank you. The next question is from the line of Kiran Sebastian from Franklin Templeton. Please go ahead.

Kiran Sebastian: Thanks for the opportunity. My first question was on CAPEX just wanted to be clear about this. So we are still awaiting the environment clearance right. Now is my understanding correct?

Aankur Patni: That's right.

Kiran Sebastian: Right and the person who is supposed to give the clearance finally I mean has been appointed that is the status.

Aankur Patni: That's right.

Kiran Sebastian: And there is a high chance that we will be getting the approval and then right away we can start the construction.

Aankur Patni: Again correct.

Kiran Sebastian: Yeah and parallelly is there any plans to augment the capacity inorganically in case we get delayed with this capacity expansion?

Aankur Patni: As of now, our expectation is there will be no further delay. That is our understanding based on discussions. We are always on the lookout for opportunities inorganically, if we do get something which is very interesting, we will certainly evaluate that also.

Kiran Sebastian: Right, right and the second question is related to Sri Lanka. So I see that not much execution is happening there. So have we at least ringfenced the liabilities. So sometimes you see projects where execution gets delayed and you keep burning cash and you end up with a lot of losses? Can you just give me some color around risk management around this particular exposure?

Aankur Patni: Wwe do not expect to have any credit risk in this job. We are not getting paid directly from the Sri Lankan Government and this project is funded by Exim Bank. To that extent, credit risk is not something which is on the top of the mind. Also, any overstay which is happening on site which is attributable to customer can be claimed by the company from the Water Board as per contractual conditions. So there again, as far as overstay cost is concerned, it would not impact. We remain hopeful that in a short period of time, we would get the necessary go ahead from Sri Lankan government and funding agencies to start execution at a faster pace.

Kiran Sebastian: Got it. Thank you, sir.

Moderator: The next question is from the line of Chetan Bohra from Abakkus Asset Manager, please go ahead.

Chetan Bohra: Sir wanted to understand what will be the execution for UP during this quarter and what are the margins made on those. The execution for UP for the quarters.

Aankur Patni: Can I request Vasant if you have approximate number which we can suggest to them. Vasant can you share some approximate numbers for the up contract estimated revenue the second quarter.

Chetan Bohra: And sir my next question was till the time we get the answer. The margins in engineering for the quarter has gone down to nearly about close to 6%. So how should we consider keeping ahead because for the full year we were guiding out anywhere between 10 to 11% margin. So, how should one see this quarter particularly. I understand we should not call it a quarterly performance, but would like to understand how the commodity pressures are and how should we see the margin trajectory going ahead for the engineering division.

Aankur Patni: The margins for engineering segment as we discussed earlier, they have been impacted for primarily two or three reasons, one being that we have strengthened the infrastructure on the back of increased order backlog and expect increased pace of execution in the coming quarters. So, this cost which is currently hitting us on the bottom line would no longer be so in the coming quarters because the corresponding revenues would also come in. The second is the risein input costs in earlier quarters affected the segment margin in the current quarter because of the inventory which was carried over and also purchase orders placed during earlier quarters, which got delivered during Q1 and were used for the invoicing. In the coming quarters, we expect to see a significant improvement on the engineering revenue for FY23 as a whole.. We also have a very strong order book at this point of time and further witnessing a good inquiry bank. From this inquiry bank, our prospects of converting orders are also bright. So with all that outlook, we are certainly hoping for a very good growth compared to what we have seen in the previous year, both in terms of the invoicing as well as the order book. So the margin percentage on conservative basis should be similar to what we achieved in the past year.

Chetan Bohra: Right. Sir thank you and for the UP would it possible to do the details. Sir wanted to understand what was the execution for UP during the quarter and the margins made on both for the quarter?

Vasant Naik: This quarter was around 27 crores and regarding the margin profile, we do not discuss the specifics of the contract in the con call.

Chetan Bohra: So, I understand for Mr. Patni what he gave the answer to the next question that due to the strengthening of the infrastructure for the UP to gear up for the execution front, so the cost was front loaded and going forward, we will be seeing a healthy execution and accordingly the expenses will not be increasing in line with that and we would be seeing the operating leverage benefit. Is it right sir?

Aankur Patni: Yes, that is our expectation.

Chetan Bohra: Right. Certainly the other question was that during the quarter we have got other income nearly about in the standalone I am talking about close to 18 crores. Could you elaborate the details on that.

Aankur Patni: The other income primarily comprises of the interest income and also for this quarter because of the strengthening of the US dollar we have exchange gain of just around eight to nine crores.

Chetan Bohra: **O**kay the Forex gain is 8 to 9 crores and the balances are the interest income basically.

Aankur Patni: That is right.

Chetan Bohra: Okay, and then the chemical division performance was quite steady. So, how should we see the remaining part of the year in terms of the revenue growth and the Greenfield plant has been postponed to the next year. So, how should because we were operating in nearly the optimal capacity. So, that is why there will be a growth on the chemical division.

Aankur Patni: We will certainly see a good growth in the coming periods , we expect the growth trends which we have seen in the first quarter to continue for the year as a whole, we should see better full year margin as compared to what we have achieved in the past year. However, we still should make it contingent upon stability in commodity prices. As also resolution of the supply chain issues which is affecting the commodity market . So, with those small caveats in place we should be seeing better full year margin compared to last year.

Chetan Bohra: Right sir largely the bid pipeline of over 8000 crores would it be possible to say how much percentage of the bid timeline we will be in the advanced stage of talking and the split between the domestic and whether it is in the domestic part of it or whether it is in overseas.

Aankur Patni: There is a mix of international as well as domestic opportunities in that bid pipeline. As far as the stage at which the discussions are, these are at varying stages of discussions. I would put roughly around 30% or so at relatively more advanced stage.

Chetan Bohra: Okay and sir CAPEX for the year would be what continuing Greenfield plant is postponed to the expansion is postponed to the next year as and when we should have clearances. So, keeping that aside what will be the maintenance CAPEX for the year

Aankur Patni: Vasant can you please elaborate on that?

Vasant Naik: Yeah, our total CAPEX will be in the region of around 60 crores and the major CAPEX would be in our enhancement of membrane facility, and also the incremental CAPEX, which we keep on doing in the chemical segment that will also be done.

Chetan Bohra: Right and sir lastly, what would be the mobilization advance received from the up government and are we paying any interest on that?

Vasant Naik: We are not paying interest on the mobilization advance. But regarding the quantum as I mentioned earlier for another question on the same contract, we do not discuss the specifics of the contract.

Chetan Bohra: Okay. That's fine. Thank you.

Moderator: Thank you. The next question is from the line of Santosh Kumar Kesari from Kesari Wealth. Please go ahead.

Santosh Kumar Kesari: I had one question regarding all these projects that we have. Do you have any cost escalation clause built in, for example, rise in input costs. Did you receive any compensation from project owners? That is the first question.

Aankur Patni: So what is your second one?

Santosh Kumar Kesari: Yeah. The second one is about Sri Lanka project. As I understand from the previous participants question that there is some more going on. So, I wanted to ask that. Have you put any loss on that or an expected loss considering that this may not move for the year or so concerning the economic and political situation in Sri Lanka? So are we expecting any loss or have we booked any so far in the financials?

Aankur Patni: Let me answer the second one first. No, we do not expect any loss arising of it. As I explained, the overstay which is caused by the customer or because of the actions attributable to the customer is covered under the contract and we can claim for this stay. So those costs are not going to be a loss for us and the other risks attached to this are the credit risk, which, again, I explained that we do not have a direct exposure to the Sri Lankan Government and because of that credit risk is not there, we do not expect to have any loss on this.

Santosh Kumar Kesari: So do you have international body, for example, financial institution, which has given the contract to us.

Aankur Patni: N,o this contract funding is through Exim Bank, that is why the credit risk is not there.

Santosh Kumar Kesari: Okay. So, we are sure that the project is going to be finish sooner or later.

Aankur Patni: We remain hopeful that very shortly the conditions for execution of the contract will improve. And then we will go ahead with execution in consultation with the funding agencies and Sri Lankan government only when we feel that the recoverability is not going to be a challenge and execution can proceed at a desired pace. As far as price variation is concerned, some contracts, especially with the government and PSUs, do have a price variation clause .Because of the way the price volatility has impacted margins of not just company like us, but across the globe and across industries, the customers have been quite considerate and we have managed to get pricing escalations from customers, even where a price variation clause did not formally exist in the contract.

Santosh Kumar Kesari: Okay. Thank you so much. Thanks.

Moderator: Thank you. The next question is from the line of Vikas Boyal, an individual investor, please go ahead.

Vikas Boyal: Thank you sir. Thank you for the opportunity. Sir my question is what type of opportunity opportunities we are looking for this Green hydrogen , because water is the key ingredient for this. What type of opportunities, we are looking in this field and how it can be for us.

Aankur Patni: This is an interesting opportunity for us and we are keenly working with all major players in India who are evaluating large scale infrastructure setup for green hydrogen. We would certainly be a part of almost all of these projects. You are right in saying that water is an important part of this entire process and we hope to be able to contribute to this particular industry in a big way.

Vikas Boyal: The next question is how hydrolife progressing? What is the progress electric to hydrolife.

Aankur Patni: **T**he market acceptance of the product is very goodand the revenue potential is very high. In coming times we should see much better numbers coming from this product compared to what we have done in the current quarter

Vikas Boyal: Sir how much revenue percentage of consumer segment by this product.

Aankur Patni: I would not be able to disclose exact numbers. I am sorry for that. But it is a significant contributor. Apart from Hydrolife, there are other key product lines which also contribute significantly to the consumer product segment.

Vikas Boyal: Okay, thank you very much. Thank you.

Moderator: Thank you. The next question is from the line of Anurag Patel from Roha Asset Managers. Please go ahead.

Anurag Patel: Thank you for the opportunity. Sir what would be the contribution from private sector in our current order book?

Aankur Patni: Let me see If I have that number handy. They would contribute roughly around 40% to 50%. Am I right Vasant on that?

Vasant Naik: Yeah, I think I around 40-45 will be a right figure.

Anurag Patel: Okay, chemicals, Greenfield CAPEX, what is the total CAPEX plan and how much we have spent till date. The total CAPEX on that is expected to be in excess of 200 crores. At the moment, the execution of this new plant has not started as we highlighted a little bit earlier on the call, we are waiting for the environmental clearance to be formally signed. Only after that we will start working in earnest.

Aankur Patni: You mentioned correctly.

Anurag Patel: Okay in terms of asset terms, can you expect around two times for this CAPEX?

Aankur Patni: Yes, it will be two to three times it will take some time for us to reach the full capacity utilization. But when it does, it should be in that range of two to three times.

Anurag Patel: Okay, one last question sir, any progress on our international orders, we were looking at some large orders we were working with.

Aankur Patni: We continue to work on those, the movement on that unfortunately there is nothing yet to report on it. Hopefully, we will have something to inform you in the near future. As of now nothing has materialized out of those.

Anurag Patel: Okay sir. That is it from my side. Thank you very much. Thank you.

Moderator: Thank you. The next question is from the line of the Tushar Raghatate from Kamayakya Wealth Management Private Limited, please go ahead.

Tushar Raghatate: Sir what would be your gross profit margin for you chemical business and can you expect the chemical business increase in terms of sharing going 2/3 years down the line?

Aankur Patni: You are saying chemical business to increase in terms of share in the overall revenue?

Tushar Raghatate: Yes sir.

Aankur Patni: Let me answer and then we will ask Vasant to give you the chemical segment EBIT margins that we reported. But in terms of percentage share of chemicals in our overall revenue, we certainly expect the chemical segment volumes to improve substantially over a period of next 2-3 years, but likewise, we also expect the engineering volumes to climb as we have been talking about the overall order book and the pace of execution of it. These orders should be improving in the coming quarters and in the years to come. So given both of these, I am not able to accurately give you a statement on how much the percentage variations would take place in each of these segments from quarter to quarter, but on an absolute level, we should certainly see improvement on both of these segments.

Tushar Raghatate: Fair enough sir. Thank you.

Moderator: Thank you. The next question is from the line of Saket Kapoor from Kapoor and Company. Please go ahead.

Saket Kapoor: Namaskar sir. Thank you for this opportunity. Sir I joined a bit late. So pardon me for any repetition. Sir firstly on the consumer products division, so how is this segment going to contribute going ahead and are we able to make the key changes or are the COVID factors now behind us where in that has affected the profitability and of this segment earlier.

Aankur Patni: COVID has certainly impacted the consumer segment substantially, I do believe that the current working environment has helped us to put the COVID factors significantly behind us. The segment as a whole is doing very well. On revenue terms, you would have seen that compared to the first quarter of the previous year, we have grown by more than 100% and the outlook going forward is also very strong. We will continue to maintain the growth momentum. Individual products which we have launched in recent times are also doing very well. The market acceptance is very good and I expect these new products to start contributing in a bigger way in the coming times.

Saket Kapoor: Sir what kind of margins, EBIT margins? What kind of sustainable margins can we look forward from this segment? I think on a top line, this time on a top line of 50 crores. We did PBT of 31 lakh. So what should be the normalized margin and a sustainable one on this and then I will come to the other two segments.

Aankur Patni: If you will evaluate the way consumer segment has moved in terms of its EBIT margin profile. It is a factor of the scale which we have been able to achieve for this segment. As scale of operation rises, you will see sequential improvements in the EBIT margins. The products are quite profitable and my expectation is that it will start contributing to a much bigger extent to the overall bottom line of the company in times to come.

Saket Kapoor: Okay, any ballpark idea that you can give because these are only be at the breakeven points, which we are currently looking.

Aankur Patni: That is right, we are only looking at the breakeven point now. I would not really like to forecast the exact year end number; it is a factor of scale which we are able to achieve. But you will certainly see substantially better than what you are seeing now.

Saket Kapoor: Just dwelling one more line since you are dwelling upon the utilization. So, what is the potential of the segments going right on the top line basis sir.

Aankur Patni: See consumer segment has a very large potential. Potentially the revenue could even more than double in the coming 2-3 years time, but that is as far as potential is concerned. The market size is much more than that. Our market shares are in single digits at the moment.

Saket Kapoor: Dwelling into this, the engineering part. I missed your earlier commentary. So the factors that has led to the lower margins for the engineering segment for this quarter. They will be mitigating going ahead and for the full year as a whole what should be the normal margins in the engineering segment that one should look?

Aankur Patni: I did make a statement on this earlier. We will be able to certainly improve the margins significantly in the coming quarters. Conservatively we should be able to maintain the full year margin percentage, similar to what we have achieved in the past year.

Saket Kapoor: Right sir and on the utilization level for the chemical segment if you have made any comment, what are currently our utilization levels and how was the raw material prices behave for the chemical segment.

Aankur Patni: Utilization level for the chemical segment is roughly in the range of 70 to 75% and you asked about.

Saket Kapoor: Do we see any uptake? Are these the optimum level?

Aankur Patni: So, there is a reasonable amount of headroom available, we would certainly be looking at higher utilizations in the coming period. As we have been mentioning over the past few calls, and we are eagerly awaiting the environmental clearance for our new Greenfield plant. Once those capacities come in, we will be hoping to increase the capacity utilization percentage in the new plant also quite rapidly. So certainly, we will be expecting a significant uptick from the current levels.

Saket Kapoor: Okay, and for the new plant environmental clearance, how much have been invested in the plant and the product profile is significantly different from what we are currently doing.

Aankur Patni: No the product profile is not going to be very different. Of course, there will be something new which will get added. But the overall product profile is similar to what we are doing currently. The plant is awaiting environment clearance so we have not really started in earnest to spend on that. Overall CAPEX plan is in excess of 200 crores and we should be expecting that plant to go on stream in FY23-24.

Saket Kapoor: How much have we invested sir and I will come in the queue for another two.

Aankur Patni: That is not a very significant amount as yet.

Saket Kapoor: But the total CAPEX is of 200 crore that will happen only once we get the requisite clearances from the government authority.

Aankur Patni: Yes it is significantly more than 200 crores.

Saket Kapoor: Okay and where it is located where the plant will be located?

Aankur Patni: It is going to be in Maharashtra

Saket Kapoor: Sir I will join the queue once again. Thank you for all the answers.

Moderator: Thank you. The next question is from the line of Sunil Kothari from Unique Investments. Please go ahead. Mr. Kothari if you are speaking right now, we cannot hear you I would request you to rejoin the session. The next question is from the line of Hemal, an individual investor. Please go ahead.

Hemal: Thank you for taking the question. I appreciate it. Just very quick question on the chemical you said it was 70 to 75% utilization. I just wanted to know what is the last three to four year volume growth in our chemical business? Like if you have a CAGR or anything that you can give in volumes.

Aankur Patni: Let me check. Vasant do you have readily available number to give as far as volume growth CAGR over the last four years is concerned.

Vasant Naik: Last four years, I am sorry Ankur. I will not be having.

Aankur Patni: I can try to give you a ballpark but I maybe off by a few percentage points. So I will not hazard guess at the moment. You can get back through Valorem and we will be able to provide you that answer.

Hemal: Okay. So you believe like year-over-year, would it be at least last year to this year or do you believe there is a volume growth expected or this is all due to price realization.

Aankur Patni: Certainly over the last three or four years, we would have had volume growth, but I, unfortunately do not have ready reference to that number and hence my hesitation in offering you a reply. But as I mentioned I will ask our Investor Relations Firm to get in touch with us and we will provide that.

Hemal: Okay sir, thank you. I really appreciate. That is all from my end.

Moderator: Thank you. The next question is on the line of Sunil Kothari from Unique Investments. Please go ahead.

Sunil Kothari: Yeah, thanks for opportunity. Thank you sir. Very really hearty congratulation for such a good order book. After long we are having sizable order book, sizable deck for further inquiries. Sir my first query is now as expected after last two three years comparable of COVID situation and very difficult situation in commodity prices and volatility next two, three years seems to be reasonably hopefully better. So and you rightly only started investing in reasoning capability, execution capability. So, which are the major focus area which allow you to say generate substantially higher execution. engineering division.

Aankur Patni: I think the opportunities to grow on the engineering segment exists both domestically and internationally. We are now looking at an inquiry bank of more than 8000 crores. A significant portion of that is international. We are hopeful that we will be able to convert a good portion of this inquiry bank and hence the need to expand our overall infrastructure not just to execute the current order book, which we discussed was in the range of around 3000 crores, but also to prepare ourselves for the incoming order flow from the inquiries which are under discussion. So, we should be looking at a significant growth going forward, not just in the next couple of years, but the visibility which we seem to be building up is a good healthy engineering segment at least over the next 4 to 5 years.

Sunil Kothari: Sir for that you will be getting more vendor based supply chain or internally will be increasing our capability.

Aankur Patni: We are improving our internal capabilities in line with what we would normally be expected to do. The vendor base enhancement would be in accordance with the requirements of individual contracts. In general, the portion of contract which we execute internally remains substantially the same and there are significant amount of **bought-outs** which we source optimally through a wide group of vendors. There is no real necessity to exceptionally re-evaluate that vendor base in general, but certainly we do that on a case to case basis depending upon the requirement of the contract.

Sunil Kothari: Okay. Sir on chemical front, I think it seems that we have really good varied customer base internationally also, we have already proven our capability and product acceptance and because of this delay, the environment clearance or whatever reason, we are not able to put new plants, but our existing capacity utilization is also low maybe 70 75%. So which are the roadblock for achieving 90% and 100% capacity before this new plant comes.

Aankur Patni: At the moment the there is a slight demand stress or pressure on the demand in the international markets. There is some degree of demand contraction or suppression or deferment, which we witnessed during the quarter in some of the markets, especially Europe and the Americas. Because of this, the volume growth may not have happened to the extent that we would have liked, but it is also a question of movement from quarter to quarter. The first quarter is typically a light quarter as you may know from the trends. The capacity utilization will rise up as we move towards the next quarter.

Sunil Kothari: Sir, my last question is looking at higher utilization and the revenue momentum trajectory what you are talking. Mr. Ranadive also mentioned about 2, 3, 5 years better engineering division. Overall trajectory of margin EBITA margin which currently we are achieving is 13-1/2 to 14% can it costs 2% plus. Would you really like to comment anything qualitatively on.

Aankur Patni: **As** I mentioned earlier, we are certainly hoping to equal or better the year end margins achieved on the engineering as well as the chemical segment. Certainly on the consumer product side, we are very hopeful that we will be in the black in this year. So, with i all of this combined, I am very hopeful that we will improve the overall margin percentage.

Sunil Kothari: Great sir. With you Good luck, thanks a lot.

Moderator: Thank you. The next question is from the line of Madhusudan Reddy an individual investor. Please go ahead.

Madhusudan Reddy: Good afternoon, sir thanks for the opportunity. Sir this is regarding strengthening of our human resource as you elaborated we have a very good growth path for the next five years. So, you are strengthening in your research space. My question is regarding the strengthening of your human resource base with regard to both senior management this thing as if I am thinking out. Finding young talent into our goal or our senior management team without affecting any of our philosophy or our conversation, your thoughts on this?

Aankur Patni: Thanks for that question Mr. Reddy. We have a culture at Ion exchange which is pro employees and as a testament to that, a large number of our senior management team has been with the company for more than 25-30 years. We continue to adhere to the policy of being extremely pro employee and value the contributions made by our experienced team both in terms of their managerial and technical capabilities. Having said that, the induction of young blood into the entire team is also necessary, which happens at various levels. Both at middle management, junior management levels, and sometimes at relatively, more senior management level also. We certainly do not and will not compromise on the overall values and principles and ethics which the company stands for .

Moderator: Thank you. The next question is from the line of the Tushar Raghatate from Kamayakya Wealth Management Private Limited, please go ahead.

Tushar Raghatate: Sir just want to confirm about the CAPEX for the application. So, you are increasing the capacity of anion and cation raising by at 6000 metric ton each and the amount would be 400 crores. Is my understanding correct sir.

Aankur Patni: as I have been mentioning in this the figure is going to be well in excess of 200 crores and the capacity expansion would lead to doubling of our current capacities in the first phase.

Tushar Raghatate: Okay sir, again, can you please just tell me like how many phases are in this expansion?

Aankur Patni: There will be two phases. That is what is currently planned.

Tushar Raghatate: Okay fine sir.

Aankur Patni: So in the first phase we will double our capacity and thereafter in the second phase we will again add an equivalent capacity.

Tushar Raghatate: Okay sir what would be our gross profit margin for chemical business?

Aankur Patni: Vasant can you indicate the EBIT margin for the chemical segment?

Tushar Raghatate: No sir gross margin I want.

Vasant Naik: The segment EBIT margin is 22% for the chemical segment.

Tushar Raghatate: Fair enough sir. Thank you, sir

Moderator: Thank you. The next question is from the line of Saket Kapoor from Kapoor and Company. Please go ahead.

Saket Kapoor: Sir for the capacity addition in the chemical segment, the expanded capacity which we were augmenting currently, what is our current market share and for the industry as a whole, how much whether the product is imported currently or totally indigenous?

Aankur Patni: Our current market share in India for resinswould be around 40%. There are imported resins available in the market and they have been so for large number of years. The capacity augmentation is targeted not just for India, but substantially for the international market. For the international market as a whole, our market share would be in single digits. So, there is a lot of headroom for expanding our volumes in the international market.

Saket Kapoor: And sir, how are sourcing our raw material, our dependability on the raw material. Having siad it would be much affected by that also, so if you could throw some more light on the same that requirement will also go up in proportion.

Aankur Patni: Certainly raw material requirements will go up in proportion to the volumes which we will manufacture.. These raw materials are sourced both domestically and internationally. The international component is quite widely sourced. We continuously strive to increase the geographic spread of our vendors to ensure that there is no individual geography which has a concentration or over-reliance on any individual vendor.

Saket Kapoor: And what would be the key raw material mix sir. In percentage terms, what are the key raw material for particular segment.

Aankur Patni: It is a wide group of raw materials. There are some which are petroleum based and there are some which are non-petroleum based. A significant percentage would be petroleum based.

Saket Kapoor: Correct sir. Lastly, as you mentioned that first quarter is generally a soft quarter in terms of the executive one, execution cycle or the engineering segment and as you mentioned that we would be aiming for engineering segment posting revenue is higher than what the last year be and the margins if not it will be equal to what last year was.

So this understanding is correct sir for the engineering segment as a whole?

Aankur Patni: Yes, we will certainly be posting more than what we did last year, in fact significantly more. For the company as a whole, I would expect a 30 to 35% growth on top line.

Saket Kapoor: But last year on a console level it was 935 crores, we are looking at a growth of 35% on this number.

Aankur Patni: 30 to 35% for the company as a whole not just for the engineering segment.

Saket Kapoor: Okay, but if we if we could look for engineering as a segment, I think that is the major order contribution.

Aankur Patni: For engineering segment the growth should be more than 30 to 35%**.**

Saket Kapoor: More than 35%**.**

Aankur Patni: **Yes.**

Saket Kapoor: There will be lower growth for the chemical segment. My question was since you have already commented upon the consumer products growing significantly and that has been seen in the first quarter at 100% growth although last year was a COVID affected quarter so comparable are not there, but still we have grown and you guided you are looking for engineering to grow higher. So, there will be lower growth for the chemical segment in that way, in that vicinity. Otherwise, this identify on an overall how will it match the number

Aankur Patni: The engineering segments will go at a higher pace and as far as chemical segment is concerned, it will continue its growth momentum which is not as high as the engineering segment's.

Saket Kapoor: Correct sir and on the Sri Lankan part of the story sir what would be the receivable number from them as on date and do that have any interest component also as the delay deal?

Aankur Patni: Vasant can you answer that the please?

Vasant Naik: The residual part of the contract which is remaining to be executed is just under 250 crores.

Saket Kapoor: And the receivable number from them out of the one which we have executed also. Have we received all the money or the money is retained by them.

Vasant Naik: I cannot give any specific details about the contract.

Aankur Patni: But in any case, the receivables if any are not from the Sri Lankan government, but it would be the money which would be coming from Exim and that is why there is no credit risk involved.

Moderator: Thank you. As that was the last question for today. I would now like to hand the conference over to Mr. N M. Ranadive from Ion Exchange India limited for closing comments.

Nandkumar Ranadive: Thank you all for participating in this Earnings Con Call. I hope we are being able to answer your question satisfactorily. If you have any further questions or would like to know more about the company, we will be of happy to assist. We are very thankful to all our investors who stood by us and have also in confidence in the company's growth plan and focus and with this I wish everyone a great evening. Thank you.

Moderator: Thank you very much. Ladies and gentlemen, on behalf of ION Exchange India Limited, that concludes this conference call. Thank you for joining us and you may now disconnect your lines.