ION EXCHANGE
Refreshing the Planet

November 18, 2019

To,

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

BSE Company Code: 500214

Dear Sir/ Madam,

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

Pursuant to our letter dated October 31, 2019, 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 Friday, November 1, 2019 was to discuss the financial performance of the Company for the second quarter ended September 30, 2019. The aforesaid information is also disclosed on website of the company i.e. www.ionindia.com.

Kindly take the information on your record

Thanking You,

Yours faithfully,
For Ion Exchange (India) Limited

Milind Puranik
Company Secretary

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ION Exchange India Limited
Q2 FY20 Earnings Conference Call
November 01, 2019

Moderator: Ladies and gentlemen, good day and welcome to the ION Exchange India Limited Q2 FY20 Earnings Conference Call. As a reminder, all participant lines will be in a 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 touch tone telephone. 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, everybody and a warm welcome to you all. My name is Anuj Sonpal from Valorem Advisors. We represent the Investor Relations of ION Exchange India Limited. On behalf of the company, I would like to thank you all for participating in the Earnings Conference Call for Q2 FY20.

Before we begin, I would like to mention a short cautionary statement as always. Some of the statements made in today's earnings con-call maybe 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 and 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.

I would now like to introduce you to the management participating with us in the earnings call and give it over to them for their opening remarks. We have with us Management, Mr. N.M. Ranadive – Executive Vice President of Finance, Mr. Vasant Naik – Senior Vice President of Finance, and Mr. Milind Puranik – Company Secretary. I now request Mr. Vasant Naik to give his opening remarks. Thank you and over to you sir.

Vasant Naik: Good afternoon, everybody. It is a pleasure to welcome you to this H1 Q2 FY20 Earnings Con-call. I will take you to the quarterly performance of our company on a standalone basis. The operating income for the quarter is INR 3,970 million, which has shown an increase of approximately 73% on a year-on-year basis. Operating EBITDA reported in INR is 296 million and the margin is 7.46%, which has grown by 208 basis points year-on-year. Profit after tax reported in INR is 271 million, and the PAT margin percentage is 6.83%, which has grown by 164 basis points on a year-on-year basis.

I will now take you through the quarterly segmental performance on a standalone basis. In the Engineering division the turnover is INR 2,683 million as against INR 1,180 million for the corresponding period last year, which has resulted in a growth of 127%. The EBITDA in INR is 163 million as against last year's INR 60 million, a growth 172%. In the Chemical segment the revenue recorded is INR 1,113 million as against INR 979 million, year-on-year growth of 14%. The EBIT reported is INR 172 million as against an INR of 110 million in Q2 of FY19, a growth of 66%. In the Consumer Product division, the turnover for this quarter is INR 337 million as compared to INR 267 million in Q2 of FY19, showing a growth of about 26%. The loss for the quarter is INR 16 million as against INR 6 million in the corresponding period last year.

Coming to the half yearly performance of the company on a standalone basis, the operating income for the half year is INR 7,012 million, an increase of approximately 61% on a year-on-year basis. The operating EBITDA reported is INR 515 million, a growth of 136% year-on-year. Operating EBITDA margins is 7.34%, a growth of 232 basis points year-on-year. And the profit after tax is INR 425 million, a growth of 85%, as a percentage it is at 6.06%, a growth of 77 basis points.

Coming to the half yearly segmental performance on a standalone basis, in the Engineering division, the turnover is INR 4,420 million as against INR 2,256 million for the corresponding period last year, a growth of 96%. The EBIT IS INR 264 million as against last year INR 149 million, a growth of 77%. In the Chemical segment, the revenue recorded for the current half year is INR 2,275 million as against INR 1,825 million, a growth of 25%. The EBIT reported for the current year is INR 334 million as against INR 201 million in the corresponding period of last year, a growth of 66%. For the Consumer Product division, the turnover is INR 611 million, as against INR 496 million in the previous year, a growth of 23%. The loss for the half year is at INR 35 million.

In terms of the quarterly performance of our company on a consolidated basis, the operating income for the quarter is INR 4,094 million, an increase of approximately 68% on a year-on-year basis. The operating EBITDA is INR 329 million and EBITDA margin percentage is 8.04%, a growth of 144 basis points on the year-on-year basis. The net profit after tax is INR 257 million, and the percentage is 6.28%, with a growth 165 basis points on a year-on-year basis.

As regards the quarterly segmental performance on a consolidated basis, in the Engineering segment, the turnover is INR 2,762 million as against INR 1,312 million for the corresponding period last year, a growth of 111%. The EBIT is INR 191 million as against last year's INR 90 million, a growth of 112%. The improvement in revenue and margin is on the back of the healthy order backlog which we were carrying at the beginning of the year. The Sri Lanka order execution is proceeding satisfactorily and the revenue recognition in the quarter has picked up pace based on the work progress.

In the Chemical segment the revenue recorded is INR 1,159 million as against INR 997 million year-on-year, a growth of 16%. The reported EBIT for the current quarter is INR 169 million as compared to INR 116 million in Q2 of last year, a growth of 46%. In the Chemical segments, the sustained demand in certain segments has resulted in the improvement in the sales and profitability. The company continues to invest in the capacity expansion in the chemical segment to meet the increasing market demand.

In the Consumer Product segment, the turnover for the quarter is INR 337 million as against INR 267 million in Q2 of last year, a growth of 26%. Loss for the quarter is INR 16 million as against INR 7 million in the corresponding period last year. In the Consumer Product segment we have shown increased market penetration which has resulted in a top-line growth. The company expects improved financial performance in ensuing quarters, with increase in the volume.

Coming to the half yearly performance on a consolidated basis, the operating income for the half year is INR 7,305 million, an increase of proximity 65% on a year-on-year basis. The operating EBITDA is INR 561 million, a growth of 100% on a year-on-year, and the EBITDA margin as a percentage is 7.68%, a growth of 175 basis point year-on-year. Net profit after taxes is INR 390 million, a growth of 78%, and the PAT margins stood at 5.34%, a growth of 70 basis points.

In terms of the segmental performance on a consolidated basis, the Engineering division turnover is INR 4,633 million as against INR 2,555 million for the corresponding period of last year, a growth of 82%. The EBIT is INR 307 million as against last year's INR 198 million.

In the Chemical segment, the revenue recorded is INR 2,354 million as against INR 1,908 million year-on-year, with a growth of 23%. The reported EBIT for the first six months of the current year is INR 331 million as compared to INR 209 million in the corresponding period of last year, a growth of 58%.

In the Consumer Product segment, the turnover for the first six months is INR 611 million, a growth of 23% on a year-on-year basis, and the loss for the first six months is INR 34 million.

Anuj Sonpal: Thank you, Mr. Naik. Now that the opening statements are done, we can open the con-call for question-and-answer session. Although, I would request all the participants to restrict their questions to the quarterly performance as well as strategic questions, rather than broad based understanding of the different aspects of the company. Thank you. Neerav, can we go to the Q&A session?

Moderator: Thank you very much. We will begin the question-and-answer session. The first question is from the line of Nilesh Soni from IndiaNivesh. Please go ahead.

Nilesh Soni: Sir, can you share the revenue from the Sri Lanka order for Q2 and H1 FY20?

N.M.Ranadive: Sri Lanka revenue for the current quarter is INR 102 Cr and the first quarter was INR 41 Cr. The total revenue booked is approx. INR 143 Cr for the current year.

Nilesh Soni: And sir, two bookkeeping questions, can you please quantify the current maturity of long-term debt as of today?

Vasant Naik: It is around INR 17 Cr

Nilesh Soni: And one more, can you please share the advance from the customer as of now?

Vasant Naik: Advance from the customer will be in the region of INR 250 Cr

Nilesh Soni: And sir, lastly one question, can you please share the revenue growth in the core business of engineering segment, excluding the share of larger orders?

Vasant Naik: Excluding Sri Lanka order, the growth is double-digit, it is around 51%.

Nilesh Soni: And even excluding Vedanta order, can you please share that?

Vasant Naik: It is not possible for us to give such specific numbers.

Moderator: Thank you very much. Next question is from line of Sunil Kothari from Unique Investments. Please go ahead.

Sunil Kothari: Sir, my question is on this little bit more understanding about this membrane opportunity, which is I think part of the Engineering division. Who other players are producing these products in India, what is the scope and size of opportunity? Sir, a little bit talk on this membrane opportunity in India.

Management: We don't believe there are any other membrane manufacturers having a setup like ours in India. Opportunity size is pretty large because it is a global opportunity. As we had shared earlier, we are looking to quickly ramp up the production from the current facility, and we are also looking to invest further in augmenting the capacity in the near-term.

Sunil Kothari: Sir, what is the size of opportunity, total maybe consumption in India in terms of numbers, revenue, whatever? And what type of market share we are having?

Vasant Naik: The total organised market size in India is around INR 600 Cr

Sunil Kothari: And currently market share must be? In this INR 600 Cr. opportunity, total market size, what is our contribution or our market share?

Vasant Naik: Our market share is not significant. As the off-take from the new facility gains steam and we reach the full capacity, it will be a significant number.

Sunil Kothari: Okay. I think we were expecting some INR 100 Cr revenue from this first capacity we created, right?

Vasant Naik: INR 100 Cr. is the revenue number on a full capacity, on a two shift basis. Currently we are expecting to reach around 50% of the capacity.

Sunil Kothari: And sir my second question is, just to understand, this Engineering division is scaling up now, we were at INR 135 Cr., INR 140 Cr. quarterly and now we crossed INR 250 Cr., INR 270 Cr., but there is no benefit in terms of margin at EBIT level. So just to understand how it works? Even if we scale up higher we reach little bit more. Last quarter also we got better margin, but overall this size which will double, we are not getting any benefit of margin. So can you just little bit explain this?

Vasant Naik: The margin profile in Engineering segment varies quarter to quarter because of the mix of the orders which get executed during the period.. Presently, if you see in terms of the margin percentage on a sequential basis, the margins have improved if you compare to the first quarter. And we are hopeful as we scale up, and on a full year basis the margin percentage will definitely improve on a year-to-year basis.

Sunil Kothari: And sir my last question is, what is the order inflow in Engineering division during this second quarter? And how much we executed out of that current order book? A little bit detail if you can put this in a presentation that will be helpful a lot, because everybody has this question.

N.M.Ranadive: The order inflow in the second quarter is INR 101 Cr and total invoicing in Engineering, excluding Sri Lanka is INR 166 Cr

Sunil Kothari: And order inflow currently?

N.M.Ranadive: INR 101 Cr in second quarter.

Sunil Kothari: And current order book?

N.M.Ranadive: INR 756 Cr, this does not include Sri Lanka.

Sunil Kothari: Excluding Sri Lanka it is INR 756 Cr and order inflow in the second quarter is INR 101 Cr and during first half it is INR 160 Cr.?

N.M.Ranadive: First half order inflow is total INR 194 Cr.

Moderator: Thank you very much. Next question is from the line of Mahesh Satar from Joindre Capital. Please go ahead.

Mahesh S: Sir, I wanted to know what is the CAPEX plan for the company for FY20 and FY21?

Vasant Naik: For FY20 it is in the region of around INR 50 Cr and for FY 21, it will be at least around this level.

Mahesh S: And how much will be for Chemical division out of this CAPEX?

Vasant Naik: Primarily the CAPEX is targeted towards the Chemical segment only.

Mahesh S: And in previous call I think we said that the top-line will grow by around 50%. So, do we still stand by that guidance?

Vasant Naik: That is evident in the first six months also. So, we will continue with the guidance we had indicated in the earlier con-call.

Mahesh S: Will we see further improvement in margins in coming quarters?

Vasant Naik: As the scale up happens in the top-line, we are cautiously optimistic about the improvement in the margins. We have seen in the first six months also the margins have improved in absolute terms as well as in percentage terms.

Moderator: Thank you. The next question is from the line of Vikas Tulsian from Vision Ahead. Please go ahead.

Vikas Tulsian: Sir, in the last conference call you were talking about some opportunities in electrical vehicle space. So, can you please elaborate, I mean, what is the market size and what is the opportunity?

Management: We had stated in the last call that there would be some opportunities which would flow out of this electric vehicle space also. But it is not possible to quantify at the moment as the market is still evolving. And we would get to know the picture only sometime later.

Vikas Tulsian: But can you tell something about, like, what is evolving?

Management: The space would largely depend upon the factory capacities which would come up in India, and the nature of the technology which the respective participants choose to employ and consequently what would be the ensuing opportunities for us in the field of water treatment as well as waste water treatment. So, we still look forward to the evolving scenario and we would be able to give you update only sometime later when this matures a little bit more.

Moderator: Thank you very much. Next question is from the line of Jinal Seth from Avika Capital Advisors. Please go ahead.

Jinal S: I have seen that your Chemicals division has seen almost a 13%, 14% growth which is quite a decent number. Just wanted to understand what has been the primary driver of this growth?

Vasant Naik: While both the domestic and exports have grown, we have seen significant growth in the international market.. Our exports to US, Europe and other regions have registered good volumes. Our increased capacities, product basket and focused market penetration have contributed to the growth. The twin challenges being faced by Chinese manufacturers in terms of compliance with environment norms as well as the trade dispute with US has also positively impacted the growth.

Jinal S: And sir is this mainly from the water treatment chemicals resins or both of them?

Vasant Naik: The growth is in both the segments, the water treatment chemicals as well as in the resin. But when we talk of exports, it is mainly in the resin segment.

Jinal S: Okay. And just my second question, last question is on your water treatment chemicals. How are you seeing the industry evolve there in terms of the opportunity, competition and what would be your near-term outlook out there?

Management: Your question is with respect to water treatment chemicals?

Jinal S: Yes, sir.

Management: Water treatment chemicals have been an important part of the water treatment industry for a very long time. We see the opportunity for value added chemicals to be continuously evolving, and it is good for participants like us who focus on newer and innovative products. It has a significant entry barrier because of the nature of the products and industry. Therefore, when it comes to high end solution providers like ourselves, especially the ones who manufacture chemicals, it is relatively less competitive. On the lower end of the market, which is the commodity chemicals, it tends to be quite competitive with a lot of manufacturers and trading intermediaries participating in the opportunity. We think that the overall opportunity for us will grow further as we expand in terms of the scope of products, but also expand our market space, both internationally and locally. So the opportunity profile for us in this business continuously evolves favourably.

Jinal S: And in regards to the near-term outlook, how do we see that, a year, year and a half, two years out?

Management: We should be seeing reasonable growth, somewhat as we have seen this quarter. We should be seeing double-digit growth in the visible near-term, which is maybe year and a half or two years.

Moderator: Thank you very much. Next question is from the line of Ronak Vora from AUM Fin Advisors. Please go ahead.

Ronak Vora: Thank you. Just following up on the question of chemicals outlook. Can you just say what is the main components of this INR 116 Cr. that we saw this quarter, how much is resins, how much are other items?

Vasant Naik: Historically, both these segments contribute equally, but due to the increased exports the share of resins is higher compared to chemicals.

Ronak Vora: What percent, could you broadly tell, like 40:60 something like that or…?

Vasant Naik: It will be around that number.

Ronak Vora: 40% resins and 60% chemicals?

Vasant Naik: The other way round.

Ronak Vora: Okay. And sir, what is capacity addition you are looking to do in both these segments for the next three years? I know that you mentioned INR 50 Cr. CAPEX, but that sounded more like maintenance.

Management: We will be undertaking significant expansions on the resin front. I think in the last call we had indicated towards that. Once that gets crystallized it would be a significantly higher number. And the INR 50 Cr. numbers which we had mentioned is not maintenance, it is addition to capacity which we continue doing every year, and it's an incremental capacity addition rather than a green-field expansion.

Ronak Vora: And sense on what's the change in the capacity that would happen at the end of this program? In doubling the capacity or the resins or chemicals, or it would less than that?

Management: In terms of end of the current year, we will not be doubling the capacity. But if we look at slightly longer term, then those details are in the process of being finalized and we will come out with an announcement. It will be certainly much more significant than the regular incremental additions.

Ronak Vora: Okay. Sir, just a quick question on Consumer, I know it is a small business, but what is the plan going forward? Are you changing any product portfolio, what is your next two or three year plan for this?

Management: You would have noticed from the numbers for this quarter and half year that the growth has been a little bit better than what we have achieved in the past. And we are hoping that this traction would continue to give us better numbers in the coming quarters. Product expansion is a continuous process of adapting to the market needs and demand. But we do not envisage a very significant change in terms of our strategic approach to this market as compared to what we had discussed in the last quarter.

Moderator: Thank you very much. Next question is from the line of Arun Kumar from Progressive Equity. Please go ahead.

Arun Kumar: Sir, I joined the call a little late, so I missed your commentary and maybe asking a repeat questions. So with that, I have got two questions. First one is on your Consumer division. So all the last many quarters, and years perhaps, we see that the sales trajectory is on the up, so we keep doing more sales, but our EBITDA keeps on bleeding. So what's the strategy or outlook going forward? I know we have been trying hard to turn this division around, but can you just throw some fresh light or color please?

Management: At this point of time, our strategy is clearly to improve volumes. And we have seen significantly better growth in the recent quarters as compared to what we were seeing some time back. So there certainly has been a change on the front of growth. This would help us get back to the territory of profits for the segment. And we are also ploughing back some of cash generated by the division to invest in further expansion of the segment's market and operations. That's what we are currently focusing on. We think that in terms of the EBITDA margins, we should be in a position to come a little bit closer to a breakeven point by the end of the year. The second half could certainly see slightly better numbers. And that trajectory should translate to significantly better numbers in the coming years.

Arun Kumar: And do we expect profits next year then or the year after?

Management: It's a difficult guess to make, we are hoping we will be close to achieving that sooner. But on a conservative basis, I would say that probably next year.

Arun Kumar: Thank you. And the second question is on this pollution related, there is a lot of activity in this zero liquid discharge and environment control in the chemical sector and other industries like textile, etc. So, just curious to understand what percentage of your current order book is in this type of work and what is the outlook? Because the potential seems to be huge.

Management: The potential is huge. This is the way the industry is going to move in terms of the tilt in the overall order book for almost all the companies. We have been quite prominent in offering these solutions to the industry for a long number of years. And we certainly hope that as the awareness picks up and the rules are more stringently followed, the opportunity for us would become better than what has been in the past. In terms of our order book profile, as of date, for the sewage, effluent, waste treatment, recycle and ZLD business, it would be close to around 30% or so.

Moderator: Thank you very much. Next question is from the line of Pritesh Chheda from Lucky investment Managers. Please go ahead.

Pritesh Chheda: Sir, in the Engineering side, referring to your answer to the other participant, so the order backlog if you could give some idea as to how it is broken up in terms of the various industries? And our Engineering business is dependent on, if you could give some sectoral highlight and industry dependence?

Management: In terms of getting a detailed breakup, I am sorry, that is not something we are discussing. But I can certainly give you a very broad sense of how this looks for us. The large sector, what we call core sector industry, you would have seen the numbers coming out yesterday from economic data. The core sector industries are not doing great, and therefore the current opportunity pie from this sector is substantially lesser than what we would normally have expected under normal circumstances. Whereas, larger portion of our business is coming from the relatively smaller and medium-sized industries. That's the current profile of business.

And then we look at the international orders, it somewhat mirrors this kind of breakup. Except that there are some very large opportunities from various governments and infrastructure segment that we are pursuing. If even one of them comes in a particular quarter that will completely skews the numbers towards the large sector. I hope this gives you at least some color. Unfortunately, we are not comfortable sharing more detailed sectoral biases in order book.

Pritesh Chheda: If you could give what is the extent of international orders and what will be the extent of government infra orders in the backlog, if that is possible with you?

Vasant Naik: In terms of the export orders, it will be approximately around 20% of the total order backlog. I am not including the Sri Lanka order here. And in terms of the infra and government order, it is not very significant.

Moderator: Thank you very much. Next question is from the line of Dhavan Shah from ICICI Securities. Please go ahead.

Dhavan Shah: I have one question and that is related to the Chemical segment. So, can you please share your thoughts, I mean, what could be the peak revenue for both these water treatment chemical and the resin segment for the Chemical segment?

Management: If I understand your question correctly, you are talking about revenue at full capacity utilization?

Dhavan Shah: Yes.

Management: As it stands today, the resin division is operating at close to 90% capacity utilization. And as far as Water treatment Chemical division capacity utilization is concerned, it is operating close to around 65%. It is different for each category of chemicals, so this is an approximate number.

Dhavan Shah: Yes. And can you bifurcate the EBITDA margins between these two, I mean, what would be the operating margin of this water treatment chemical vis-à-vis resin?

Management: What we disclosed on the call is the gross number which comes from both of these two together. And discussed on earlier occassions, the number of products, or the sub-categories within each one of them is quite large. And the price points between each of these products and product lines is also varied. So in order to give you a better sense, it is better to take this average number.

Dhavan Shah: Yes, that is correct. But just wanted to understand, I mean, when these water treatment, I mean, what's your expectation? When can it reach to the peak utilization for this water treatment chemical, I mean, this is still running at 65%. So how's the order inflow of maybe your overall visibility for the segment?

Management: We have seen steadily improving product pickup for the various product lines, even in the water treatment chemical segment. There is now an increased acceptance in the international markets and we are hoping that growth will pick up significantly in times to come. We are also regularly expanding our capacity on a modular basis. So while we see a figure of 65% almost on a consistent basis, but this is on a continuously increasing capacity.

Dhavan Shah: Got it. And last question is about the Oman subsidiary. So, can we share the EBITDA margin? I mean, what's the EBITDA over there in Middle East market?

Management: It is slightly better than what you would probably see in India. So in very general terms, the margins we get from international market would be better than what we get in India.

Moderator: Thank you very much. Next question is from the line of Aayush Mittal from MAP Value Investing Fund. Please go ahead.

Aayush Mittal: Sir, I have a couple of questions on the Engineering side part of the business. So if you look at the historical numbers of the company, the margins have been at a pretty low range, and they have been very volatile in past. While since last two years our margins have improved materially. So I want to understand what are the key factors which play a role in these margins and what kind of contracts to have?

Management: One of the most significant element which contributes to the bottom-line is the overall scale of operation. Since we are seeing some improvement on the overall scale of operation, we would see a consequent advantage coming towards the bottom-line. Obviously, the incidence of the input costs and the overall economic condition would play a role. And there are always contract wise differences in the margin profile. So, if we have a large contract with a very good margin profile, you would see overall movement in the segment margin profile.

Moderator: Sir, the lines of Mr. Mittal got disconnected. We move on to the next participant. Next question is from the line of Subruto from Infra Finance. Please go ahead.

Subruto: Sir, just an understanding like recently we have given a notification to exchange that because of regulation we have classified our share from promoters holding subsidiary. So in this context, like can you help us to understand like since we are no more in promoter category, so now promoter status significantly comes down? So what is your thought on that and like what is the relevant regulation, if you can extend a little bit on that front? This is first questions.

Milind Puranik: The notification we have recently given to BSE is in connection with shares held by Employee welfare Trusts. We are taking steps to go in line with SEBI (Share Based Employee Benefits) Regulations. As provided under these Regulations, the shares are reclassified as non-promoter non-public as required under SEBI Regulations.

Subruto: Sir, is there any compulsion that these shares need to be like sold out or anything on that?

Milind Puranik: No, nothing of that sort.

Subruto: So, who is the change promoter has an intention to increase their stake, like since their stake has gone down, at least from like a technical point of view?

Milind Puranik: Promoters will decide, from time to time, the future course of action.

Subruto: Okay. And sir regarding, like last con-call we have discussed about like INR 6,000 Cr. of pipeline. So, any significant development on that? And if you can give some color on this INR 6,000 Cr., what can be the percentage of government contract on that? And what is the development on that also?

N.M.Ranadive: The current enquiry pipeline is close to INR 5,000 Cr., of which municipal segment will be close to 30%.

Subruto: Okay. So, sir, from a directional point of view, like as we are increasing our order book, this percentage is expected to go up because we have seen a significant amount of a contract on that. So, can we expect this percentage to go up significantly?

Management: That will depend upon the quality of the enquiries which are available to us and the pace of finalisation. But yes, based on our enquiry book, it should be expected that there would be some movement upwards for the percentage of business coming from this segment.

Moderator: Thank you very much. The next question is from the line of Gaurav Muhoot from Ventura Securities. Please go ahead.

Gaurav Muhoot: Sir, can you provide me with the segment wise exports for H1 FY20?

Vasant Naik: Segment wise exports?

Gaurav Muhoot: Yes.

Vasant Naik: Since the Sri Lanka revenue has picked up steam, a significant contribution of the exports will be from the Engineering segment. And in terms of the total volume, it is around INR 240 Cr. for the first six months.

Gaurav Muhoot: So significantly from Engineering segment?

Vasant Naik: That's right.

Gaurav Muhoot: And what be the split of receivables segment wise?

Vasant Naik: In terms of the segment wise receivables, because of the inherent nature of the payment terms in the EPC segment, a major component of the receivables is contributed by the Engineering segment.

Gaurav Muhoot: So major chunk, I mean, around 70%?

Vasant Naik: That is right, it will be in that region.

Moderator: Thank you. The next question is from the line of Bipin Shah, an individual investor. Please go ahead.

Bipin Shah: Most of the questions have been answered, just had one question about the visibility for the next year. This year Sri Lanka is contributing a large sum of money, any visibility on further new large orders which you had spoken about in the previous quarter? Is there any further development on the same, if you can guide us on that? Thank you.

Management: Even if there is a development in the positive direction, we are not in a position to further guide or make announcements on order finalisations till it is fully closed and concluded

Bipin Shah: And just one further question, the others are probably in the vicinity of the Sri Lanka order in terms of size or would they be larger?

Management: Some of the ones that we are discussing are in the same kind of range as the Sri Lankan order. But it is only when we finalise that we really know what the scope and size is. So it is premature to really talk about the numbers till we have some concrete thing to talk about.

Moderator: Thank you very much. Next question is from the line of Santosh from India Nivesh. Please go ahead.

Santosh: I have two questions. First of the working capital side. Can you please help what lead to the changes in the payables, loans and advances and other current assets in the cash flow reported for H1 FY20?

Vasant Naik: Changes in the working capital have occurred largely on account of the increase in the Engineering segment activity during the year.

Moderator: Thank you. Next question is from the line of Anshul Agarwal from CARE Portfolio. Please go ahead.

Anshul Agarwal: I missed the order book numbers, can you repeat the same?

N.M.Ranadive: Order book as of September is INR 756 Cr.

Anshul Agarwal: And the order inflow during the quarter was?

N.M.Ranadive: During the quarter it is INR 101 Cr., and order book doesn't include the Sri Lanka order.

Anshul Agarwal: Okay. And what was the Sri Lankan order that was executed in the current quarter?

N.M.Ranadive: Sri Lankan order executed in the current quarter is INR 102 Cr., And INR 41 Cr. was executed in the June quarter. So current half yearly order execution is INR 143 Cr.

Moderator: Thank you. Next question is from the line of Chirag Shah from Value Quest. Please go ahead.

Chirag Shah: Sir, I would like to know, you had guided INR 500 Cr. execution of order in Sri Lanka this year, so we are on track for that?

N.M.Ranadive: Yes, we are very much on track.

Chirag Shah: So sir, roughly we will be doing INR 500 Cr. this year and the rest, what will be the rest amount for next year?

N.M.Ranadive: Next year would be close to INR 350 Cr. plus.

Chirag Shah: And sir is it possible to share the comparable number for Sri Lanka last year this quarter and how much was executed?

N.M.Ranadive: Last year this quarter was only INR 10.52 Cr. as against current year INR 102.45 Cr. for the quarter.

Moderator: Thank you very much. The next question is from the line of Kushal Deira from Standard Chartered Bank. Please go ahead.

Kushal Deira: Sir, just wanted to ask on the Sri Lanka order. I understand roughly INR 750 Cr. would be pending as on date. And as you said, you plan to do INR 500 Cr. in FY20. So, are we on track to complete this order by June, which was I think the scheduled date for completion of this order?

N.M.Ranadive: The major portion will get completed within the contractual due date. However, some portion of contract will get extended by few months by mutual understanding with the customer..

Moderator: Thank you very much. Next question is from the line of the Dinesh Sairam from CRISIL. Please go ahead.

Dinesh Sairam: Sir, I just wanted to understand, we have seen that there is a lot of traction from the government, 'Nal Se Jal' and 'Jal Jeevan'. So in the future, let's say, five years or ahead of that we will see a lot of flows from the government. So, as a company, are we trying to tap that opportunity? That is the first question. And a connected question is, if we at all chose to go that route, will it change our strategy, because then we may not be in the control of the margins and our receivable will go for a toss. So, what is your opinion on that?

Management: First thing we will want to ensure is that we protect both capital as well as the margins are protected, we would be pursuing only those opportunities where we feel that these are not adversely affected. And that is the primary reason why we have been very conservative in approaching this segment of business. But I should also add that we are seeing much improved quality of contracts. And I am very hopeful that the quality of competition as well as quality contract would enable participants like us to have a larger play in this. Accordingly we are pursuing a number of opportunities in this particular area of business, in respect of infrastructure, municipal and central government schemes, and you should be seeing at least a few of them come into our kitty.

Dinesh Sairam: Okay, thank you. And in this Consumer division, we supply to IRCTC, so just wanted to again get a color on, are we planning to ramp it up? I think currently it is a very small percentage, maybe I think 1% or 2% of our business. So what will be the future in that?

Management: We will certainly pursue opportunities with IRCTC and other such bodies. As and when these opportunities come up for bidding or participation. We feel that we have a very good presence already and we will continue to have a good chance of securing business from these bodies.

Moderator: Thank you very much. Next question is from the line of Pritesh Chheda from Luck Investment Managers. Please go ahead.

Pritesh Chheda: Sir, my question is on chemical. So if you could tell us what is the size of the industry that you operate in? And what will be your market share there in the resins and the water chemical?

Management: If you look at the global opportunity size in the resins market, that is a very large number in comparison to the size of business which we currently execute. It would run into more than a billion dollars. We are continuously adding new value added resins to our product basket. This would keep allowing us to participate in more and more of these opportunities, both in India and globally. So it's an ever expanding market size in that respect, as I said, which would run up to more than $1 billion. And in terms of the water treatment chemical market, it is much bigger in size and runs into more than $20 billion on a global level. However, a substantial part of this is commodity chemicals. When it comes to India, the market sizes are significantly lesser than that. Depending upon the product line, we have more than 35%-40% market share in the Indian market for the resins, and close to around 10% to 15%, in the water treatment chemicals. We are practically absent in commodity chemicals.

Pritesh Chheda: And our business is predominantly domestic?

Management: While a majority of the Chemical segment's business is domestic, but exports as mentioned earlier have shown significant traction during the recent years..

Pritesh Chheda: And which countries do we export?

Management: This is widely spread across the globe, so there is no specific bias towards any country. We are exporting to the developed world, North America, Europe, Middle East, as well as to the South-east Asia and Africa. We cover almost the entire the global market.

Pritesh Chheda: The application will be what?

Management: It is water but it is also other industry. So in some cases, for example in pharmaceutical, resins could even be used as API in medicines and in other cases can be used for non-water applications, so for example, in purification of certain chemicals, purification of certain food products. So, it's not just water treatment.

Moderator: Thank you very much. Ladies and gentlemen, due to time constraint that was the last question for today. I will now hand the conference over to the management for closing comments.

NM Ranadive Good evening. Thank you all for participating in this earnings con-call. I hope we are able to answer your question satisfactorily. If you have any further question or 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 are confident in the company's growth plans and program. And with this, I wish everyone a great evening. Thank you.

Moderator: Thank you very much. On behalf of ION Exchange India Limited, this concludes the call for today. Thank you for joining. You may now disconnect your lines.