June 5, 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 intimation dated 25th May, 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, May 30, 2023 was to discuss the financial performance of the Company for the year ended March 31, 2023. 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: 2023.06.05 17:34:44 +05'30'

Milind Puranik
Company Secretary

Moderator: Ladies and gentlemen, good day and welcome to ION Exchange India Limited Q4 FY23 Earnings Conference call. As a remainder 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. 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.

Anuj Sonpal: Good afternoon, everyone and 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 and Valorem Advisors, I would like to thank you all for participating in the Company's Earnings Conference Call for the 4th Quarter and financial year ending 2023.

Before we begin let me mention a short cautionary statement. Some of the statements made in today's con-call may be forward-looking in nature. Such forward looking statements are subject to risks and uncertainty which could cause actual results to differ from those anticipated. Such statements are based on management believes as well as assumptions made by information currently available to management. Audiences are cautioned not to place undue reliance on these forward-looking statements in making any investment decision. 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 and 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 4th Quarter and the financial year ended 2023.

For the 4th Quarter under review on a consolidated basis, the company reported operating income of INR 6475 million, an increase of around 30% year-on-year and 26% quarter-on-quarter. EBITDA reported was INR 1064 million, representing an increase of around 12% year-on-year and 70% quarter-on-quarter. EBITDA margins stood at 16.43% and net profit was INR 812 million, a decrease of around 2% year on year, but an increase of 70% quarter-on-quarter, while the PAT margin was in the region of around 12.5%. For the financial year 2023, on a consolidated basis, the operating incomes stood at INR 19,896 million, an increase of around 26% year-on-year. The EBITDA stood at INR 2550 million, an increase of around 20% year-on-year and the EBITDA margin was reported at 12.82%. Profit after tax was 1950 million, an increase of around 21% on a year-on-year basis and the PAT margin was reported at 9.8%. 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 4526 million, an increase of 41% year-on-year. The EBIT for this segment was INR 560 million, a decrease of 23.5% year-on-year. While the exhibition of the Sri Lanka order remains significantly affected, the company's discussions amongst all the stakeholders are moving in a positive direction and we are hopeful of the project closure in FY24. The execution of the UP Jal Nigam Project is progressing satisfactorily and revenue has been recognized based on work completion. The execution of the other engineering orders picked up pace during the quarter on the back of the increased order flows and the high order backlog. The company continues to invest in engineering infrastructure, including manpower to enhance its execution capabilities for handling the increased order backlog. The company during the quarter also witnessed steady order flows both in the domestic and the international market.

Moving to the chemicals division:

The revenue for the quarter was INR1,640 million, which increased to around 8.25% year-on-year. The EBIT was INR 482 million and increased by 40% 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 costs and improved volumes of higher margin product lines.

The third segment, the consumer division segment, the revenue for the quarter was INR 515 million, an increase of around 21% year-on-year. The loss for the quarter was INR 7 million versus 16 million loss in the same period of the previous year. 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. We will now begin the question and answer session. Ladies and gentlemen, we will wait for a moment while the question queue assembles. The first question comes from the line of Sameer Palod from AUM Fund Advisors. LP, please go ahead.

Sameer Palod: Thank you for the opportunity. If you can just tell us a little bit about what is going on the engineering business, which has seen very good sales growth during the quarter compared to the same quarter last year, but the EBIT margins have gone down by more than 10 percentage points. So a little bit of color on, what is going on in that business? What kind of work you have executed and why the margins have dipped so dramatically during the quarter?

Aankur Patni: While we have significantly higher revenue during the quarter, there were a few factors which have contributed to decrease in the overall margin percentages. Normally, when the cost to completion for major projects is forecasted, it tends to be conservative in the beginning of the contract and as the contract progresses it may get revised. There are a few large contracts which are still at a relatively initial stage and hence our current estimates may be conservative. We are hopeful of improvement in projects margins as contracts progress. The second aspect is that we have incurred expenditure on building infrastructure and capabilities for our engineering businesses to prepare for the upcoming substantial increase in execution compared to the past. And lastly there would always be some variation because of the composition of projects or the project mix which gets executed during the particular quarter. With that background we hope that we would be able to keep delivering good growth and a reasonably good margin in the period coming forward.

Sameer Palod: Sir, I asked this question because same quarter last year the EBIT margins were almost 22% in this quarter is down to 12%. So if you were to look at this business on a slightly longer term basis, what is a reasonable EBIT margin to assume for the engineering business on a more sort of steady state basis, ignoring the quarter-to-quarter variation.

Aankur Patni: If we look at the kind of order book that we carry today and also the scale at which we hope to be executing orders in future, we should be seeing an improvement over what we have achieved in the current year.

Sameer Palod: OK and would you say that even in your bid pipeline of about 8000 odd crores you are building with those sorts of EBIT margins which are which will be higher than what you have achieved in the current year?

Aankur Patni: The EBIT margins are also a function of the scale at which we operate and that is why we see quarter to quarter variations. The scale of operation in different quarters tends to be different. But if you look at margins on individual contracts, they tend to be slightly better and we do expect that as these enquiries mature into orders, we should be able to maintain or better the EBIT margins which we have currently reported.

Sameer Palod: And the bid pipeline, sir, would consist mostly of projects like Jal Nigams of the various states like the one that you have for UP and Delhi who would it be a similar types of bids that you are making?

Aankur Patni: No, it is a good mix of industrial and PSU projects. The municipal or infrastructure projects would be relatively lesser.

Sameer Palod: OK. Thank you for that. I will jump back into the queue.

Moderator: Thank you. Next question comes from the line of Akshat Mehta from Sameeksha Capital. Please go ahead.

Akshat Mehta: Sir my question was only working capital side. What is the reason that receivables have gone up and your payables have come down sharply during the year?

Vasant Naik: We had a disproportionately high invoicing in the month of March. That was the reason why the receivables have gone up sharply as of March 2023. A good portion of this invoicing was done using accumulated inventory and hence proportionate impact on payables is not visible.

Akshat Mehta: So you were saying that we can maintain the cycle that we had in FY22 correct?

Aankur Patni: Yeah, Yes, we should be able to normalize the working capital cycle in FY23 - 24.

Akshat Mehta: OK. Secondly, if you can, you give a number on what is the kind of advance that we have received during the year from our customers and any color on order inflows that you are seeing coming in for next year.

Vasant Naik: The total advances, which are outstanding in the books as of March end, are in the region of around 200 crores.

Akshat Mehta: 200 crores and any color on ordering flows for the next year that you are seeing?

Vasant Naik: The total enquiry bank is at a healthy level of around 8124 crores. We are hopeful that we should be in a position to maintain or better the level of order inflow compared to previous years.

Moderator: Thank you, Mr. Mehta we request that you return to the question queue for follow up questions. Next question comes on the line of Pratik Kothari from Unique Portfolio Managers. Please go ahead and also please stick yourself to 2 questions. Thank you.

Pratik Kothari: Hi, good afternoon and thank you for the opportunity. So my first question on the engineering side, we for the last two or three quarters, we have been speaking about that we are kind of investing in our infra, in our manpower to execute much larger orders or much larger pace of execution going forward and this is quite reflected in the numbers like three years back our order book used to be 1000 crores. It is at 3500 crores right now, but the execution is not up to the mark you can if you can just talk about what kind of preparations have been made? What can this lead to or may be two to three years out.

Aankur Patni: Well, in terms of the capability enhancement, there has been significant investments in our ability to execute projects, in terms of manpower, engineering & design set-up, equipments, machineries, fabrications, site establishments etc. So everything needs to go hand in hand and needs to be geared to handle the level of invoicing that we expect in the coming period. As you rightly pointed out, 3400 odd crores of order book of which a good portion will get executed during FY23-24 and therefore execution capabilities needed to be enhanced. As I mentioned in my response to the first question, this capability buildup has reduced our overall engineering margins in this year.

Pratik Kothari: Fair enough, sure and a couple of clarifications. One, what would be our UP execution for this year and second just to clarify to your earlier comment, you did say that in quarter four we completed a few orders and we have not recognized the margins which we should being conservative etcetera and hence the lower margins.

Aankur Patni: No, that's not what I meant. When we look at forecasting the cost to completion for major projects, it always tends to be conservative towards the beginning of the contract and then it gets revised as the contract progresses. So there would be a few large contracts which are still at a relatively early stage of execution and hence we would tend to be conservative when we estimate the cost of completion.

Pratik Kothari: Fair enough sir my last question is on the chemicals one we announced that we have started capex at Roha. So just wanted to clarify, this is the samethat we were waiting for environment clearance on and also there was some article which spoke about we putting our chemical facility in Orissa. So if we just clarify regarding the same.

Aankur Patni: Roha is the one for which we were waiting for the environmental clearance. We have received that recently and the construction work has commenced. We expect that the plant will be operational by FY25-FY26. Regarding the investment in Orissa - yes, there is another backward integration project which is planned there.

Pratik Kothari: What kind of CAPEX? What would you be doing there?

Aankur Patni: It is still, at a relatively early stage, I will certainly give more information once the detailing is completed.

Pratik Kothari: Fair enough. Thank you and all the best sir, thank you.

Moderator: Next question comes from the line of Dhruv Rathod from Solidarity Investment Managers. Please go ahead.

Dhruv Rathod: Good afternoon, Sir. So my first question was related to your engineering division. I just wanted to understand what is the red line while looking out for EPC contracts as there have been instances where players have burned money here by taking the wrong projects?

Aankur Patni: That's right, EPC business tends to be a little tricky because while it gives a large quantum of revenue, but it does come with the risks which needs to be managed. In terms of the type of errors one can make is by chasing topline and becoming too aggressive when bidding for the contract. We tend to be relatively conservative. We do not want to put our balance sheet and the bottom line at risk. So this is one area where we are very careful. The other is execution risk. Challenges, whether it is technical, logistic, geopolitical or anything else which we expect to face when we are executing the contract. We are also very careful about the commercial terms, and there are numerous other parameters which we take into account when we consider which contracts to bid and which not to. This has led to a slightly less aggressive topline growth but we prefer to be safe than sorry .

Dhruv Rathod: In your chemical business, what is the expectations for growth? What is exactly changing in that particular business? So initially your growth was not that strong, but now the expectation for growth is increasing. So how is it changing a lot?

Aankur Patni: Well, the chemical business has been progressing steadily over the last few years. Top line growth has been fueled both by improvements in the domestic market and in the international market and also, our continuous effort to improve the product mix. We keep striving to weed out underperforming product lines and to add more and more of value added products to our portfolio. This has helped in not just ensuring the top line growth, but also to provide an additional fillip to the bottom line. About couple of years back we faced quite a bit of a challenge when there were sudden spikes in commodity prices across the globe and there were also supply chain challenges. Fortunately, we have not encountered such issues during the last year and we had stability in commodity prices as well as relatively certain supply chain and exchange rate scenarios. The challenge continues to be the geopolitical situation which in some parts of the globe still affects the market. If we continue to have a stable scenario on all these fronts, we should be able to maintain our growth momentum and the margins that we have seen.

Dhruv Rathod: Got it and just a final question, so you are still actually making losses on the consumer business. So what are your plans exactly and what needs to change in this particular business for it to improve?

Aankur Patni: Yes, we have not turned around in the consumer business as we continue to invest for future growth. We could potentially have reported just about a break even, but we have incurred good amount of expenditure during the last few quarters as we ramp up the capabilities of this segment for future growth. There have also been significant expenditures on marketing, which has gone up during the year. All of this has contributed to bottom line, which is slightly shy of a break even. But we will continue to see good growth in this segment and hopefully we will be better off as far as the bottom line is concerned in the next year

Dhruv Rathod: Alright, thank you so much for your answers.

Moderator: Thank you. Next question comes from the line of Mahesh Bendre from LIC Mutual funds. Please go ahead.

Mahesh Bendre: Sir, given the current order book and the business outlook you mentioned, I mean, what kind of growth we are possibly looking for our water business and chemical business in the current year?

Aankur Patni: Our order book is quite strong and a good portion of that order book would need to get executed in the current year and therefore, the prospects for the current year are quite good. I would desist from giving out exact number guidance as of now. I will certainly give it after the first quarter is over. But as of now, I would just say that we expect significant growth in the current year as far as engineering business is concerned. On the chemical segment, we should continue to grow at a reasonable pace. Last year we have done roughly around 11 percent, we should be able to deliver a better number if the geopolitical situation in Europe and the America improves and we do hope that the export numbers would start ramping up again. If those things fall in line, chemical segment should also grow at a good pace.

Mahesh Bendre: OK, sure and sir, what is the capital expenditure plan for next two years?

Aankur Patni: We have the Roha project which is the resin manufacturing expansion that project would have roughly around 400 crores of investments and apart from the Roha project, we should be looking at around 60 crores in FY23-FY24.

Mahesh Bendre: So cumulative will be for some 500 crores plus for the next two years.

Aankur Patni: Over the next two years, yes, more than 500 crores.

Mahesh Bendre: Thank you so much sir.

Moderator: Thank you. The next question comes from the line of Srishti Jain from Niveshaay. Please go ahead.

Srishti Jain: Thank you for the opportunity sir, we are seeing desalinization plans coming from countries like Saudi Arabia, Egypt or Africa. Are we looking for some opportunities there and for this quarter, like our exposure is the person with the sales has also decreased, what can be expected run rate moving forward till that?

Aankur Patni: Sorry, your voice was not very clear to me. I understood that you were asking about potential of getting engineering contracts, including desalination from the export market, is that right?

Srishti Jain: Right.

Aankur Patni: Yes, we are actively working on a few projects, which means we are executing a few projects of that nature in Africa and in the Middle East and we continue to look at more prospects including of larger sizes.

Srishti Jain: Sir exports has decreased significantly as of this quarter. So if you can give any number to that.

Srishti Jain: This quarter as a percentage of revenue.

Aankur Patni: I think for the year as a whole, our engineering exports have done quite well. If I exclude the Sri Lanka project, which you all know is for the moment going at a very slow pace. If I exclude the impact of the Sri Lanka project, exports have more than doubled.

Vasant Naik: Excluding Sri Lanka, yes.

Aankur Patni: As such we are doing well on engineering exports, and we should continue to do well the next year

Srishti Jain: Thank you sir and sir for the current order book and bid pipeline, can you just break up between municipal and industrial order?

Aankur Patni: Industrial would be roughly around 65%.

Srishti Jain: OK. Thank you, Sir. That is all.

Moderator: Thank you. The next question comes from the line of Rahul Shah from Crown Capital, please go ahead.

Rahul Shah: Hello, Sir. Good afternoon. My question was again on the, so you said you are not giving a quick guidance, but I just wanted to ask, do you see an improvement in FY24 from here on in terms of top line and EBITDA margins, especially the EBITDA margins which have dropped on a console level.

Aankur Patni: I do expect significant growth on the top line. We spoke about order book that we carry, and additionally the expectations of reasonable conversions of the enquiry bank that we have. So the prospect for top line growth remains good. We also outlined the various reasons why the bottom line or the margin percentages have behaved in the way that they have. I would expect that if things remain in the channel of stability, we should be seeing an improvement here on.

Rahul Shah: OK and you mentioned the 500 odd crores of CAPEX for the next two years. How are you planning to fund it?

Aankur Patni: A portion of it would come from internal accruals and for the balance, we have already established conversation with the lenders, who would be in a position to fund it and we are pretty confident of getting whatever external funding that is required.

Rahul Shah: And which division you feel will be key driver in FY24. I am sorry if it is a repeating one, but.

Aankur Patni: Well, engineering has by far been the largest segment and it would continue to be the largest segment in the coming year also.

Rahul Shah: Okay sir and **t**hank you and all the best

Moderator: Thank you. Next question comes from the line of Sanjay Kumar from ithought Financial Consulting. Please go ahead.

Sanjay Kumar: Hi Sir, thanks for the opportunity. First, just a clarification on the resin CAPEX. and in today's call you mentioned CAPEX of 500 crores in next two years. So are we doing both phase one and phase two back to back, if you could give the timeline for the recent CAPEX.

Aankur Patni: The resin project is 400 crores and there are other CAPEX which are planned in other works of the company, other segments of the company and these CAPEX would add up to more than 100 crores over the next two years so the resin Project continues to be around 400 crores.

Sanjay Kumar: Got it and can you give the realization for the resin on average so in India Mart, I am seeing a range from Rs. 100 per kg to even 250 and what is the application of these resin for which we are putting a CAPEX, the EC report says end use is water treatment or is it across the board and the capacity is kind of fungible?

Aankur Patni: The resin applications tend to be pretty wide. For most part it is used in water treatment, but the resin applications would also be in non-water kind of areas. It is used in purification, pharma, food-processing, extractions, enzymes and many more areas. So the applications tend to be very wide and depending upon the chemistry and the application and the complexity of the specific product involved, the prices of the product and also the margins vary.

Sanjay Kumar: And what will be the resin sir, per kg realization on average rough figures will help in the potential revenue.

Aankur Patni: They vary very widely. If you are trying to assess the kind of revenue that this CAPEX is going to bring in - Out of this CAPEX of 400 Cr, about 125 Cr is for a backward integration project, which is integrated with the resin plant. So if I exclude the impact of that, the project cost would be roughly around 275 Cr. The revenue potential would be roughly 2x of that.

Sanjay Kumar: Got it sir and what is driving this Capex because Thermax is also talking about a CAPEX in 18 months? Is there a ready import substitution opportunity or are we gaining market share from global players and exports? If you could give us a sense of why you are putting up this huge CAPEX given a competitor is also putting up CAPEX?

Aankur Patni: Ion Exchange would have roughly a 40% market share in the Indian market and the Indian market continues to grow. Apart from that, in the international market, our market share would be a very small number, maybe around the 2% mark. So the headroom for growth in the international market is phenomenal and that is what we would tap into. We have got in the past, quite a good response from the international market and we expect that as we bring this capacity on board, we would be able to expand our share in international market.

S**anjay Kumar:** Predominantly for exports, so just one final request, Sir. I do not know if you have gone through the investor presentation of WABAG. They give very detailed information like breakup of geography segment wise not just for revenue they give for order intake and order book. They also list the key orders received and the order intake figure every quarter so if you could give that that will be very helpful and in terms of our order book and pipeline, can you give the breakup in terms of desalinating, ETP, STP and drinking water so that we could judge our forte of within these four and how do we compete with WABAG?

Aankur Patni: Well, that is not a breakup that we typically provide. I can tell you that as far as industrial versus municipal is concerned, our order book would be roughly

65% in favor of industry and as far as domestic versus international is concerned, we would be roughly around 85% domestic.

Sanjay Kumar: And the in terms of water versus desal or ETP, do we have an upper hand in any of these segments or does WABAG have upper hand in desal for example.

Aankur Patni: I am not getting into a competitive analysis, but I can tell you that we continue to do well on all product lines. We do not have a strong presence in the municipal segment and that is where some of our competitors may be s stronger.

Sanjay Kumar: Got it. Thanks lot. That's it from my side.

Moderator: Thank you. Next question comes from the line of Mahesh Agarwal from Agarwal Family Office. Please go ahead.

Mahesh Agarwal: Congratulations on a good set of numbers to you and the team. I wanted to take a step back and understand something at a bit more high level. So if you look at the Ion Exchange resins product that we have wanted to understand how our prices compared to Chinese manufacturers who sort of you know dominate I think around close to 40% of the market share and then either we that what is the risk of dumping by these players ever in India and if there is any import duties in place of that sort to protect against any kind of actions by Chinese players.

Aankur Patni: In order to answer that question, let me give you a perspective of how a typical large user of resins would go about selecting the right product. He would not just look at price, but would also look at the quality of the products, the kind of support and service that one would provide and also the extent to which our products have been proven for the specific application. So in a typical scenario where the resins are used for critical or semi critical operation they would not go in for something which is not very well proven. So that is one aspect to consider., Chinese manufacturers of resins have been in the market for long number of years and they have tried to position themselves not just in the international market, but also in the Indian market. We managed to cope up with that scenario reasonably well till now and we hope that we would be able to continue with our strategies and be able to maintain market share in the domestic market. As far as the international market is concerned, the Chinese have been in a way, cost leaders for some time but their costs have undergone an increase over the last few years because of various issues including increased degree of compliance with environmental laws. So their costs are now at a higher level compared to what they were earlier. Over the past few years, we have been competing quite well with them on domestic front, and internationally as well. We hope that we will be able to further scale our market share in the international market.

Mahesh Agarwal: Understood and sir just to understand a bit more on that. Would we be within say 10% or so broadly of prices of the Chinese guys just to understand where we as a country stand today relative to their kind of cost curve.

Mahesh Agarwal: It varies from product to product. There would always be differences and they would position themselves at a higher or lower level as far as cost is concerned depending upon the customer, the geography they are present etc. In some cases their prices may be higher price than us and in some cases, they could be marginally lower. In some specific circumstances, the price difference could be around 10%, but this cannot be generalized. .

Mahesh Agarwal: Got it and are there any import duties in place on our key products to protect from any kind of dumping scenario?

Aankur Patni: Yes, the government does protect us through various means and measures. They haven't completely put an embargo on them, but it does provide a reasonable degree of protection but I would ask Vasant to clarify on the exact import duty, which is there on resin specifically.

Vasant Naik: The custom duty on resins imported from China would be 8.25%. There is no anti dumping duty on the import of resins.

Mahesh Agarwal: That could be that could be something worth exploring and you know just keeping back of our mind in case that scenario ever pops up and if you could just share the same kind of understanding for our waste water treatment chemicals and the membrane aspect as well. How we kind of stack up there vis-a-vis Chinese or other global players.

Aankur Patni: I would say that the same summary applies very much to almost all the product lines. Both with respect to the domestic consumers and the international consumers. Of course we have just recently started manufacturing membranes. We are quite new in the field and we are already running at more than 90% capacity utilization for our membrane plant. We just expanded capacity, which will double our capacity and I am expecting that we will use up this additional capacity within the next couple of years.

We have already got our plans ready for further expansion, so membrane growth should happen at a rapid pace for us. We should be able to garner further market share in India as well as abroad.

Mahesh Agarwal: Understood and just a last final up on this, if you could give us a sense of what percentage of chemicals is export today and then also what is kind of the right to win or what is driving more export demand for us? Is the China plus one that we are seeing play out in other industries also playing out for us where there is a move to just procuring from India due to quality service, price, or whatever other reasons.

Aankur Patni: Share of exports in chemical would be roughly around 25% this year. As far as what is driving the export. China plus one was a significant consideration for some time. But advantages increase once we have got our foot in and the customers have experienced our products and our services, our ability to look at their issues and solve it in a meticulous manner and further to these two aspects, the reliability of our company as a supplier. All of these factors have aided further expansion into the international customer mind space. I would believe that as time goes by the stickiness of these customers would be quite strong.

Mahesh Agarwal: That is all from my side. Thank you so much and good luck on the new Portugal subsidiary integration as well. we are looking forward to that.

Aankur Patni: Yes, we are just going through the final phases and we do expect that the entity will start showing substantial contribution in the coming year.

Moderator: Thank you. Next question comes from the line of Saket Kapoor from Kapoor and Company. Please go ahead.

Saket Kapoor: Thank you for the opportunity. Firstly, sir, you mentioned about at 125 crores for backward integration that goes into the 400 crore CAPEX. So if you could explain much more about what sort of backward integration will come into play and what would be the exact payback from this one 125 crores?

Aankur Patni: I am afraid I would not be able to give you too much of detail on the backward integration, but it is targeted towards improvement in the cost profile of the product as well as to increasing the plant efficiency. I think overall we are expecting a payback for this project of roughly around four years.

Saket Kapoor: And then you mentioned about 500 crore CAPEX that that includes also the Orissa one which is on the drawing board or that would be a separate project?

Aankur Patni: No. Orissa Project is not included in this 500 crores.

Saket Kapoor: And the for the other income part, I think so. This year, the other income when comparison to last year are on the similar line but we have booked it in separate quarters. So that has also resulted in this in the reporting numbers being different. So if you could explain the nature of other income appearance in last year 4th Quarter, it was 21 crores and this year it is 5.5 crores. If you would explain the nature and what should be the trajectory going ahead in terms of the other income part and sir in the employee benefit expenses, you did mention that we are preparing ourselves with for higher scale of execution. So does that commensurate with this increasing the employee cost or is it the higher execution we have done in the engineering segment because of which the employee costs have also gone up.

Aankur Patni: Let me address your question on other income first. During this last quarter, we had some exchange loss as against an exchange gain which happened in the previous year's 4th Quarter, so that is a significant swing which is causing a lot of difference in the overall number. As far as employee cost is concerned typically, the existing employees would get a pay increase every year, so that is normal increase, which would in any case happen. Further to that we have expanded manpower in various fronts. Engineering have certainly seen a substantial addition to manpower. There has also been addition to manpower in our consumer segment and other segments so overall the company is preparing and getting itself ready for a higher scale of operation and ensuring that the growth trajectory is maintained.

Saket Kapoor: So sir if we look at the just continuation to it, if we look at the percentage of employee cost to this revenue. Is that a correct way to look at it because that would give it and understanding whether when we start booking executing order in a disproportionate way then this percentage will look lower. So can you give us some understanding for this quarter it is closer to 10% the employee benefit expense.

Aankur Patni: Yes, his number would vary depending upon how much of revenue we have been able to book based on the additional manpower. If the manpower is recently added and the revenues would take a little time to fructify, the percentages would get skewed a little bit. That is what would happen in a period where we are adding substantial capabilities, especially for executing larger scale of projects in the coming period, the revenues for which have not yet come.

Saket Kapoor: One small point also on the UP Jal Nigam Project then you can project what was the total size of the project and in percentage terms what portion of the project will get executed for this year.

Aankur Patni: During the current year, the invoicing is a little less than 200 crores. The total estimated value of the contract is 1200 crores.

Saket Kapoor: And for FY24, are we going to the execution will be done for this financial year or will it roll over to the next year also?

Aankur Patni: We should be completing a major portion of this contract by FY23-24 and there will be a small spillover into FY24-FY25.

Saket Kapoor: And does this contract have any O&M part also sir wherein we will be garnering post execution any revenue or an extended period.

Aankur Patni: Yes, there is 10-year O&M after this.

Moderator: Thank you, Mr. Kapoor we request that you return to the question queue for follow up questions. Next Question comes from the line of Akshat Mehta from Samiksha Capital Private Limited. Please go ahead.

Akshat Mehta: Yeah. Thanks again. I just want to ask you know if I understand correctly, you said that in the chemical segment this quarter, as we have seen very good margins because there has been on account of the product mix, higher margin products have sold more during the quarter. Going forward, let us say for the next year, how do you see the margins in the chemicals segment, will it be around 24 to 25% itself or it can be higher?

Aankur Patni: Well, we have seen the sequential improvements in the margins and are quite hopeful of meeting margins achieved in the FY22-23, however, it is contingent upon continued stability in commodity prices, stability in supply chain, exchange rate as well as also, the geopolitical situation in Europea remaining stable.

Akshat Mehta: So maintain full year margin of 26 percent or quarter 4 margin of 30. Full year margin, right?

Aankur Patni: I am talking about the full year margin.

Akshat Mehta: and I also like to understand, you know, in terms of the new Portugal acquisition, can you provide some color on you know what is the kind of synergies that will come in and how do you see the top line and the bottom line going for that company in the next couple of years or so, broad color.

Aankur Patni: Well, we should be able to. look at reasonably good growth coming in from the European market. Still, early days and I would not want to yet give number projections out as a guidance. However, we are confident of significantly building on our European business in next couple of years.

Akshat Mehta: OK. Thank you.

Moderator: Thank you. Next question comes from the line of Pratik Kothari from Unique Portfolio Manager. Please go ahead.

Pratik Kothari: Thank you again. Sir, my one question to understand that thinking and our strategy, I mean earlier, for the resins plans are the CAPEX outlay of 200-250 crores and you are adding about 125 crores of backward integration So just why so much focus on backward integration and what are we thinking and how are we thinking?

Aankur Patni: Well, backward integration does give us significant cost advantage. We are not only looking at improving our overall paybacks for the investments which we are making fresh, which is in Roha but also for the investments in the product lines which are already in existence. So they would bring in an extra quantum of margin. As I said, on an overall basis with the advantage or benefit of the integrated project, we should see a payback of roughly 4 years for both the projects.

Pratik Kothari: So all of this, the material or the base product that we were consuming to manufacture the resin were this all imported maybe from China and that is why we are doing this.

Aankur Patni: We have spoken about one of the key raw material component of resins being styrene which we can source both internationally as well as in the domestic market. However, this particular project that we are talking about is not intended to be for styrene.

Pratik Kothari: OK, fair enough and sir we consolidated two of our subsidiaries this year within ourselves

Aankur Patni: Sorry, Pratik, I could not get your question very clearly.

Pratik Kothari: Sir my question was we consolidated two of our wholly owned subsidiaries within Ion Exchange this year and we were on a path to kind of simplify the corporate structure. So if you can highlight are there more subsidiaries that we plan to consolidate this year.

Aankur Patni: We are in the process of merging three subsidiary companies into Ion Exchange and we would look at more possibilities after we complete this particular phase.

Pratik Kothari: Fair enough. Great and thank you again.

Moderator: Ladies and gentlemen, due to time constraints, that was the last question for today. We have reached the end of question and answer session. I would now like to hand the conference over to Mr. N.M. Ranadive from Ion Exchange India Limited for closing comments.

N.M. Ranadive: Thank you all for participating in this earnings concall. 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 also had confidence in the company's growth plan and with this I wish everyone a great evening. Thank you.

Moderator: Thank you. On behalf of Iron Exchange India Limited, that concludes this conference. Thank you for joining us. You may now disconnect your lines.