ION EXCHANGE
Refreshing the Planet

June 6, 2022

To

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

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

Dear Sir/ Madam,

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

Pursuant to our letter dated May 25, 2022, we enclose herewith communication relating to conference call as per Regulation 30(6) Para A of Part A of Schedule III of the SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015.

The said conference call with the Institutional Investor/Analyst on Tuesday, May 31, 2022 was to discuss the financial performance of the Company for the year ended March 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 Puranik
Company Secretary

Ion Exchange India Limited
Q4 FY22 Earnings Conference Call
May 31, 2022

Moderator: Ladies and gentlemen, good day and welcome to the Ion Exchange India Limited Q4 and FY22 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 Mr. Sonpal.

Anuj Sonpal: Thank you. 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 I would like to thank you all for participating in the company's Earnings Call for the Fourth Quarter and Financial Year Ended 2022.

Before we begin, let me mention a short cautionary statement. Some of the statements made in today's concall 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 caution 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 fundamental business and financial quarter under review.

Now, let me introduce you to the management participating with us in today's earnings call and I will hand it over to them for opening remarks. We have with us Mr. Aankur Patni Executive Director, Mr. N M Ranadive Group Chief Financial Officer, Mr. Vasant Naik Executive Vice President of Finance and Mr. Milind Puranik Company Secretary. Now 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 fourth quarter, and for the financial year ended 21-22. Let me first take you through the financial performance of our company on a consolidated basis for the fourth quarter. The operating income for the quarter was INR 4964 million, an increase of 11.5% year-on-year. Operating EBITDA reported was INR 951 million, an increase of 11% year-on-year and the EBITDA margin stood at 19.16%. Net profit after tax reported was INR 832 million, an increase of 18% year-on-year while the PAT margin percentage was 16.76%. For the financial year ended 21-22 on a consolidated basis, the operating income stood at INR 15769 million, an increase of around 9% year-on-year, operating EBITDA stood at INR 2132 million, an increase of 5.4%. The EBITDA margins reported was 13.5% and net profit was at INR 1617 million and increase of about 13%. PAT margin was reported around 10.25%.

Coming to the segmental operational performance in the engineering division, our revenue for the quarter was INR 3208 million, an increase of about 10%. The EBIT for the quarter for this segment was INR 732 million an increase by about 31% on a year-on-year basis. For the financial year ended 2021-22, the revenue from this segment was INR 9351 million, a slight decrease of 0.6% and EBIT stood at 1068 million an increase of about 7% compared to last year. Regarding the Sri Lanka order, the company in this quarter had commenced progressive handover of the completed stages of the project to the Sri Lanka Water Board. However, the uncertain economic outlook and the ensuing turmoil have impacted the pace of execution. We have since received further time extension from the customer for completion of the contract and we do not perceive any credit risk in this contract. The execution of the UP Jal Nigam project has picked up pace in this quarter, and the revenue has been recognized based on the work completion. Further, the execution of other engineering contracts also picked up pace on the back of the higher order backlog. While the overall margins have improved, the rise in input cost remained a concern in this quarter.

Coming to the order book as of 31st March 22, we continue to witness encouraging order flows both in the domestic and the international segments. Our order book stood at approximately INR 1267 crores, this excludes the Sri Lanka and the UP Jal Nigam order and if we add these two orders the total order book would be approximately INR 2674 crores. Further, we have a bid pipeline of around 6700 crores, which gives us strong revenue visibility for the next two three years from the engineering segment.

Coming to the chemical division, the revenue for the quarter was INR 1515 million and increased by approximately 17% on a year-on-year basis. EBIT reported was INR 345 million, a decrease by 11% year-on-year. For the full year, the revenue from the chemical segment stood at INR 5579 million, an increase of 27% and EBIT stood at INR 1208 million, an increase of 14% compared to last year. The sales in the domestic segment continue to record steady growth. The export volumes have also improved with the relaxation in the COVID curbs. However, the logistic issues continue to hamper the dispatches. The increased raw material costs continue to put pressure on the margins in this segment. While the company has resorted to periodic price hikes, the volatility and rapidness of the cost increase impacted the margin.

Coming to the consumer segment, the revenue for the quarter was INR 425 million, an increase about 13% on a year-on-year basis. The loss for the quarter in this segment was INR 16 million. And for the full year, the segment clocked revenue of around INR 1366 million, an increase of 26% year-on-year and loss stood at INR 36 million as compared to INR 37 million in the previous year. New product launches and the increased market coverage has resulted in sequential improvement in the turnover.

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. Our first question is from the line of Pratik Kothari with Unique PMS. Please go ahead.

Pratik Kothari: Sir my first question is on the other expense, we have seen this for the whole annual basis to grow much faster than revenue if you can throw some light on that?

Management: The other expenditure primarily includes the majority of the expenses pertaining to the chemical segment and the consumer product segment. The Other expenses include for the chemical segment, the factory related expenses incl the utilities cost, and for the consumer product segment the marketing and the distribution cost. So broadly, they have increased in line with the turnover increases in these two segments. Further, we also have seen some increases in the freight cost during the year and that also is forming part of the other expenses. And lastly, the travel expenses with the relaxation in the COVID curbs, the business travel has re-started. So that element of expenditures has also increased.

Pratik Kothari: Couple of quarters back we had announced large greenfield CAPEX on the region side of 250 crores and on the other chemical side we were going send some Rs.50, Rs60 odd crores between FY22 and 23. But the CAPEX numbers don't reflect that spending which should have. So as there's been some delay in getting some clearances. Just an update on the CAPEX part?

Management: Yes, the CAPEX is slightly delayed. We are still awaiting clearance from the relevant authority and as soon as that is available with the company, we will initiate the CAPEX as we have been announcing. As of now it seems that we would not be able to complete this by the end of FY23, it will spill over to the first half of FY24.

Pratik Kothari: Okay. Sir, any specific reasons regarding this delay?

Management: The govt. signatory who is going to review this document is currently not available. Once the relevant gentleman is available, the document should get signed and released.

Pratik Kothari: Okay, fair enough. And sir what would be the volume growth that you are seeing on the chemical division for the whole year?

Management: It's actually very difficult to come back on specific volume details because there's a very wide variance in the type of products which we deal in. The profile of the chemicals, the margin profiles and even the units of measurements are different, therefore difficult to directly comment on what's the changing volumes for the overall segment.

Moderator: Thank you. Our next question is from the line of Karan Asli from Maximal Capital. Please go ahead.

Karan Asli: Just continuing on the last participant on the chemicals, could you help me out with the utilization level chemicals in Q4?

Management: Overall capacity utilization would be in the range of around 75%.

Karan Asli: Okay, and this is for the fourth quarter?

Management: This is for the fourth quarter.

Karan Asli: Right. So, does that imply that has been no volume growth because in Q3 as well the utilization was 75% so sequentially, if we try to say that there has not been much volume?

Management: For the chemicals side of business, the volumes have been more or less similar to what we have seen in the third quarter although, there would be variations somewhere in different product lines. But per se capacity utilization as a whole would be in the range of 75%.

Karan Asli: Sure. And could you help me out with the CAPEX figures for FY22 and for FY23 and towards which segment would this CAPEX be for?

Management: The overall CAPEX was in the region of around 49 crores. As we have mentioned in the earlier calls, we are in the process of enhancing the capacity of our membrane plant. Also we have gone into in terms of improving the capacities at our engineering divisions, and some incremental CAPEX has gone in the chemical divisions. So largely our totals 49 crores CAPEX is largely in this three business lines. In terms of the next year 2022-23, our total CAPEX will be in the region of around 60 to 70 crores. And here again, the major CAPEX would be in completing the capacity enhancement of our membrane facility plus the incremental CAPEX which we do every year in the region of 15 to 20 crore in our chemical segments, that will continue.

Karan Asli: Sure, sir very helpful, and just a quick question for if I can squeeze in sir. Last three years engineering we've seen the revenue roughly the range of about 935 to 940 crores So, what is the outlook going forward, could we hope to sort of crop that 1000 crore revenue mark in FY23?

Management: We certainly expect to see a significant improvement on the engineering revenue in FY23. We have a very strong order book at this point of time and we are also witnessing a good inquiry bank. Prospects of converting further orders are also bright and we should be looking at a good growth over what we've seen in the previous year.

Moderator: Thank you. Our next question is from the line of Sunil Kothari with Unique PMS. Please go ahead.

Sunil Kothari: Thanks for the opportunity. Sir, congratulation Mr. Patni and team for such a good numbers and very manageable and predictable EBITA performance. Sir, coming out from this two years challenging environment how do you look at engineering business per se in terms of education or preparedness because it seems that now, there should be a very high you say just now that there is a significant scope of improving revenue. So are we prepared for a higher numbers and higher execution orders, that is one question and second one, we are expecting some big order from international market, which yet not happening some of the reasons, if you can explain possibilities of getting those orders from international market and our preparedness to execute higher orders in current year?

Management: We are quite well prepared to execute these orders and work at a much higher scale than currently. We keep augmenting our capacities and our ability to execute these projects. And we'll be able to supplement current capacities as and when required. As regard international orders which we have been in discussion for quite some time, there is progress on these orders. And we are quite close to finalization on some of these contracts. But I still do not have anything to declare for at this point of time. We hope that we would be able to do so in the very near future.

Sunil Kothari: Fine sir. And what's your outlook compared to last two, three years' experience and our preparedness, both the segments if you can little bit looking at the international scenario the people want now China plus one, extra source from Western world, people would like to source more from country like India, both the division how you see operation for next two, three, broad some thought process?

Management: We are standing at a very interesting juncture with some of the threats post the pandemic seeming to be behind us. There seems to be an uptick in growth expectations across the board. India is certainly witnessing an increased flow of inquiries. Improvements also being witnessed in Southeast Asia, in the Middle East and in the other geographies. The one area of concern still is Europe, which is facing relatively higher impacts of the ongoing war. I do hope that we would be able to put these well behind us in the very near future. And once that happens, there is a robust economic recovery across the board, we should be seeing a substantial increase in opportunities for us. In any case, we are quite expectant of good growth from the international markets as well as domestic markets. The next three years' outlook, I would say is quite good.

Sunil Kothari: And in terms of chemical segment?

Management: We have been growing well in our chemical business in the international market. There were some hiccups faced in the last couple of years arising out of logistic challenges, availability of containers and the cost of transportation. This had slowed down our progress in the international markets. I do hope that in the coming year, we would be able to achieve much stronger growth as compared to the last couple of years. Substantial increase in the resin capacity is anticipated in the next couple of years. That should give a good boost in terms of revenues coming from the resin business. Both of these together should help to achieve good growth from the chemical segment.

Sunil Kothari: Yes, sir. And my last question is some outlook on margin for current year, both the division?

Management: On an overall basis, I am quite hopeful that we will be able to improve margins, if the raw material prices soften a little bit.

They have been at the escalated level for quite some time now. And once that happens the margin expansion should take place. But even so conservatively we should maintain the full year margin similar to what we have achieved in the past year.

Moderator: Thank you. Our next question is from the line of Ishrat Khatri from Omkara Capital. Please go ahead.

Ishrat Khatri: Sir I wanted to understand the margins for the engineering business. So we see that we've had one of the highest margins that we've ever reported. And we saw similar trend in Q4 last year as well. So is there a seasonal trend that we can expect going ahead and one, why was the margin so high, I understand it should possibly not be sustainable, but any reason for the margins been so high?

Management: We do witness a jump in margins in the last quarter of the financial year, this has been sort of a trend for some years now. It happens on count of multiple factors coming into play altogether. One of the key factors is the overall scale of operation in the last quarter. It is much higher than what is witnessed in the other quarters. Therefore, we manage to leverage the fixed cost much better and the EBIT margins and EBITDA margins scale up on account of that. The other reasons are, we have slightly different mix of products and revenue contributions from slightly higher profit margin business tend to increase. This also contributes to an increase in the overall margin. Further we have been able to progressively pass on some of the cost which were at an escalated level. This has also contributed to our overall margin. If I have to talk about sustainability of these margins, I think the overall margin % that we have reported for the entire year, that we should be in a position to repeat on a continuous basis. You would see variations from quarter-to-quarter, but the yearend margin of numbers should be almost at the same.

Ishrat Khatri: Okay, about 11%, 11.5% odd EBIT margins is what we made in FY22. So that according to you should be sustainable for the coming years as well?

Management: That's right.

Ishrat Khatri: Okay, also sir another question, I understand that situations are very uncertain in Sri Lanka and time and again, we have not been able to complete the Sri Lanka project, but just if you could throw some light on the situation that Sri Lanka I understand you've written that there is no credit risk for Sri Lanka and we should be able to get whatever 250 odd crores of unexecuted portion that is still there. But if you could just throw some light in terms of the execution the phase by when can we tentatively expect completion for this project?

Management: The situation on the ground in Sri Lanka is quite uncertain, you would all be reading about the economic turmoil that the country has gone through and consequently, other challenges which they are facing. For us, the major challenge has been operational, because the availability of fuel, of manpower, of subcontractors, became a little bit unpredictable and uncertain, and led to slowdown in the pace of execution. This has led to extension of the period of execution. Now we have from the Sri Lankan Water Board, extension approved till the second quarter of the current financial year. We should be in a good position to complete this contract by that time, again hoping that the situation would be smooth on the ground for execution. We do not expect to have any credit risk because we’re not getting paid directly by the Sri Lankan government. And plus, these payments are insured and guaranteed. So, with those things in place we do not really have any credit risk, but the pace of revenue recognition has slowed down and there is a little bit of an uncertainty about that. We are going with the guidance of the concerned ministries and our insurers and we would accordingly pace the execution.

Ishrat Khatri: Okay, got it sir. Sir, Ranadive sir mentioned that we’ll be doing about 60 to 70 Crore CAPEX for the chemicals business for this year. So, from what I remember the overall CAPEX was it 150 to 200 crores or was it 200 to 250 crores that we were intending to do for the business plan, the Greenfield CAPEX?

Management: The Greenfield CAPEX would be significantly upwards of 200 crores.

Ishrat Khatri: So, out of that 60 to 70 crores should be in FY23 and you mentioned that by the end of first half of FY24 we expect completion so, our major chunk of it would be in FY24 is what I'm assuming?

Management: So, the figure of 50 to 60 crores which was mentioned which would come in addition to the capex on the Greenfield project

Ishrat Khatri: Okay. So, next year for the Greenfield what can be expect sir?

Management: On account of the Greenfield project, while some portion of that expense would be incurred in current year, there will be a major portion of the expenditure in the later part of execution. But we are waiting for the EC clearance to happen first. Based on when that happens we would be able to project what would happen in the current year.

Ishrat Khatri: Sir meanwhile just one last thing, meanwhile at the resin plant at Ankleshwar we have enough capacities to grow, because you mentioned overall utilization for chemicals is 70%. But for the resin plant specifically at Ankleshwar, I believe we used to run at over 90% utilization and we've done some brownfield as well. So what would be the utilization level for the Ankleshwar plant?

Management: So, there is still some headroom available at Ankleshwar and we are also trying to see if we can incrementally make more adjustments there to augment capacities for the time being. There is substantial headroom available in our other chemical facility. So, for the chemical segment as a whole, we should be able to support quite a bit of growth during the coming year.

Moderator: Thank you. Our next question is from the line of Siddharth Malhotra an Investor. Please go ahead.

Siddharth Malhotra: My question was, just because the crude prices have remained high. Do we foresee any business from that particular area, oil and gas especially from the Middle East is that instead of financial sector for us for business going forward?

Management: Oil & gas and refinery sectors are significant consumers of water treatment and wastewater treatment equipment and chemical products. Therefore, an uptick in investments or operational levels of these facilities would have a consequent opportunity for companies like us. To the extent that the current level of prices sustain themselves and also leads into CAPEX plans, we see further business coming in. This is happening in India as well as in the international market. As you rightly identified Middle East is one of the important markets when it comes to this particular sector.

Moderator: Thank you. Our next question is from the line of the Deepen Shah an Investor. Please go ahead.

Deepen Shah: Sir most of the questions have been answered. Thank you so much.

Moderator: Thank you. Our next question is from the line of Analyst with B&K Securities India Private Limited. Please go ahead.

Analyst: So, we actually starting some respite specific end consumer product business in terms of profit so, we actually could not be able to find this quarter so called. So, when can we explore around this business?

Management: We should almost certainly see a turnaround of that business in the current financial year that is FY23. The growth momentum has picked up which is evident if we compare quarter-to-quarter growth. We are seeing increased level of business even after the fourth quarter and this should translate into substantial improvement in the overall turnover of the business that should lead to positive EBITDA. That's our belief as of now.

Moderator: Thank you. Our next question is from line of Anupam Agarwal with Lucky investment. Please go ahead.

Anupam Agarwal: My question was the same as earlier participant got the answer. Thank you so much.

Moderator: Thank you. Our next question is from the line of Jai Nandoshi with PMS. Please go ahead.

Jai Nandoshi: During the last concall, there was a discussion pertaining to the company's role in purified water segment for the semiconductor business. And also it was mentioned that the company is into active discussions for some big opportunities. So, can you please provide some insights along with the numbers for the same if possible?

Management: Yes, we continue to be interested in the opportunity and we are engaging in several discussions for potential contracts. There have been couple of prospects which have been converted and orders are with the company. But we are not publicly sharing details of each and every contract. And as such, I can only reflect that the opportunity remains interesting and we will hopefully continue to convert more of these opportunities.

Moderator: Thank you. Our next question is from the line of Karthi Keyan from Suyash Advisors. Please go ahead.

Karthi Keyan: One question on your project business, how is the International pipeline looking like and is there a rethink on this part of the business at all, given the rather unpleasant experience in Sri Lanka obviously, it's been an accident. Some thoughts on that?

Management: Contrary to the unfortunate experience that you are talking about, for us the business which we got from the Sri Lankan Water Board has been quite a good one in terms of revenue as well as margins. And as I had mentioned earlier, there is no credit risk envisaged. We've been getting good payments and the cash flows have been pretty strong on account of this contract. The future projection from this contract also remains quite good. But, if you're referring to the political uncertainties or the economic uncertainties which have cropped up in recent times, yes, we have been concerned about that. That's the reason that we take a lot of time to ensure that we are mitigating all possible risks, including credit risks of this nature for large international opportunities. And we continue to be conservative and careful when evaluating these opportunities and finally converting them into contracts. The future outlook is quite strong. as I've been mentioning over a few of the calls, we are working on some very large opportunities in the international market, along with smaller and medium sized ones. Most of these continue to remain attractive business prospects.

Karthi Keyan: I was of course referring to the political situation rather than just the project specific dynamics. Good that you're well secure on that count, but one question sir, are you fully protected on the profitability side given the time delay. Are you fully protected on the profitability side in these particular project?

Management: Yes, there is no material change in the profitability profile.

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

Saket Kapoor: on the UP project sir, how has been the execution for this year as the quantum, what percentage have we executed and when is the remaining going to get booted in the remaining part of the order and do we have performance, are there milestone or are there any follow up or orders in the pipeline from the same or is it done with our completion of the existing model?

Management: The UP order would be executed over a period of 18 to 24 months. The firmed up portion of the contract which we have already in hand will get executed by FY24. There is a small portion in this contract which is still under processing and once that also gets firmed up that would get completed by the first half of FY25.

Saket Kapoor: And sir it is all in the Jal Sa Nal scheme scope of work that we have got this order under that scheme only?

Management: Sorry, couldn't get your question, what are you asking?

Saket Kapoor: Sir the UP order was under the Jal Sa Nal scheme, the flagship of central government?

Management: That's right.

Saket Kapoor: Okay. But here the size of the order execution will be over a much larger period of time. So do we envisage more or orders coming up post 2024 or because the scope of work is there for at least three, four years to continue, or do we think that in our domain the work would get over by 2024?

Management: No, there are many more opportunities to work on. The current contract has an execution period of 18 months to 24 months. And there are many more opportunities which are available. We have been a little bit cautious about the quantum of work that we want to pick up for this particular segment and have been very carefully analyzing the risk profile attached with each and every such opportunity. And we are working on only those where we are very comfortable with the overall risk. We will be picking up more of these, but as of now this is the only one that we have converted into a contract.

Moderator: Thank you. Our next question is from the line of Jayesh Barberia with B&K Securities India Private Limited. Please go ahead.

Jayesh Barberia: Can you give some more color on what kind of a pipeline are we looking at, so basically, you have stated that we have a bid pipeline around 67 billion can you also throw some light on what kind of key and markets are we looking for the same?

Management: Good portion of this inquiry bank would be arising from capital expenditures by large and medium industries. The industry sectors which typically contribute to the larger contracts would be the refinery sector, the power sector and the steel sector. Apart from this we also have opportunities from the relatively smaller size industries like textile, pharma, the chemical industry, the sugar industry and the food and beverage industry. And in the last constituent of this segment from the industrial side would be the institutional and hotel kind of business. Besides this, there is the government and infrastructure side of business which also contributes significant quantum.

Jayesh Barberia: Thank you so much. Pertaining to the same, so what kind of a mix are we looking at, so what is the mix between private or government?

Management: It tends to vary from time to time based on significant contracts which gets converted. Traditionally we have not been very active on the municipal side or direct government order. But as you would know that out of our current order bank, good portion is provided by the Sri Lankan order as well as the UP order. That would constitute the lion chunk of the overall order book. However, if you look at the opportunities that we are focusing on, PSUs are also included in the industrial part of business and there is a good portion of business which we are expecting from the industrial bucket.

Management: Thank you. Our next question is from the line of Indrajeet Chakravarti an Investor. Please go ahead.

Indrajeet Chakravarti: I just have two questions. My first question is that to what extent has the company been able to pass on these high input cost like a cost of oil and stuff like that and has it dented to demand in any way and my small second question is that, the semiconductor business numbers that would add to which segment, will it get clubbed to the engineering segment isn't it. Thank you.

Management: Past two years have been very volatile and unprecedented in terms of the variation in input prices. However, the incessant one-way price increase after the first half made it difficult to get back to normalized margins. Even so wherever possible we have been trying to pass on the price rises to the customers. A good portion of our customers have been accommodative and reasonable even when the contracts dis not have price variation clauses. Generally, we are able to pass on the price increases to the customers over a period of time. However, in the overall margin profile there is a slight reduction compared to what we had achieved earlier and we are hoping that the next quarter or so that would come back more in line with what we have achieved earlier. So, as I said, I do hope that we would be able to get increasing success **in**

passing on the full extent of price increase provided we do not witness further periods of upward price pressure sustained.

Indrajeet Chakravarti: Okay. And right now what is the effect of the margins because of this price increase on percentage terms maybe?

Management: We have seen some improvement in the overall margins in recent times. Short answer to your question is that we hope to see improvement in margins here from and while there is still an impact of the increased prices, hopefully the impacts will keep going down. The quantum of impact you can see evident from the lower year-on-year margin percentages especially on the chemicals part of the business.

Indrajeet Chakravarti: Okay, so regarding the semiconductor number that gets clubbed to the engineering section right?

Management: The semi-conductor industry offers opportunities for both the engineering and chemical segment products & services. The revenue aggregation into the engineering or chemical segment is dependent upon the product offered.

Indrajeet Chakravarti: Okay. So semiconductor goes to, and it can go into engineering or chemical?

Management: Yes, depending upon the product which is being sold..

Moderator: Thank you. Our next question is from the line of Ishrat Khatri from Omkara Capital. Please go ahead.

Ishrat Khatri: Just a follow up wanted to understand what is the situation with the membrane plants, what kind of annual revenues did we book under the membrane plant because you mentioned we are also expanding capacity there. So what would be the utilizations?

Management: So, as far as the membrane plant is concerned, we are currently working at well over 90% capacity utilizations, expansion is on and we should see the implementation of that expansion in the 4th quarter of 2022-23

Ishrat Khatri: Okay. So is it safe to assume that we book about 80 to 90 odd crores of revenue because I remember at 100% we were expecting 100, 210 crores of revenues from the membrane plant, right?

Management: So, we would be looking at somewhere around 60 to 70 crores with 100% utilization on a two shift basis, and we will now be doubling that capacity.

Ishrat Khatri: Okay, great to hear sir. Sir on the other projects that the company has received the IOCL project, the recent Morocco and that we've had for desalination, would you want to throw some light on the new wins as well and have we started execution for any of these projects?

Management: For these projects, the initial work has started. Typically, it takes a little bit of a time before the first revenue start to get booked. So once the order is in, maybe two or three months of time, which would go for initial work which would ultimately translate into invoicing in subsequent periods.

Ishrat Khatri: Okay. And just one last thing sir have you completed the execution of the Cairn project?

Management: No, it's in the final phase of execution.

Moderator: Thank you. Our next question is from line of Sunil Kothari with Unique PMS. Please go ahead.

Sunil Kothari: Sir my question is on dividend and capital allocation, we are conducting really good earnings and cash flow, our dividend is really very small. So what's your thought process?

Management: The effort of the company is to use the retained earnings for future value creation. Part of the internal generation would be used for capacity augmentations. As you know that we are looking at expanding capacities on our chemical business which would yield good returns to the shareholders in coming times. So, that's one of the efforts and other effort is to use additional cash available with the company to further expand our projects and the engineering side of business. Again, as you would have seen from our balance sheets of previous years, that substantial amount of investment is required, especially when the contract sizes are large. So, as we strive to go into larger scale of executions, we will require additional capital in the company to support this growth. And we are hoping that with these increased revenues and the higher scale of operation, we would be able to create more value for the shareholders.

Sunil Kothari: And sir the second question is on chemical segment. We have invested very high on R&D centers, our second R&D center two to three years investment of 30, 35 crore. So what type of work we are doing and what's the outcome, what's your thought process, the observation on the R&D investments we made and what benefits we should expect about?

Sunil Kothari: Should I repeat the question?

Management: I am sorry Mr. Kothari you have to because I got disconnected in between.

Sunil Kothari: Sir, so basically what I was trying to ask is the investors from 30, 35 crores on new R&D center, someone and half, two years back. So would like to understand what we are doing exactly what are the benefits you see over the period, your thought process on R&D, expenses and the efforts we're taking?

Management: The kind of business that we are in, we need to continuously innovate and bring out new products, that is core requirement of our business and also fulfills our ability to maintain margins at a level which is better than what otherwise is available for commodity players. Therefore, this is an important investment for us to make. We have more than 100 people employed in our R&D efforts. And we continue to come out with new products as well as innovate in various ways to ensure that the competitiveness of the company's products is maintained.

Sunil Kothari: Sir, my second question is on earlier calls you had confirmed that we are also planning to consolidate our Indian subsidiaries and some associates any progress on that?

Management: Yes, there is a progress. In the next few months, , we will initiate this merger exercise which will involve more than two companies. And this is the first step of consolidating some of our subsidiaries. This first action would also be followed by more such consolidations

Moderator: Thank you. Ladies and gentleman this was the last question for today. I now hand the conference over to Mr. N M Ranadive from Ion Exchange.

N M Ranadive: Thank you all for participating in this earnings call. I hope we have been able to answer your question satisfactorily. If you have any further questions or would like to know more about the company, please reach out our investor relations managers Valorem Advisors. Thank you.

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