ION EXCHANGE
Refreshing the Planet

August 3, 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 21st July, 2023, we enclose herewith transcript 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, July 28, 2023 was to discuss the financial performance of the Company for the first quarter ended June 30, 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: 2023.08.03 16:03:55 +05'30'

Milind Puranik
Company Secretary

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Ion Exchange (India) Limited
Q1 FY24 Earnings Conference Call
July 28, 2023

Moderator: Ladies and gentlemen, good day and welcome to the Ion Exchange (India) Limited's Q1 FY24 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. 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, Mr. Sonpal.

Anuj Sonpal: Thanks, Michelle. Good afternoon, everyone and a very warm welcome to you all. My name is Anuj Sonpal from Valorem Advisors and 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 first quarter and financial year ended 2024.

Before we begin, let me mention a short cautionary statement. Some of the statements made in today's earnings call may be forward-looking in nature. Such forward-looking statements are subject to risks and uncertainties, which could cause actual results to differ from those anticipated. Such statements are based on management's beliefs as well as assumptions made by and information currently available to management. Audiences are cautioned not to place any undue reliance on these forward-looking statements in making any investment decisions. The purpose of today's earnings call is purely to educate and bring awareness about the company's fundamental business and financial quarter under review.

Let me now introduce you to the management participating with us in today's earnings call and hand it over to them for opening remarks. We firstly 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 first quarter of the financial year 2024. For Q1 of Financial Year '24 on a consolidated basis, the company reported an operating income of INR 4,792 million, an increase of 25% year-on-year. EBITDA was reported at INR 489 million representing an increase of around 49% year-on-year. And the EBITDA margins stood at 10.2% and net profit was INR 333 million, an increase of 22% year-on-year while the PAT margin was in the region of 6.95%. For the engineering division, the revenue for the quarter was INR 2,871 million, an increase of 42% year-on-year. The EBIT for this segment was INR 149 million, an increase of around 84% year-on-year. The segment continues to witness steady order flow and a robust inquiry bank. The execution of the UP Jal Nigam project is progressing satisfactorily and revenue has been recognized based on work completion. Regarding the Sri Lanka order, the discussions continue amongst all the stakeholders and we remain hopeful of the project closure in the current financial year 2024. Our total order book now stands at INR 33.5 billion, with a bid book pipeline of around INR 86 billion.

Coming to the chemical segment, the revenue for this quarter was INR 1,461 million, which was roughly at the same level as the previous year. The EBIT stood at INR 366 million an increased by around 17% on a year-on-year basis. The segment continued to sustain the margin improvements against the backdrop of stability in the input costs and improved volumes of higher margin product lines. In the consumer segment, the revenue for the quarter was INR 603 million, an increase of around 20% year-on-year. This segment continues to record healthy volume growth reflecting increased penetration and product acceptance.

In some other highlights, the company has completed the process of acquisition of 100% capital of the M/S MAPRIL in Portugal. This acquisition will improve the reach of the company's product in the European market. Also, the company's merger application in respect of its three of its Indian subsidiary companies with the parent holding company has been filed with the competent authority and the same are under process.

With this, I conclude the opening remarks and we can now open the floor to the question -and-answer session.

Moderator: Thank you very much, sir. We will now begin the question-and-answer session. We have the first question from the line of Chetan Bora from Abacus Asset managers. Please go ahead.

Chetan Bora: Just would like to understand your commentary on the engineering segment. What was the execution of UP this quarter and how should it progress going ahead and by when it has to be completed? First question was that. And on the chemicals, though there was no revenue growth but margin seems to be on an uptrend. So, would like to understand your insights on that, sir, both in engineering and the chemicals?

Vasant Naik: , For the current quarter, the UP invoicing is around. Rs. 39 crores.

Chetan Bora: Which was last quarter it was close to Rs. 90 crores sir, if I'm not wrong.

Vasant Naik: In the June quarter of last year, it was around Rs. 27 crores.

Chetan Bora: See, I was asking about the March quarter, March quarter we did Rs. 90 crores.

Vasant Naik: March quarter was around Rs. 70 crores.

Chetan Bora: And by when we will have to complete this?

Aankur Patni: We are expected to complete substantially the entire project by early next financial year.

Chetan Bora: So, is it fair to assume that of the executive order book of nearly about Rs. 925 crores, half of that will come into this year?

Aankur Patni: Well, we are looking at improving our execution during the coming quarters and we are certainly hopeful that we will do a good amount of invoicing in the current year and the balance will get executed in the next year.

Chetan Bora: For the full year for the engineering segment, what kind of growth visibility we are looking at?

Aankur Patni: The overall growth you're asking, right?

Chetan Bora: Yeah, right.

Aankur Patni: The momentum of growth that we have seen till now, should continue. Execution will pick pace in the next few quarters. On very broad terms, we hope to grow by roughly around 30% to 35%. That's our estimate as of now and we will update it as we go forward.

Chetan Bora: And what was the order inflow for the quarter, sir, on the engineering front?

Vasant Naik: The order inflow was around Rs. 187 crores.

Chetan Bora: And the bid pipeline is close to Rs. 8,600 crores. How much of that we are expecting to get it converted?

Aankur Patni: Well, that's a bit of an unknown quantity, Chetan, but we normally see that overall conversion rates are roughly around 20%. And we think that the trend will more or less continue.

Chetan Bora: Alright, sir. Because last time when we were talking about, we were expecting some few one-two large deals on the overseas front. Just would like to understand the progress on that front, sir?

Aankur Patni: No further change on that, Chetan. We remain hopeful and keep following up on that. And while there is some incremental progress, nothing has come through yet.

Chetan Bora: Alright. And sir lastly on the chemicals front, the revenue growth was flattish and the margin improvement was quite positive. Would like to understand your comment on that part, how should one see this chemical segment, sir?

Aankur Patni: We do expect to see overall growth of around 10% to 15% in the current year for the chemical segment. As far as the margin is concerned, while we have seen some improvements in margin, we think that it should a margin increase over the last full year's numbers.

Chetan Bora: And so what's the update on the Greenfield expansion?

Aankur Patni: We have started execution on the Roha project. We are expecting to commence the operations from that plant in FY25-26.

Chetan Bora: And what would be the project cost?

Aankur Patni: The total CAPEX is in the region of around Rs. 400 crores.

Chetan Bora: And this will be totally funded by internal accruals?

Aankur Patni: No, we are funding it partly by internal accruals and balance through external financing.

Chetan Bora: And what would be the component for that?

Vasant Naik: We are roughly looking at 80:20. 80% is the external funding.

Chetan Bora: So, you are saying Rs. 300 crores to Rs. 320 crores of debt.

Vasant Naik: That's right, over a period of two years of the project execution.

Chetan Bora: And sir lastly the other income which was last year Rs. 18 crores this year has come down to Rs. 10 crores. Can you elaborate the nature of it? The last year 18 crores was on account of what and 10 crores is what?

Aankur Patni: The dip is primarily account of on account of foreign exchange variations. The last year we had substantial amount of foreign exchange gain under Other Income.. This year, the foreign exchange rates have moved the other way and there are some foreign exchange losses which do not get accounted under other income.

Moderator: Thank you. We have the next question from the line of Mahesh Bendre from LIC Mutual Fund. Please go ahead.

Mahesh Bendre: Sir, the chemical business was flat on Y-o-Y basis. So, what could be the reason, sir?

Aankur Patni: Normally, in the first quarter, the numbers are almost always softer than all the other quarters. We will see a pickup in the coming quarters as we are expecting improvements to come through from the international market as well as from the domestic market.

Mahesh Bendre: And sir, if I heard correctly, we are expecting 30%-35% growth in the engineering business and 10% to 15% of growth in chemical business for the current.

Aankur Patni: That's right.

Mahesh Bendre: And sir, the last question. When do you think that Roha projects will get on? I mean start delivering, I mean the products.

Aankur Patni: We are expecting that the Roha project will be operational in FY25-26.

Mahesh Bendre: So, it will actually get reflected in FY26 numbers?

Aankur Patni: That is right.

Moderator: Thank you. The next question is from the line of Akshat Mehta from Sameeksha Capital. Please go ahead.

Akshat Mehta: So, I just want to understand one thing that in this quarter as well you have seen some returns of margins in engineering segment. While I understand that, we are increasing capabilities and manpower and that is why you can see that there is a big jump in your employee expenses. Till when do we expect this number to remain elevated and the margins to kind of normalize in the engineering segment.

Aankur Patni: Well, this is a phenomenon which repeats itself almost every year, Akshat, and you would have seen that almost always the first quarter tends to have a lower margin. Compared to the first quarter of the previous year, I think, there's a little bit of an improvement in the margin profile and we are expecting that as the year progresses and the execution of the various orders picks up, you will see a corresponding improvement in the margins.

Akshat Mehta: Any color on what, what margin are we expecting for the full year?

Aankur Patni: It should be somewhat in the range of what we saw for the full FY 22-23, maybe a slight improvement, but we will comment more extensively on that as the year progresses.

Akshat Mehta: So, also, secondly on the UP project. I think someone asked this I just want to understand, are there any challenges that you're facing on execution of the UP project because till now the execution has been very slow and you are expecting it to pick up in the next 3-4 quarters. So, any challenges that you're facing in terms of execution there?

Aankur Patni: UP project, the invoicing has been slower than what we would have wanted and the delays which we are facing are procedural in nature. but we will overcome that shortly and certainly hope to do so. The invoicing should substantially increase over the coming periods.

Akshat Mehta: Can you give a sense on the working capital numbers at the end of quarter one, if you can share that? Because last year you said that at the end of quarter four, there was a big jump in our receivables and you said that is because you've done billing, lot of billing at the end of the year. So, has that come down, if you can share some color or numbers on that?

Vasant Naik: The working capital in terms of number of days is largely at the same levels what we saw in March end because as the engineering invoicing increases, there will be a slight increase in the working capital levels.

Akshat Mehta: But has that come down from quarter 4 levels because last year was a big jump in your receivables compared to your previous year?

Vasant Naik: In absolute terms receivables have come down. There is a reduction in the other liabilities also. So, in terms of number of days, I would say it is at the same level as March.

Akshat Mehta: Can you give us some sense on how your order book is still big with industry, municipal and domestic, international at the moment?

Vasant Naik: International will be just under 20%.

Akshat Mehta: Order book breakup between municipal and industrial projects as well, sir.

Aankur Patni: Industrial side is roughly 65% because we are carrying substantial amount of UP projects and the Sri Lankan project.

Moderator: Thank you. We take the next question from the line of Kaushik Mohan from Ashika Stock Broking. Please go ahead.

Kaushik Mohan: My question is basically again on chemical sector. Sir, on Y-o-Y, you have been on the same growth and when we look at even the quarter-on-quarter, it hasn't been grown, but the margins have been expanded. So, are you expecting the same kind of margin expansion and what Kind of numbers that we'll be closing this year or any ballpark number that you have it?

Aankur Patni: We are expecting to see roughly around 10% to 15% growth by the end of the year. As far as margins are concerned, yes, we continuously aspire to improve overall profitability and we do so through various measures including improving the product mix. We do hope that we will be able to continue the improvements in future also.

Kaushik Mohan: How about the consumer product, sir?

Aankur Patni: Consumer products is doing pretty well in terms of growth. We are investing substantially to make sure that it scales into the next level of growth and we are very hopeful that we will see very robust growth on that segment.

Kaushik Mohan: And how about becoming EBIT positive in one year or any target?

Aankur Patni: That's the hope. And as of now, I do expect that by the end of the year, we should be in the positive.

Moderator: Thank you. The next question is from the line of Pratik Kothari from Unique Portfolio Managers. Please go ahead.

Pratik Kothari: Sir, my first question on the engineering side. I mean we are seeing one of the highest order book that our company has in the history. And it seems that is full in terms of execution that we have to do over the next maybe two or three years. So, in terms of when we are bidding for a new order, does it change anything in terms of the kind of projects that we're looking for, the kind of contract terms, the kind of work, etc.?

Aankur Patni: No, actually we are working on quite a few interesting and exciting prospects as far as new orders and contracts are concerned. So, we hope that we will continue to scale past the previous numbers of the order book. And I do expect that by the end of the year, we could be in a stronger position compared to today. We continuously invest in our capabilities to reposition ourselves for future growth. And therefore, the challenges of growth can be better addressed through better people, better systems, better infrastructure and that's where our orientation is as of now to ensure that the growth continues.

Pratik Kothari: And sir, regarding your comment on the margin, so last year because you were investing a lot to kind of do this accelerated execution that we are we supposed to do this year, our margins were subdued than what they were historically. So, once this execution comes in shouldn't the margins revert back to maybe in FY22 or 21 level?

Aankur Patni: The margins will certainly become better than what you are seeing today as the quarters progress and I will wait for another quarter or so before I give you a more accurate projections. But I would certainly expect it to be better than what you are seeing today.

Pratik Kothari: And sir, on the chemical side, we have spoken about volumes increasing on the export side etcetera. So, just to get a sense in terms of on a broad basket level, how would have the realizations moved, say if the prices were Rs. 100 at the peak, where would that have settled now?

Aankur Patni: Well, the one strategy that the company has been adopting over the past few years is to improve the overall product mix and that is helping us to improve the overall realization levels and also the margins. We will continue to aspire to do that. The realizations, if you factor in this change in product mix, have improved.

Pratik Kothari: The reason I ask this is because for the last two years we have been in this 150 crores a quarter range on the chemical side. So, if our realization and product mix has been improving all the while, that implies that maybe their volumes are not what it was, maybe even two years back. And this is in context of we are putting up such a large capacity in the near future.

Aankur Patni: Well, we will continue to work on improving our overall product profile and certainly also look at substantial improvements in volume. The new project which is coming in would have benefits not only in terms of the efficiency of production and the kind of products that we can manufacture, but also it would help us to improve our cost profile which would further improve our competitiveness in the international market.

Pratik Kothari: And sir, last question on this Portugal acquisition which we did. If you can highlight, do they give us some entry to new clients or is this some new products which they do?

Aankur Patni: Access to a new market was the core target. We are looking at establishing marketing and manufacturing base in Europe, and European entity certainly provides us far better access into markets in and around the European region. We are also having a few new products which that particular entity was already manufacturing. So, yes, a slight expansion in our product profile, but the significant advantage that we hope to have from this is the expansion of our reach and ability to service the customers.

Moderator: Thank you. The next question is from the line of Mahesh Agrawal from Agrawal Family Office. Please go ahead.

Mahesh Agrawal: The first thing just wanted to understand, on the EPC side if you look on console versus standalone our console revenues are higher than standalone, but the EBIT on console is lower than standalone. Is that just some accounting thing or are there actually something going on in some of the subsidiaries that there were losses in the EPC segments?

Aankur Patni: In the engineering segment, there are couple of Indian subsidiaries, which typically start generating positive numbers after a certain scale is reached. That would happen towards the later part of the year. As of now, these were showing negative margins.

Mahesh Agrawal: And last year, if I remember, we discussed the market opportunity in terms of setting up wastewater treatment plants both on the municipal industrial side was seeming quite strong. Does it seem like that has slowed down a bit this year in terms of the order inflow and also the market outlook because based on the number of orders you were getting sort of last year larger orders it seems this year things might be a bit cooler?

Aankur Patni: We are looking at quite a few prospects, which I certainly hope that we will be able to get. So on the industrial front, in general, we are not really seeing any slowdown or anything remarkable there. As far as the municipal side is concerned, there are you know state specific trends which would be seen. Our aspiration is not to get into all and sundry in the municipal market. And I have been repeating it very often that we would like to remain very choosy as to which contracts we pick up and under what circumstances.

Mahesh Agrawal: And then my second question is about MAPRIL, the Portugal subsidy that we've been we sort of acquired last quarter. I was trying to take a look at the website and it seems the business is a mix of distribution and manufacturing, if I understood correctly. So, could you help us sort of understand what is the distribution proportion and then what is the manufacturing and then maybe also if you can share some numbers, if I remember correctly I think the revenue was around Rs. 70 crores to Rs. 80 crores of that company that you all had shared?

Aankur Patni: Yes, the revenue of that entity is roughly in the range of 10 million Euros. And we are hoping to expand that revenue. We are going to make sure that we reach out to their existing customers as well as improve the reach using the advantage of our brand name and our products. So, as we delve into the company's operations a little bit more and capitalize and leverage its capabilities, I'm sure these numbers would rise substantially.

Mahesh Agrawal: So, the 10% to 15% that you're sharing on the chemical growth, is that including the Rs. 80 crores that will now fold into our chemical segment or that will be on top of that?

Aankur Patni: That would be addition

Mahesh Agrawal: And then sorry, just the nature of that business, how much of it is distribution versus manufacturing and then kind of in manufacturing, what are the products largely that they are into?

Aankur Patni: The product profile includes a few manufactured process chemicals which go into textile industry, which go into paper industry and some other related industries. Apart from that, they were also doing water treatment chemicals. And we, as I mentioned, will be expanding that product range by supplying from our Indian operations.

Mahesh Agrawal: So, is that full Rs. 80 crores manufacturing for them?

Aankur Patni: No, it's not entirely manufacturing, but there is a significant amount included there.

Mahesh Agrawal: And then lastly, if I could just ask you on the chemical segment, if you can just kind of share the perspective on sort of how the resins, water treatment, specialty chemicals categories are doing both domestically and globally because it does seem like maybe there also we are seeing some cool down this year versus last year.

Aankur Patni: Well, it's a very wide bucket of chemicals that we do and very broadly it can be divided into the water treatment chemicals and process chemicals. Within the water treatment chemical bucket there are many products you can certainly go to our website and check it out. There's quite a detailed listing of the kind of products and the applications. Besides the pure-play water treatment chemicals we also do process chemicals which go into, for example, the paper industry, the textile industry, ceramics, oil and gas, sugar industry. So, there are multiple industries where the chemistry of the products which we manufacture allows us to cater not only to water but also to some of the process requirements. Likewise, the resins which we manufacture can be applied for the sake of water treatment, but also in other applications, including pharma, which we have been talking about in the past.

Moderator: Thank you. The next question is from the line of Sanjay Kumar from iThought PMS. Please go ahead.

Sanjay Kumar: Sir, LANXESS has talked about Lehman Brothers like situation due to demand weakness. Does this apply to limited brand appliances which is I think our direct competitors?

Aankur Patni: Well, I can't comment on that whether a Lehman Brothers like situation is on the horizon. But yes, on a on a very broad level the markets in North America and Europe have certainly been constrained because of the overall economic and geopolitical scenario. We have remained hopeful that the situation would start to come back to normal soon and If and when that happens, our markets should start showing signs of recovery pretty soon.

Sanjay Kumar: So, our capacity wouldn't be coming online at the wrong time. So, you think by FY26 demand would have recovered. If that's the case, if the global place here downtown, can you look at acquiring any other companies that will be impacted by this demand weakness? Nothing looks like that with that acquisition, but any other company at a larger scale maybe?

Aankur Patni: Will we remain open to such opportunities and in fact quite actively on the lookout, if and when something comes at the right value and is a good fit, we certainly evaluate that.

Sanjay Kumar: Second on the raw material backward integration, so the top raw material seems to be styrene, which I think we buy. So, which chemical are we or which raw material are we putting the backward integration for? Is it sulfuric acid or sulfonic acid and not send me the names, so if you could help us with the name of the raw material for which we will be putting it in backward integration?

Aankur Patni: Well, I can't give out that detail to you right now. But the additional facility that we are creating in Roha would certainly help on multiple fronts, including improving our cost profile and we will come out with more details at an appropriate time. But unfortunately, I would not be able to disclose those details right now.

Sanjay Kumar: Can you not be cost competitive just to scale or do we need this raw material backward integration to compete with the global players?

Aankur Patni: This innovation will give us an additional advantage and based on our current understanding, we will probably be one of the first who would come up with the innovation that we are talking about.

Sanjay Kumar: Finally on the engineering piece, US is spending on industrialization even we spoke about it. Are we planning to look at the US, do we have a team there?

Aankur Patni: Yes, US is a market which we service. Largely it's our chemicals which are supplied to the North American market and we have some feet on the ground there. And we will expand our presence as and when we feel that it provides us adequate opportunity for the engineering space as well.

Sanjay Kumar: So, the big pipeline of Rs. 8,600 crores, can you give the geographical wise breakup for this piece?

Aankur Patni: No, we don't give out a very detailed breakup of the geography. I can tell you that the major markets that we look at are the Middle East, South and Southeast Asia and Africa.

Moderator: Thank you. We take the next question from the line of Suhas Naik from Kridha. Please go ahead.

Suhas Naik: I have one question directly related to the consumers business. We have reached a Rs. 60 crores kind of number now. So, how do you see this business getting scaled up, say, in the next two or three years? What is our plan in this business?

Aankur Patni: We hope to grow in multiples during the next two to three years. We have been able to grow at a good pace in the recent quarters and our expectation is that the growth momentum will be pretty good in the current year and the year to come as well.

Suhas Naik: And what kind of number margins one can expect actually or margin improvements as we scale up?

Aankur Patni: As of now, the segment is in growth mode and there's a lot of investment which is being put in to continuously scale up the operations. Whatever the business is being able to generate on a gross level is being reinvested in the business. Therefore, you are seeing a continuous trend of increasing overheads. While the bottom line, which is not coming out positive, but I do hope that very shortly we will reach a stage where we would be in the black and thereafter the growth in margins should be at a very good pace because on a gross level the products make good margins.

Suhas Naik: One question on the chemical side, I think you have been quite hopeful about the technology that you have got in the chemical set for the new plant, which according to you can reduce your overheads and cost of production substantially. So, is it some patented kind of technology or if I can ask what is it actually?

Aankur Patni: We can't give out the details of technology unfortunately, but as and when the plant is constructed and we start reaching out into the market, we will certainly offer more details. It is more to do with as we were speaking some time back, some nature of backward integration and its an innovative approach which, as I said, I think there is nobody else who's doing it.

Suhas Naik: So, it's a unique kind of technology you're talking, right?

Aankur Patni: That's right.

Suhas Naik: And this current upturn that we are seeing on the engineering side, how long do you think this, what is the kind of visibility you have three years, four years in terms of sustaining this 25%-30% growth rate? Because you are the best judge of the market conditions, that's why I'm asking.

Aankur Patni: Well, my guess is that we should be doing very well on a sustained basis over a long term. The market opportunities both on the infrastructure type of jobs as well as for the industrial type of jobs are quite good. As a country, we are in a phase of deliberate expansion of manufacturing capabilities and even on the international front there are multiple countries and geographies which are evolving towards a much higher level of maturity as far as the manufacturing industry and practices are concerned. I would certainly expect that we will be able to see a lot of growth in coming years. We continue to invest substantially in our capabilities. We have been adding manpower and changing manpower at very senior level. In coming time also, you would see changes from junior to the senior most level, so we are certainly preparing to position ourselves for a sustained growth in the future.

Suhas Naik: And one last question, if I can. It's about the margins because as you're saying we are heading towards breaking even in the chemical side. Then we're talking about growing in the engineering side about 30%-35% and getting a good operating leverage out of it. And also, consumers business, as you said it will spring back and it will move towards at a neutral position. So, given all this, is your guidance regarding margins of 13%-14%, can we call it a bit conservative or what is it?

Aankur Patni: Till we reach a stage where we can very definitively talk about the improvements from the levels which we have discussed, I would like to remain conservative. It's easy to start talking about bigger numbers, but it's better to deliver those numbers rather than just talk about it.

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

Saket Kapoor: Sir on this innovative part, if you could add something more. I missed your comment. You did mention twice. When we are speaking about this innovative product and the innovation part first-time technologies, what are we trying to explain?

Aankur Patni: Well, I talked about two things. One is that I would not be able to share too much detail about it because obviously we don't want to start mentioning things which could put us at a competitive disadvantage. The other aspect was that we are looking at innovation across the board. We are looking at a better product profile which provides more value addition as well as which we can offer at better terms and margins. We are also looking at the needs and requirements of customers across the board for both the engineering and chemical segment which allows us to keep innovating our products so that we can meet their requirements better. This is happening not just in the Indian market. We're also doing it in the international markets on a continuous basis. Apart from both engineering and chemical segment, there is a lot of innovation happening in the consumer segment. We are launching new products almost every quarter and the response from the customers is extremely good. That is also one of the reasons why you're seeing the top line of the consumer segment improve substantially.

Saket Kapoor: Although you mentioned that in the year, we will be in a position that we will be having the highest order booking that is what you are anticipating as per the bid pipeline also. So, have our hit ratio improved significantly, I think so. Earlier it was 10% to 15% of the orders we bid for. What gives you the confidence if you could give us some more color and then my last question on the UP project?

Aankur Patni: Well, we are hoping to end year at a higher order book than what we currently are at and our traditional hit ratio or conversion ratio would be in the region of around 15% to 20%. That's the anticipation going forward. We are looking at quite a few prospects which are close to finalization and very hopeful that we will be able to declare a much better order book in the coming quarters.

Saket Kapoor: Sir, when we look, especially you mentioned about the UP and the Delhi then becomes, the outstanding order book is Rs. 925 crore. So, sir, if you could give some more color. Firstly, what is the exact scope of work here and what was the total size of this project and how is the execution gain calculated? And are there more such orders in the pipeline in the ecosystem or the government has done with the tendering of the same?

Aankur Patni: Well, there are quite a few such contracts which have been given out by the UP Government as it strives to achieve its target of reaching out to each and every household with tap water. We are servicing one part of that entire project. As far as the overall project size and how much we have done and how much we have still to do, I'll ask Vasant to come in and fill in that data.

Saket Kapoor: Okay, sir. And still sir, they are in the trending process. My understanding was for the Nal se Jal scheme as you mentioned is the tendering process and I have also read about another company in the OFC space having an EPC vertical, they were awarded an order of Rs. 5,000 crore connecting, I think to 5000 villages. I think you are very well aware. So, just wanted to understand the size, the landscape of still the scope of work left there and also how is the execution in the entire ecosystem picking up because as you told that you have got a part of the project, so the entire ecosystem needs to move to this milestone and hence the payments and other terms get fulfilled for EPC players?

Aankur Patni: The payments for these contracts are quite spread-out because it's not one single connection that you are providing. Each village or community that is reached out to, is covered under a different project report and has its independent project execution cycle and payment milestones. Hence it's not just one single payment milestone that you adhere to. Each of these effectively act as individual payment schedules and we are getting paid according to what we have been invoicing over a period of time. The overall project scope is designed to broadly ensure that the water is either sourced through tube wells or an alternate source is provided. The water is thereafter treated and thereafter stored and distributed. That's broadly the scope of the project in layman's terms. The execution for each of these communities or villages is being done parallelly depending upon when the government approves the project report for the individual execution cycles.

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

Devang Patel: I wanted to understand what kind of order inflows are we targeting for this fiscal year and we've seen earlier we got a few lumpy orders on the industrial side. So, again, are we looking at those kind of lumpy orders and the next set of large orders, will they be higher in size than our previous orders?

Aankur Patni: I would desist from giving you very exact numbers here, but on very broad terms respond on a few of the questions. Yes, we are expecting sizable orders. Some of them would be quite large, whether they would be larger than the ones which we have previously received, well, it remains to be seen because they have not yet been awarded and we are still in discussions. They could be. Whether we will look at substantial number of such very large orders, probably the numbers would not be very large but we are looking at a few of them. There would be many more medium sized and smaller orders. Overall, we should be as I mentioned earlier, ending, we hope to end the year at an order book which is higher than what we have seen earlier.

Devang Patel: Sir, if you could help us with what is our medium-term growth aspiration in the engineering segment?

Aankur Patni: We did mention that we are hopeful to reach to achieve around 30% to 35% growth in the current year and over extended period of time based on the overall economic environment and the industrial growth which we are expecting in India and also in good part of the developing world. I would expect that the momentum of capital addition will sustain itself over the foreseeable 10 years or 15 years. Hence it provides us good opportunity to continue growing at a good pace.

Devang Patel: In our chemicals business, what is the peak revenue we can achieve from current capacities?

Aankur Patni: Well, we are going at roughly around 70% capacity utilization at the moment. And I would expect that using the existing capacities we should be able to add another 50%. However, the growth that we are expecting once the new resin facility becomes fully operational will probably be a step growth because we will start reaching out to the market with an improved product and profile which may be more competitive than what it is today.

Moderator: Thank you. We take the next question from the line of the Vipin Shah, an individual investor. Please go ahead.

Vipin Shah: Most of the questions have been answered. Just a slightly longer-term question. On the engineering side, what would be the newer areas which we could be targeting over the next three to five years and probably any visibility which you have on any one of them last year or maybe a couple of quarters back, we spoken about the hydrogen space, but any other areas which you think are potential candidates for us to target? Thank you so much.

Aankur Patni: Well, we keep evaluating every single new industry which comes up or if there is a substantial change in the dynamics of any industry. As we are looking at an aspirational India which wants to manufacture more and more of its products domestically, I do expect that many more industries would go towards higher capacities and utilizations and there will be some more industries which are traditionally not based out of the country which should be looking at establishing base or expanding base in India. So, we'll continue to look at these. Like we saw in the case of electronics or we saw in the case of hydrogen or we saw in the case of solar power, each one of these industries when they do come in with substantial capacities, they offer us very interesting market opportunities and our capabilities ensure that we are in a good position to try and capitalize on these opportunities.

Moderator: Thank you. Ladies and gentlemen, we will take that as the last question for today. I would now like to have the conference over to Mr. N.M. Ranadive from ION Exchange India Limited for closing comments. Over to you, sir.

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 or 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 had confidence in the company's growth plan and focus. And with this, I wish everyone a great evening. Thank you.

Moderator: Thank you, sir. Thank you, members of the management. Ladies and gentlemen, on behalf of Ion Exchange India Limited, that concludes this conference. We thank you for joining us and you may now disconnect your lines. Thank you.