February 13, 2023

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 February 3, 2023, 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 Tuesday, February 7, 2023 was to discuss the financial performance of the Company for the third quarter ended December 31, 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 DATTATRAYA PURANIK

Digitally signed by MILIND DATTATRAYA PURANIK
Date: 2023.02.13 17:42:56 +05'30'

Milind Puranik
Company Secretary

ION Exchange India Limited
Q3 FY23 Earnings Conference Call
February 07, 2023

Moderator: Ladies and gentlemen, good day and welcome to the Ion Exchange India Limited Q3 FY23 Earnings Conference Call. As a reminder, all participant 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. I, now, hand the conference over to Mr. Anuj Sonpal from Valorem Advisors. Thank you and over to you, sir.

Anuj Sonpal: Thank you. Good afternoon, everyone a very warm welcome to you all. My names 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 call for the third quarter and nine months end of financial year 2023. Before we begin, let me mention a short cautionary statement. Some of the statements made in today's earnings 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 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 call is purely to educate and bring awareness about the company's fundamental business and financial quarter under review.

Let me now introduce you to the management participating with us in today's earnings call and hand it over to them for opening remarks. We have with us Mr. Aankur Patni – Executive Director, Mr. Vasant Naik – Group Chief Financial Officer, Mr. N M Ranadive – Group Head of Financial Planning & Risk Management and Mr. Milind Puranik – Company Secretary. Without any further delay, I request Mr. Vasant Naik 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 third quarter and nine months ended of the financial year 2023. For the third quarter under review on a consolidated basis, the company reported operating income of INR 5121 million an increase of around 32% year-on-year and 14% Q-on-Q. EBITDA reported was INR 625 million increase of 46% year-on-year and 17% Q-on-Q. EBITDA margin stood at 12.2% and net profit after tax was INR 477 million an increase of around 70% year-on-year and 23% quarter-on-quarter while the PAT margin improved to 9.31%.

For nine months of financial year 2023 on a console basis, the operating income stood at INR 13421 million an increase of 24% year-on-year. The EBITDA stood at INR 1486 million an increase of around 26% year-on-year and the EBITDA margin was reported at 11.07%. Profit after tax stood at 1138 million an increase of 45% on a year-on-year basis, and the PAT margin percentage improved to 8.48%.

Let me now take you through the quarterly segmented performance on a consolidated basis. In the engineering division, the revenue for the quarter was INR 3263 million, an increase of around 51% year-on-year. The EBIT for this segment was INR 310 million an increase of 174% year-on-year. The company witnessed steady order flow both in the domestic and international market. Whilst the execution of the Sri Lanka order remains significantly affected, the company has engaged in discussions for expediting the project closure on an acceptable way forward. On the other hand, execution of UP Jal Nigam project is progressing satisfactorily and revenue has been recognized based on work completion. Also execution of the other engineering orders picked up pace during the quarter and we expect the trend to continue on the back of the increased order flows and backlog.

The order book as of 31st December 2022 stood at approximately 1637 crores. This excludes the Sri Lanka and UP Jal Nigam and the recent IOCL order which we had won on 2nd February, 2023. If we add these to the order book, our total order book would be approximately 3650 crores and we also have a bid pipeline of 8405 crores. With this we have a strong visibility for the next two to three years from the engineering segment and we are well-placed to undertake a significant increased pace of execution in the ensuing quarters.

Moving to the chemical division, the revenue for the quarter was INR 1515 million, which increased to around 3% year-on-year. The EBIT was INR 378 million, an increase by 23% on a year-on-year basis. The sales in the domestic segment continued to record steady growth while the export volume remained muted. This segment witnessed improved margins aided by stability in the input cost. Lastly in the consumer division, the revenue for the quarter was INR 457 million, an increase of around 30% year-on-year. The loss for the quarter was INR 15 million, this segment continues to record healthy top line growth. 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. First question is from the line of Chetan from Abakkus Asset Manager. Please go ahead.

Chetan Vora: Sir wanted to ask on the engineering front, what has been the execution on account of the UP project for the quarter and that will be at what margins?

Management: The UP execution for this quarter was around 46 crores and as regards the margin as we have mentioned in the earlier Concall, we don't get into the specifics of the contract level margin.

Chetan Vora: Okay. And the capital employed in the engineering division has increased by close to 130 crores quarter-on-quarter. So, that will be towards what thing?

Management: Primarily, we have to take care of execution in the fourth quarter there has been a slight buildup in the inventory level and also because of the higher turnover, the debtor levels have also increased.

Chetan Vora: Okay. And the UP execution, the last quarter it was, I think so it was close to 76 crore. So, this quarter the billing has been lesser, is it right to summarize?

Management: No, last quarter was around the 48 crores and cumulative for the nine months it is 121 crores.

Chetan Vora: And by when the traction in the execution will start happening, because the order book is quite high and we have to execute it in a span of two months or lesser than two years. So, from which all quarter the execution will start ramping it up?

Management: You are talking specifically of the UP order?

Chetan Vora: Yes, UP.

Management: Yes, we expect the traction to pick up from the fourth quarter onwards.

Chetan Vora: Okay, thank you. And can you elaborate how the Sri Lankan project right now, we are not doing any work so how this thing will be getting unfolded in the coming time or it will be a status quo and how much money is yet to be received from the Sri Lankan project?

Management: The pace of execution on the Sri Lankan order has almost come to a standstill. While there are continuing discussions between the Indian government, the Sri Lankan government as well as Exim Bank and IMF, other agencies involved in restructuring of the debt of that country. We remain in touch with all concerned agencies and we can only say that we are getting positive overtones from these discussions. But as of now, till the situation reaches a conclusion which is acceptable to all these agencies. the fund flow to the Sri Lankan projects will remain extremely constrained and hence our project execution also would be going at a , very slow pace.

Chetan Vora: And on the engineering margin front the last quarter of FY22, we had posted 19% margin because of the strong other revenue growth. So, by the end of nine months, so far our EBIT margins on the engineering front is close to 6.7%. So, are we on track to achieve that 10% guidance what you had said as a full year?

Management: We still believe that we will reach close to the double digit figure for the full year.

Chetan Vora: Okay, thanks for that. And next on the chemical front. Can you update on the Greenfield thing how it is seen getting progress because we are waiting for the EC thing. And that was the first thing and the second thing is, the margins in our chemical division has been quite good so the sustainability on that, the two questions from my end. Thank you.

Management: We are still awaiting the environmental clearance for our project. So, there's no movement on that front unfortunately. As it stands, we remain expectant that it can happen anytime. Once it starts, as we had indicated earlier, it will take roughly about a year and a half for the plants to get commissioned. So, we are looking at around the last middle or last quarter of 24-25.

Chetan Vora: Okay. And on the margins front?

Management: We have seen improvement in the margins and this has happened because of the stability in input prices. And hopefully, the stability as well as lack of disruption in supply chains would get sustained, if that happens our feeling is that for the full year we should be able to maintain the current levels or improve it further.

Chetan Vora: For the full year FY23 which has grown over 24% margin what you did for the quarter?

Management: Yes. So, for the full year we should be able to get to margin which is similar to what we have achieved now and maybe improve it a little bit.

Chetan Vora: Okay. And then next year also we would like to do that number?

Management: Yes, this margin is quite sustainable, barring some unforeseen movements in raw material prices or some other unprecedented events, but per se it is quite sustainable.

Moderator: Thank you. The next question is from the line of Prashant Sharma from Quantum Securities. Please go ahead.

Prashant Sharma: Sir my question is regarding the new order that we got for IOCL. When we can see the execution of that order starting?

Management: The execution of that order would start very soon. The contract is for completing the execution in a 24 month period.We have just received the order, the action on that contract will start in earnest very shortly.

Prashant Sharma: Okay. Then my second question is regarding the chemical sector. Our growth has somewhat stalled because if you look at the Y-on-Y growth is at 3% and Q-on-Q has declined by 5%. So, what's the challenges that we are facing and what's the future growth projection in the chemical segment?

Management: Chemical segment is doing quite well on the domestic front. As such, we are seeing good growth numbers and as you will be seeing the margins are also doing well. On the international front however two of our important markets are the North American markets and Europe. Those two markets continue to be slightly constrained, and we remain hopeful that it will recover soon enough. Once that happens, growth should happen on both sides which is domestic and international.

Prashant Sharma: Okay. And my last question is regarding the consumer product, our revenue has increased by 30%, but on a margin there is a decline of almost 200, 300 basis points. So, what's the reason for the decline in EBIT margin?

Management: Overall the consumer segment is doing well on the offtake of new products, as we have been disclosing on the previous calls. We expect that the top line growth will remain quite good. As far as the margins and EBIT level are concerned, we are now investing a little bit more to ensure growth in coming quarters. And some of the expenditures which have been made in the current quarter are oriented to improve the top line as well as the overall operations of the company in the coming period. So, that accounts for a slight dip which you have seen. Overall, we are quite happy with the prospects of the segment.

Moderator: Thank you. We'll take the next question from the line of Akshat Mehta from Sameeksha Capital. Please go ahead.

Akshat Mehta: So, my first question is regarding this advances that you've received over the last six years, because obviously working capital is negative and I believe five years back you said that these were mainly bought into Sri Lanka project. So, I just want to understand if these advances also relate through some other project and what is the sustainability of those advances going forward?

Management: Vasant can you comment on that question?

Vasant Naik: All engineering EPC contracts typically will have a certain percentage as advance and as the engineering order book increases or sustains at the current level the advances will keep on coming in, it's not only related to a specific Sri Lanka order, but all other large EPC orders or even the middle size orders always have a certain percentage as a mobilization advance.

Akshat Mehta: Okay. So, do you have some kind of a run rate that you can share that going forward let's say 3000 crores is the order book right now. So, what will be the kind of advances that we will receive, what will be the percentage maybe?

Vasant Naik: Typically, for an engineering contract ,advance is around 10%.

Akshat Mehta: 10% of the total contract value?

Vasant Naik: That's right.

Akshat Mehta: Okay. Secondly, I just want to understand that in quarter three, we've seen a sharp dip in your gross margins on an year-on-year and quarter-on-quarter basis. So, what are your drivers for that dip in gross margin?

Management: Can you please repeat that question. Are you talking about cost, gross margin?

Akshat Mehta: Yes, we are talking about gross margins, in quarter three your gross margin have come down to around 37%. So, there has been a decline year-on-year as well as quarter-on-quarter in gross margin, so what is the key driver of that?

Management: The engineering segment typically has a higher COGS structure compared to a chemical segment where the cost structure is more towards the operation and other expenses, So, as the share of the engineering segment increases there will be some deviation in the overall cost structure at the gross margin level.

Akshat Mehta: Okay. So, that is not an account of some cost lag effect that we are not able to pass on correct. That is in account of change in mix?

Management: If you see for the quarter the engineering segment contributed around 61% of the overall revenue, it's almost 5% to 6% more than what was there in the earlier year.

Akshat Mehta: Okay. And another thing that I wanted to understand is, had any of the projects currently that are there in the order book multilaterally funded?

Management: Other than the Sri Lanka project which is funded by Exim Bank of India, there are no other projects

Akshat Mehta: No other projects on multilateral fund?

Management: Yes.

Moderator: Thank you. We'll take the next question from the line of Pratik Kothari from Unique Portfolio Manager. Please go ahead.

Pratik Kothari: Sir my first question on the engineering, I believe the IOCL orders which we won the 350 crores and then the subsequent 750 crores. I wish this is the first thing that we have won as ZLD order for a refinery. Can you just throw some more light of what is driving this, what the opportunity can be, regarding the refinery orders?

Management: Thank you for the compliments, Pratik. Yes, certainly this is an important achievement for us, but this is not the first ZLD. We have executed quite a few ZLDs in the past. This certainly is one of the largest contracts in the industry segment, and we look forward to more such opportunities from the refinery sector in India. As you would know, there is quite a bit of a push on the front of environmental management by all companies and especially the larger PSUs have been quite proactive on this front. So, the investments are coming not only with respect to new capacities or expansions, but also to ensure that the technologies are upgraded on the older plants. Therefore a significant amount of Brownfield investments in ZLD and other such technologies are expected. The prospects look good.

Pratik Kothari: Sir, any color on how much of these refining capacity that we have already covered i.e., the opportunity size available?

Management: I would not be able to give you an exact number on that Pratik right now, but certainly our team can get back to you at a later date.

Pratik Kothari: Sure. And sir my second question on chemical, like you highlighted due to some reason we are seeing, it is in the near term we are seeing subdued volume of take but given our stated ambition of doubling the capacity in the first phase and then taking it to 3x. Can you just maybe qualitatively highlight what are those signals that we're receiving from our customers in Europe and North America, and what is giving us this optimism that after a long time, we are going on such a ambitious CAPEX at least on the chemical side?

Management: Per se the growth momentum which we had on international chemical sales was quite good, till we hit a sort of a stumbling block on account of COVID and because of the ongoing war in the Eastern part of Europe. We believe that our products have got good acceptance in that market and there are sustained positive feedbacks from the distribution chain as well as from the end customers. And indeed, our own appreciation of the specific requirements in the different markets and of different customers has continued to improve. All these are coming together in a nice way and I am more than sure that it will translate into much bigger numbers in the coming years. Unfortunately, as we have been seeing over the last couple of quarters that the situation in Europe has not been favorable for a fast paced increase in the revenues coming from that market. But having said that, our expectations remain positive for the coming quarters. Once the growth momentum in both North America and Europe picks up, it would provide a good fillip to our aspirations.

Pratik Kothari: And we had guided for some 30%, 35% growth for FY23, this is at a consolidated level.

Management: That's right.

Pratik Kothari: Okay, so last quarter would be very, very strong. Okay, thank you sir and all the best.

Moderator: Thank you. The next question is from the line of Sandeep Dixit from Arjav Partners. Please go ahead.

Sandeep Dikshit: Just wanted to understand on this Sri Lankan exposure, do we need to make any provisions, have we made any provisions?farjav

Management: Ranadive can you briefly comments on that?

N M Ranadive: Can you repeat the question please?

Sandeep Dikshit: On the Sri Lankan project do we need to make any provisions for whatever, is there any debts or anything, is there any provisions required for the Sri Lanka project?

N M Ranadive: Right now we do not anticipate a need for making provision for our exposure.

Sandeep Dikshit: So, there is no debtors out there on the Sri Lankan project?

N M Ranadive: While there are debtors against this contract including retentions, as of now we do not anticipate a need for making a provision.

Moderator: Thank you. The next question is from the line of Ruchita Gadge from I-Wealth Management. Please go ahead.

Ruchita Gadge: Sir, my question was on the chemical front. So, at the current capacity that you have, what is the revenue potential in it. So, first, I would like to know about that, if you could?

Management: We are continuously upgrading our product mix towards more value addition, and further we are in a continuous process of modular expansion of capacities for specific product lines. Keeping this in mind, we can expect that from the current levels, we will be able to deliver almost 50% kind of a growth based on current capacities. This is for the chemical segment as a whole.

Ruchita Gadge: Okay. And on the consumer business, I wanted to know that the production of these purifiers, are you outsourcing it or are you making it in-house?

Management: For the purifiers we have a vendor who provides us on an exclusive basis, based on the inputs that we give to them this is for the smaller equipment, the larger equipment's are all made in-house.

Ruchita Gadge: Okay, sir. And how is the distribution done?

Management: We use multiple channels for distribution, which includes direct sales channel, distributors, online sales and also the retail chains.

Ruchita Gadge: Okay. And sir this 60% growth that you said in the chemical side of it, that is sufficient for the kind of growth that you are expecting till this greenfield capacity comes in?

Management: Yes, roughly around 50% is what I indicated to you based on current capacities. But we are also, as I mentioned, continuously upgrading our facilities to fine tune our product mix towards more value addition.

We were certainly hoping that the clearance for our resin expansion project would have come in earlier. But as of now it seems that at least for the next year we should be reasonably okay in terms of our both plants.

Moderator: We will take the next question from the line of Saket Kapoor from Kapoor and Company. Please go ahead.

Saket Kapoor: Couple of questions. Firstly, on the bid pipeline, you did mention about 8000 crore is a bid pipeline. So, if you could give us some color on the success ratio, what percentage should be a gain on an bid pipeline of 8000 crore?

Management: Typical success rate on the bid pipeline is around 20%.

Saket Kapoor: Okay. And what should be the timeline sir, the bids this is on a rolling basis?

Management: This is on a rolling basis, the smaller projects in the pipeline tend to close much faster, that could be between three to six months, the larger projects would typically take between 6 to 18 months.

Saket Kapoor: Sir just on a ballpark number, and on a very conservative bases what kind of order book built up we can expect on a quarterly run rate just to take into account the optimist scenario in the bid pipeline on a conservative basis, what should be the fillers we can work, our numbers with the confirmed order intake?

Management: On an overall basis we can make broad assumptions based on our current offer bank. And further to that there will be a few opportunities which would come in the next couple of quarters which will be short cycle and may not even get reflected in the quarterly disclosures of offer bank. We are also witnessing an uptick in terms of the order conversions in the current year. If we exclude the extraordinary order of Sri Lanka then probably this year would end up being one of the best in terms of order intake, and I would expect this trend towards improving order books to continue into the next year and thereafter. Hence, to give a run rate based on the past would probably not be the best way to look at it. Further to that, sometimes a large order conversion happens in one big chunk like the recent, 700 crore order we just declared, that would create a bit skew in a particular quarter. And would not really follow the average run rate that we have been speaking about.

Saket Kapoor: So, we can work on maybe for at least a multi-year projection from this engineering segment, it is not a one off, one or two years business that we are currently looking into, we can very well look into the visibility even going ahead depending upon current business scenario.

Management: Absolutely. The current order book is expected to get executed over a period of two to three years. And as we keep converting the opportunity pipeline my guess would be, we should be looking at progressive improvements in the order book as we go forward. We are getting good response both from the domestic market as well as from the international markets. So, if we factor both of these , this is not a short term phenomena. The global market opportunities should offer good prospects to us over at least a five to seven year period, I don't see these opportunities going down

Saket Kapoor: Sir, intentionally we have always observed that H2 and especially quarter four the execution cycle, there is a good ramp up and also since the first quarter if I'm not wrong you did articulate the fact that you are building up the teams in order to improve the pace of execution. So, going by the last year numbers, or last year percentage of revenue booked under the engineering there is a very likelihood that we can look forward for even stronger execution cycle for big upcoming fourth quarter also, as have been the case historically, we can take reasonable expectation there?

Management: Yes, certainly the fourth quarter we will see much higher levels of executions than we have seen till now.

Moderator: Thank you. We will take the next question from the line of Sunil Kothari from Unique PMS. Please go ahead.

Sunil Kothari: Sir, my question is on, I understand you won't be able to disclose or maybe analyze fully opportunity of this ZLD and PSUs water opportunity. So, what I understand is, this is the first time IOC has started with this size of project, this type of ZLD and so many technical involved water related cleaning projects. India across has many refineries, all the power plants also use so much water. So, if you can just try to analyze may not be in a revenue or other possibilities, but is the size of refineries, number of plants, number of power plants, those will be also supposed to be converted in slowly directly because government is the only agency which can trigger this activity otherwise private sector will not follow this, so your thought process will be really helpful.

Management: Thank you for the question Mr Kothari. Yes, we are seeing the PSUs, in the process of looking at any and every opportunity where they can go greener. IOC in itself is a very large organization and the recent contract is with respect to only one refinery. And we expect others apart from IOC also to be doing expenditures on green technologies at a faster pace. Certainly the PSUs as a whole driven by the central government policies have been one of the more proactive entities on this front. But having said that, it is not that the private sector is lagging. A lot of the large entities have been taking very progressive steps to ensure that their respective entities comply with the highest level or highest standards in terms of environmental compliances and even beyond that. We are certainly standing at a threshold where the country as a whole will witness significant strides towards a much greener and much more responsible industrial attitude towards the environment. I am hopeful that this IOC order is just beginning to substantially improve flow from similar organizations in the future.

Sunil Kothari: So, sir I just wanted to check is, how well prepared are we in terms of manpower or engineering capabilities, are we doing enough, because the opportunity seems to be very large. So, what preparation are we doing if you can say whatever possible?

Management: We continue to invest in people, in systems and in other resources to ensure that we are geared up to take on the upcoming opportunities. This is a continuous process. There is a degree of flexibility which one can have in resource planning for executing these projects. It's not that you have to have all the people on rolls of the organization in advance, it's possible to expand the workforce depending on the need of specific contract executions. As far as the infrastructure goes we have been working to get ourselves geared for much larger scale of operations than the current levels. I can confidently say that with the capabilities that we have added over the last couple of years we are well positioned for a much higher level of execution than current. And we are in a continuous process of augmenting them further.

Moderator: Thank you. The next question is from the line of Tushar Raghatate from KamayaKya Wealth Management. Please go ahead.

Tushar Raghatate: Sir my question is on the engineering division, now we're getting a larger ticket size contract, so I just want to understand the guidance which you gave for the current year will that be maintained near to the range of 20% to 30% going forward looking at the current scenario, the order book which you are saying?

Management: Yes, for the year as a whole, we are maintaining the guidance of a 30% growth in the top line.

Tushar Raghatate: No, sir my question is for the next financial year, considering the bid pipeline, are we confident enough to maintain that growth guidance?

Management: For the next financial year, I'm not giving out the guidance as yet. But directionally, I can say that the order book that we have, needs to get executed over a period of two to three years. And that itself would indicate that the growth in next couple of years should be quite strong. We will be adding more orders to this. And I am quite hopeful that the order flow over the next year will also will be quite good.

Tushar Raghatate: Fair enough sir. My second question is on the execution of UP project. In the percentage term the execution is seems to be very less. So, it's fair to assume that the heightened executions will be in the H2 of the contract, like any contract to take for nearly two to three years, is it fair to assume that the larger execution will happen in the H2 of that respective contract?

Management: The invoicing for the contract tends to be a little bit skewed towards the later part, because in the initial few weeks or months, the effort is towards pre engineering, designing, mobilization and those kinds of things. Ultimately, the invoicing will happen when things start moving on the ground. So, there is a significant preparation which would come somewhere in the middle. And thereafter, as the contract moves towards closure, the invoicing will taper out. So, instead of saying that it is rear ended, I would rather say it is a little bit more towards the center of the contract.

Moderator: Thank you, The next question is from the line of Mahesh Agarwal an Individual Investor. Please go ahead.

Mahesh Agarwal: First thing just wanted to understand was around the Portugal subsidiary. Is that a European company that we have acquired or is it something we are setting up ourselves and then kind of what is the scope of the business we are looking there is that for an EPC kind of business or something in the chemical space?

Management: The European subsidiary that we have reported is a subsidiary which we have set up. And that subsidiary would be looking at all businesses. Currently, the major focus would be towards the chemical segment. Having said that, we are actively looking at acquisitions in the European and in other markets including India. And we are in relatively advance stages of discussions on some of these. So, once those happen, they will add to our overall reach to these respective markets.

Mahesh Agarwal: Got it, so these would be manufacturing opportunities that we would be setting up or acquiring. So, like actual manufacturing on the ground in Europe?

Management: Yes, this would aid our manufacturing abilities in the continent once they reach that stage of maturity.

Mahesh Agarwal: Understood, got it. And then the next one was, again on the waste water industrial treatment side you already spoke a bit about the opportunity and kind of the change you're seeing and the mindset from companies to adopt these practices. Just wanted to double click a bit more on that, has there been a drastic shift in the government laws and enforcement from the environmental ministry to actually start enforcing this so that was one if you understand is there actually a drastic change in the laws which will kind of push this or is it more just being driven by promoters becoming more ESG friendly themselves and sort of the PSU in case of like IOCL setting the benchmark there for private sector to follow?

Management: It's a mix of everything, there is certainly much more awareness today, amongst the industry captains about what they should be doing for the environment. This is being reinforced through the commentary by the various industrial bodies and associations as also by global agenda set by declarations like the COP26. So, that certainly is a lot to push initiatives in this front. As far as the government regulations go, they have been tight for some time now and continue to become more stringent. As we increase in maturity of implementing these regulations, our infrastructure to monitor and control the various parameters associated with these implementations has improved further. As we go further, the intent of government would drive further strengthening the regulatory environment. And the incentive for the industries to not comply, will keep going down because more and more the investors and the consumers are also asking for environmentally friendly products and processes. So, all these factors are impacting it, not just one or two of these things.

Moderator: Thank you. The next question is from the line of Agam Shah an Individual Investor. Please go ahead. The current participant has placed the line on hold. We'll move on to the next question from the line of Akshat Mehta from Sameeksha Capital. Please go ahead.

Akshat Mehta: So, I just wanted to understand one thing, that in terms of, so you have all these large projects that are coming in, but can you share some details on what would be the average run rate of smaller projects on a quarterly or yearly basis, what kind of run rate that would be?

Management: For the smaller projects on a yearly basis Ranadive will be able to give a broad kind of a number. On a yearly basis, we're looking at somewhere around an engineering revenue of roughly 400 to 500 crores. And some these contracts tend to be as short as about a month or two months. And on the higher side, these contracts could be around six to 12 months. So, these do move at a fast pace and not necessarily visible in our quarterly disclosures, Ranadive, please correct the number if that’s required

N M Ranadive: What you explained is right.

Akshat Mehta: And, I just want to understand on the chemical segment side, your margin improved a lot in FY21, from around 15%, to 20%, 24%. So, what was the key driver of that, sharp improvement in margins in FY21?

Management: As you would have noticed, in spite of a few unprecedented and unforeseen global events the margins have recovered back to near the 2021 levels. And my belief is that we will be able to sustain these numbers going forward. But I'll give a broad response to the kind of improvement that we have seen from around 15%, 16% levels to 20% plus level. One of the thing which has contributed is of course that we have improved operational efficiencies and operational throughput. The second has been the improvement in the product mix. Thirdly improvements on controlling other cost on various fronts. So, a lot of factors have gone into make sure that the profits are at a higher level. And certainly, stable input prices have helped to maintain these margins without leakages because of supply chain issues.

Moderator: Thank you. The next question is from the line of Janish Shah an Individual Investor. Please go ahead.

Janice Shah: So, I have a couple of questions, especially one on the international opportunity that you spoke about, we have seen last number of large size projects which we have won largely from the domestic market. However, you always eluded that there are opportunities which we are pursuing in the international market, if you can just update what kind of situation out there given that the world is, the economies are going through an uncertain periods. And how are we placing and second question is, as you just mentioned that you are looking at acquisition opportunities. Could we just get some sense about which are the areas which you are trying to plug and what kind of a budget which we have assigned for that acquisition or for the acquisition purpose?

Management: The international market opportunities, unfortunately there isn't reportable update. But yes we have been pursuing some large opportunities and these are in the infrastructural segment of various countries. The target geographies being Middle East, Southeast Asia and as well as Africa. The current economic scenario, and the scenario which has unfolded for the last couple of years has not been the most conducive as far as these opportunities go. But as we have been maintaining in the past, while there is a slow progress on almost all of these, it's very uncertain to really make a remark as to when exactly this would culminate into an order. Once it happens, certainly we will come out and make a disclosure.

Janice Shah: Just to add up to this. This bid pipelines generally do contain this kind of opportunities or is it without that?

Management: No, the bid pipeline do not reflect such opportunities. You had put a question on acquisitions. We are not looking at very large acquisitions. These are small acquisitions in sub 10 million USD range. The target being better reach into the various geographies that we are interested in, maybe some technology related improvements and further also to create manufacturing / marketing base in the respective geographies.

Moderator: Thank you. The next question is from the line of Ramaswamy from IR Investments. Please go ahead.

Ramaswamy: My question is that India is becoming a semiconductor hub. So, any improve visibility are you finding from the semiconductor side because purified water is one of the components there. So, if you kindly elaborate on it, thank you very much sir.

Management: Yes we are looking at various opportunities emanating from the semiconductors and related industries in India. We are actively working on it and hope that industry would give us good numbers in the coming quarters.

Ramaswamy: And if I may ask, currently do we supply to any semiconductor industry, anything executed there?

Management: So, yes there are contracts under execution.

Moderator: Thank you. Ladies and gentleman due to time constraint, we will take that as a last question. I now hand the conference over to Mr. N M Ranadive from Ion Exchange India Limited for closing comments. Thank you and over to you sir.

N M Ranadive: Good evening. Thank you all for participating in this earning call. I hope we have been to answer your question satisfactorily. If you have any further questions or would like to know more about the company, please reach out to our Investor Relations Manager at Valorem Advisors. Thank you.

Moderator: Thank you. Ladies and gentleman on behalf of Ion Exchange India Limited that concludes this conference. Thank you for joining us and you may now disconnect your lines.