ION EXCHANGE
Refreshing the Planet

February 20, 2018

Bombay Stock Exchange 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 Obligation and Disclosure Requirements) Regulations, 2015.**

Pursuant to our letter dated January 29, 2018, 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 Obligation and Disclosure Requirements) Regulation, 2015.

The said conference call with the Institutional Investor/Analyst on Monday, January 29, 2018 was to discuss the Financial performance of the Company for the Third quarter ended December 31, 2017. 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

ION EXCHANGE (INDIA) LTD. | CIN: L74999MH1964PLC014258
Regd. Office: Ion House, Dr. E. Moses Road, Mahalaxmi, Mumbai - 400 011, India.
Board: +91 22 3989 0909 | Fax: +91 22 2493 8737 | E-mail: ieil@ionexchange.co.in | Web: www.ionindia.com
Offices: Bengaluru | Bhubaneswar | Chandigarh | Chennai | Hyderabad | Kolkata | Lucknow | New Delhi | Pune | Vadodara | Vashi | Visakhapatnam

Ion Exchange (India) Limited
Q3 FY 2018 Earnings Conference Call
January 29, 2018

Moderator: Ladies and gentlemen, good day and welcome to the Ion Exchange (India) Limited's Q3 FY 2018 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 would now like to hand the conference over to Mr. Anuj Sonpal from Valorem Advisors. Thank you and over to you, sir.

Anuj Sonpal: Thank you Stanford. Good afternoon, everyone and a warm welcome to you all. My name is Anuj Sonpal, CEO of Valorem Advisors. We represent the Investor Relations of Ion Exchange (India) Limited. On behalf of the company and Valorem Advisors, I would like to thank you all for participating in the company's earnings conference call for 9 months Q3 FY18.

Before we begin, I would like to mention a short cautionary statement. Some of the statements made in today's earnings concall 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 belief as well as assumptions made by and information currently available to management. Audiences are cautioned not to place undue reliance on these forward-looking statements in making any investment decision. The purpose of today's earnings conference call is purely to educate and bring awareness about the company's fundamental business and financial quarter under review.

Before we begin the call, I would like to give everyone a few minutes introduction about the company as protocol as usual so that everybody is on the same page. After that, I will introduce you to the management and they will be giving their opening statements and key highlights. Ion Exchange India Limited is a pioneer in end to end water and waste water solution providers to industries, communities, consumer product side. Thus, the company is present across the length and breadth of capabilities around constructing water treatment plants, water treatment products and solutions, its operations and maintenance and manufacturing and supplying of the required specialty chemicals and resins.

The company operates in 3 segments which are one, Engineering, which constitutes approximately 53% of the current revenue. Second is Chemicals, which represents around 36% of the current revenues. And third is the Consumer Products, which represents around 11% of the current revenues. The company is in its 53rd year of operations and head quartered out of Mumbai. The company was formed in 1964 as a subsidiary of a UK company called Permutit and it has become a wholly-owned subsidiary, wholly-owned Indian company in 1985. Currently the company represents India as a global MNC and we operate out of almost all major countries in the world, either directly or through representatives in these countries. The company offers one stop water and non-water treatment solutions across a wide range of solutions which deal with waste water treatment, recycle, zero liquid discharge, sewage treatments, water desalination, packaged drinking water and also offer wide range of chemicals, resins and other components of water treatment equipment. We have more than 50 patents to our credit and have been probably instrumental in more than some lakh installations across the globe.

Now, without much ado, I would like to introduce you to the management participating in today's earnings conference call with us and give it over to them for their opening remarks. We have with us Mr. Aankur Patni - Executive Director, Mr. N. M. Ranadive - Executive Vice President and Finance, Mr. Vasant Naik - Senior Vice President of Finance; and Mr. Milind Puranik - Company Secretary.

I now hand over the call to Mr. N. M. Ranadive for his opening remarks. Thank you and over to you, sir.

N. M. Ranadive: Thank you, Anuj. Good evening, everybody. It is a pleasure to welcome you to this 9 monthly third quarters 2017-18 earnings concall. I will briefly take you to the quarterly performance of our company on a standalone basis. The total income of the quarter is approximately INR 249 crores representing a growth of 23% year-on-year basis. EBITDA reported is approximately INR 20 crores which is 31% growth year-on-year basis. EBITDA margin is approximately 8.16% which is a growth of 50 basis points year-on-year basis. Net profit after tax reported is approximately INR 9 crores representing a growth of 49% year-on-year basis. PAT margin is approximately 3.54% a growth of 62 basis point year-on-year basis.

I will now take you through the segmental performance of the standalone entity for the quarter. As the Engineering division is concerned, the turnover is approximately INR 144 crores against approximately INR 103 crores for the corresponding period last year, a growth of almost 40% year-on-year basis. PBIT is INR 3.1 crores as against last year's INR 1.5 crores growth of almost 100%. In the chemical segment, the revenue recorded was approximately INR 84 crores as against INR 82 crores year-on-year basis, growth of roughly 2% over the same period last year. EBIT has reduced to INR 11.2 crores from INR 11.6 crores which is a marginal dip. In the consumer products division, the turnover this quarter reported is INR 25 crores as against INR 23 crores in Q3 financial year 2017. Losses for the quarter were INR 0.8 crores as against INR 1.4 crores in the same quarter last year.

I will now briefly take you to what we feel has been happening in the various segments of the company and to begin with we will talk about the engineering segment. Order flows increased in the third quarter as compared to the preceding quarters whilst dispatches have shown mark improvement post November 2017. In regards to the Sri Lankan order, the execution is on schedule as revenue has been recognized in this quarter based on the work progress. In the chemical segment during the quarter recovery in certain segment resulted in better uptick and growth as compared to the preceding quarter. I now hand over the mike back to Anuj Sonpal.

Anuj Sonpal: Thank you, sir. Now that the opening statements are done with we can open the conference call for Q&A session. All though I would request all participants to restrict their questions to the quarter performance and the future prospects of the company rather than broad base understanding of different aspects of the company. Stanford, can we move on to the Q&A session?

Moderator: Sure, sir. Ladies and gentlemen, we will now begin with the question and answer session. We take the first question from the line of Sabyasachi Mukerji from IndiaNivesh. Please go ahead.

Sabyasachi Mukerji: Quite usual question first on is that how much the amount of revenue booking has been happened on the Sri Lankan order, if you can throw some light on it?

N. M. Ranadive: Sri Lankan order, we have booked 32 crores during this quarter.

Sabyasachi Mukerji: And when do you expect to may be ramp up in revenue booking happening?

N. M. Ranadive: So next year onwards we expect it to ramp up the revenue bookings.

Sabyasachi Mukerji: And on the receivables front, so what is the, can you share the amount the value as on date receivables?

N. M. Ranadive: Receivables levels are roughly around September 18 levels only.

Sabyasachi Mukerji: And on the loans and advances front is it the same?

N. M. Ranadive: Yes, it is more or less same.

Moderator: Thank you. We take the next question from the line of Kunal Bhatia from Dalal & Broacha. Please go ahead.

Kunal Bhatia: Sir, just in continuation with the Sri Lankan order you mentioned next year ramp up should happen. So, sir if you could give share the figure till date how much of the total order has been executed and what kind of run rate do you foresee in the coming quarters and the next year?

N. M. Ranadive: , As of Dec 31 2017, we have booked revenue for the Sri Lanka close to INR 150 crores including the last year's turn over.

Kunal Bhatia: And sir, how do you see the ramp up happening?

N. M. Ranadive: See, it will actually take off during the next financial year, as the first we had to finish all the engineering, drawing, surveys. So, the invoicing will ramp up only in the next year onwards.

Kunal Bhatia: And sir, so if I am not wrong the total order is about a 1,200 crores, so by when do we expect this to complete?

N. M. Ranadive: See, this is a total 36 months contract and we expect it to be finished by May 2020.

Kunal Bhatia: Sir and so this date stands revised because …

N. M. Ranadive: No. It is not revised.

Kunal Bhatia: So, we would be completing by May 2020 the given order?

N. M. Ranadive: Yes.

Kunal Bhatia: And sir also you mentioned order inflow has increased. So currently how much is the order book in hand?

N. M. Ranadive: Order book excluding Sri Lanka is 550 crores and during this quarter we have booked 150 crores of orders in engineering segment.

Kunal Bhatia: So, the 550 crores include the 150 crores, is my math correct?

N. M. Ranadive: Yes, 550 crores include 150 crores.

Kunal Bhatia: Excluding Sri Lanka?

N. M. Ranadive: Yes, Excluding Sri Lanka.

Moderator: Thank you. We take the next question from the line of Yash Agarwal from Crest Capital. Please go ahead.

Yash Agarwal: Sir, earlier you had indicated that you expect 20% of the total order of the Sri Lankan order to be booked in this fiscal. So, does that guidance yet hold?

N. M. Ranadive: We were expecting 20% to be booked by the end of the year but we feel that it would be in the region of 15% to 18%.

Yash Agarwal: Also had a question on your margins in the engineering segment, despite almost a 40% jump in the revenue in the engineering segment, the EBIT profit we are only 3 crores which is about 2 odd percent of EBIT margins. So, what can take the margins higher, what do we have to do now that the growth is coming back and what are the internal targets for the EBIT margins sir, like the operating margins in the segment?

N. M. Ranadive: Segment overall margin percent remains more or less at the September 17 levels only. The improvement in dispatches started taking place post November 2017, hence; fixed cost could not be fully absorbed. However, we expect in the fourth quarter improvement to take place in engineering segment also.

Yash Agarwal: And sir, have the losses in the international subsidiaries come down?

N. M. Ranadive: See, as compared to the last year the losses in the international subsidiaries have definitely come down and we expect a better performance as compared to the last year.

Yash Agarwal: So sir, last question like next, so you said the last date, the end date of this Sri Lankan contract is May 2020 and it is a 1,200 crores contract. So, in FY19 and FY20 about 500-500 crores each of revenue booking will be there. Is that safe to assume from this order? Because it is a 1,200 crores order about 300 crores executed this, by this year end.

N. M. Ranadive: May 2020 means something will go in FY 21 also.

Yash Agarwal: But majority will have been in the next 2 years?

N. M. Ranadive: 2 years majority will happen.

Yash Agarwal: And sir what is the outlook on the rest of the engineering segment, apart from the Sri Lankan order how do you see the order inflow in the next one year so and which are the segments which are seeing an uptick?

N. M. Ranadive: See, we have seen the order inflow which was muted in the first 2 quarters certainly improved in the third quarter and the issues we faced due to the GST a have been sorted out and we are hopeful the order inflow will improve in the fourth quarter as well as in the next year also.

Moderator: Thank you. We take the next question from the line of Bhalchandra Shinde from Anand Rathi. Please go ahead.

Bhalchandra Shinde: Sir regarding our ordering, as you mentioned earlier also that we will try to get into the government orders and there is a good opportunity available over next 2-3 years. So, what kind of a potential order inflow we see over next 2-3 years for us?

Management: We hope to have an order inflow in the range of 200-300 crores over the course of the next year or so.

Bhalchandra Shinde: This is apart from what we expected that to get into the PPP model also from Namami Gange or including that you are saying.

Management: That's an inclusive number. It includes our expectations of order inflow from opportunities that we want to pursue in this sector.

Bhalchandra Shinde: Sir, our resins market will also show a good growth because of all this STP treatment and water treatment or that will continue in the range of around 8% to 10% kind of a growth?

I am saying, in resins market also will it register a growth in line with whatever additional order inflows are expected or it will have overall moderate to healthy kind of a growth to continue. What will be the triggers for resins market to show strong growth?

Management: The resins market is not directly dependent on these other order inflows that we are talking about. We are trying to expand resin market globally and increasing the product range. These would be the primary drivers of resin sales of resins. .

Moderator: Thank you. We take the next question from the line of Dimple Kotak from SKS Capital & Research. Please go ahead.

Dimple Kotak: So the first question is, sir what is, so the order which we have booked of around 150 crores in the engineering segment. Can just give a bit details that who are the clients and what is the kinds of margins there, etc.?

N. M. Ranadive: Normally details of the order we do not share. They are from the power and the automobiles segment.

Dimple Kotak: And sir, in the chemical segment we have not seen much growth, it is still muted. So, when do we think the revival to happen over there?

N. M. Ranadive: Some of the segments which were affected by the GST and demonetization have started showing the recovery which have contributed to incremental sales during the current quarter and we hope it will be normalized in the fourth quarter.

Dimple Kotak: Sir, then do you stick to your guidance of single digit growth both in the chemical segments for the full year which we had shared in the previous quarter call?

N. M. Ranadive: Yes.

Dimple Kotak: And sir, what about the growth for the engineering segment?

N. M. Ranadive: Same whatever we have already committed.

Dimple Kotak: And sir for the Sri Lankan order book last, I think in the first quarter call we had said that we would book 25%, that guidance came down to 20%. Now we are at 15% to 18% kind of guidance. So, is the same run rate going to continue for the Q4 or something different we would be seeing?

N. M. Ranadive: No, on a totality, we have said it would around region of 15% to 18%, but it would pick up certainly in the second year and third year.

Dimple Kotak: And sir that will be probably in the second half of the year because we have the major execution done during that time?

N. M. Ranadive: Not necessary the second half, it will definitely start from the first quarter of the next year.

Dimple Kotak: And sir, if you can help me with your debt on books as on date?

N. M. Ranadive: Same level as of September 17.

Moderator: Thank you. We take the next question from the line of Kirti Jain from Sundaram Mutual Fund. Please go ahead.

Kirti Jain: Sir, we add in the earlier participant's question we had highlighted that we have received orders from power industry as well as automobile industry. So, is it for like a zero liquid discharge or what is the scope of activity you have got orders?

Management: Yes, it includes contracts for zero liquid discharge. These contracts also encompass multiple other technologies on the waste and recycle side.

Kirti Jain: So, basically it is oil or coolant-based waste or like it for like water waste sir actually?

Management: As far as the exact scope of the order is concerned, that is something which can not be discussed on the call but yes, the waste or effluent discharged could have oil or other chemicals and the treatment is designed to to take care of such components in the waste.

-**Kirti Jain:** Sir, with regard to say desalination will we have any scope of activity for utility to scale power plants? Will we have any scope of work or anything coming in from the like Ministry of Power for water recycling or anything where we have scope, sir? Like recycling of water anything we have scope there?

Management: Yes, certainly. Our offerings will be both is suitable and competitive for the industry .

Kirti Jain: Sir, with regard to our consumer segment like what is the real strategy, like to expand this yields and move into more profitable business for us and like when we would be see high profitability from the consumer segment?

Management: We should see an improved performance by the end of this year. But in terms of it starting to compare in numbers with the balance two segments I think that is not something which we are forecasting as of now.

Kirti Jain: Sir, we have seen our products on many railway stations and everywhere. Is there a scope of like to do one at BOT basis like such things like currently we are supplying to railways, Indian railways, can we take that space from the railways and put our own installation and own investments there, is there a scope there, sir?

Management: These Rail Neer plants supply bottled water to the railways. Railways does give out these opportunities on PPP or BOT basis. Wherever we are participating, we also manage and operate these plants

. **Kirti Jain:** Any thought on entering into railway's part of the package drinking water or anything given that we are already supplying package indirectly to railways. Any scope like to go in directly to consumers and supply package drinking water?

Management: No, there is no such step envisaged. .

Moderator: Thank you. We take the next question from the line of Shreyas Bhukhanwala from Canara Robeco Mutual Fund. Please go ahead.

Shreyas Bhukhanwala: Sir, on the ordering front can you just help us what is the bidding pipeline as of now like how many orders we have bided for?

N. M. Ranadive: Order bid line is approximately 4,000 crores.

Shreyas Bhukhanwala: And do we see any large opportunity like the Sri Lankan project overseas or on the domestic front?

Management: Yes, we are looking at other large opportunities also and these are largely on the international front.

Shreyas Bhukhanwala: So that would include in these 4,000 crores, right?

Management: No, they haven't been included.

Shreyas Bhukhanwala: Secondly sir on the chemical segment, I just wanted to understand why there is such seasonality in margins in Q4 basically compared to the whole year?

N. M. Ranadive: Normally in the Q4, we will have some segment specific business coming in, which improve the margins in the Q4.

Shreyas Bhukhanwala: Because your Q4 margins are almost 20% to 25% vis-à-vis 13%-14% for the 9 months?

N. M. Ranadive: Some of the profitable turnover takes place only in the Q4 quarter due to seasonality of the business.

Shreyas Bhukhanwala: So for the specific segment as such you are saying?

N. M. Ranadive: Yes, so that is the reason the fourth quarter performance is better in terms of chemicals.

Shreyas Bhukhanwala: Sir, thirdly on the subsidiary front as you said we have in this year performance would be better than compared to last few years. So, can you give some guideline on the in terms of when can we see a net-net positive impact from all the subsidiaries going forward, any timelines on that?

Management: We hope that we should be able to achieve that number i in the next couple of years. But since we are dealing with large number of subsidiaries it is not easy to predict accurately. Hopefully in the space of the next couple of years the numbers should either turn positive or negative should be substantially lower.

Shreyas Bhukhanwala: And sir, lastly on the Q3 performance on the gross margin front we have seen almost 60-70 bps of decline, any specific reason for the same?

N. M. Ranadive: Mainly because of change in the product mix.

Shreyas Bhukhanwala: Is it due to Sri Lankan project majorly?

N. M. Ranadive: No.

Shreyas Bhukhanwala: Because otherwise these are, so is it because of change in product mix in your engineering sales?

N. M. Ranadive: Yes and in the Chemical segment also.

Moderator: Thank you. We take the next question from the line of Niraj B from Multi ACT. Please go ahead.

Niraj B: My question was specifically on the membrane manufacturing plant which we had basically inaugurated last quarter. So, just wanted to understand what is the market size one should look at, what is the opportunity we are looking at, also the margins and asset turn which this asset can do, any highlight on that?

Management: Membrane setup of this kind would take a little bit of a time to ramp up. But we are hoping that we should be able to get a payback from the plant over the course of next four to five years.

Niraj B: And what would be the asset turns for this plant?

Management: The current year would not throw up a high number because the plant is in the process of getting streamlined but I expect the next year we should be able to generate a turnover of around 60 crores from this plant.

Niraj B: And this will be the fully ramped up for number as well?

Management: No.

Niraj B: Then this can go up to say possible on 80 to 100 crores something like that?

Management: Yes more than that.

Niraj B: And what is the market size lastly of this particular?

Management: Market size is very large and it is a global market., We are targeting both the domestic and international market..

Niraj B: Alright, can you quantify the market which we are looking to apply?

Management: It is around 350-400 crores domestically.

Niraj B: Globally?

Management: No this is we are talking about Indian market.

Moderator: Thank you. We take the next question from the line of Chetan Vadia from VKL. Please go ahead.

Chetan Vadia: Sir, sometime back we launch a product for high priority water generation product for the pharmaceutical and biotech industry. How has been the response so far and by when you will see would these start contributing to the revenue in the meaningful manner?

Management: We have had products to produce high purity water for the pharmaceutical and biotech industry for some time and we keep enhancing our products in line with the market requirements.. These products contribute to our turnover. The numbers, however, are not very large because the order sizes from this industry segment tend to be smaller.

Chetan Vadia: So, you are saying like the value wise order size is not that large, is that what you are trying to highlight?

Management: That is right. The individual orders are not very large as compared to some of the other industries like power..

Chetan Vadia: And sir, second question for the engineering segment. I think the last two concalls it was mentioned that you are hopeful that some orders from the government Namami Gange project and other water treatment schemes of government, second half some orders are expect and now it is already end of Jan. So, based on your discussion with industrial participants and you have peers and everybody, is there anything moving on the ground that we expect in next 2 months for all the players in the industry not just for Ion Exchange. And are we coming up with something concrete in terms of number of orders, can we see something like that?

Management: I think something will certainly come up; that is our expectation. But the order flow has not really seen f a lot of pace that is why we have maintained that we are not really expecting very large order inflows from this particular sector . We do not really have clarity as yet as to the time frames in which these various opportunities would come through and hence we are currently taking a very conservative view . So with that in mind our projection from this particular segment is very low.

Chetan Vadia: But has the government kind of release any RFP so far inviting bids on the any small or large projects within the whole scheme that they are running?

Management: They have in fact placed orders it is not just RFPs. But as I said, since we are talking about the upcoming opportunities, the order flow visibility on those is still limited and I would hope that in this current quarter we would see a few more announcements. In case the pace picks up, we hope that our guidance on the sector will **also** go up**.**

Chetan Vadia: For the margins for the all the 3 segments I think the last time you gave guidance that in FY18 you will be able to better maintain or be better than FY17 and consumer segment might be able to break even, is that fair to assume?

Management: As it stands today I would not go to the extent of saying that I am sure that consumer segment will be able to break even. The previous 2 quarters have not really panned out in the way in which we had originally expected or wanted. We would certainly be able to show some improved performances in this quarter. In the coming quarters, however, which means in the coming financial year I am very hopeful that consumer segment would start showing positive.

Moderator: Thank you. We take the next question from the line of Tushar Pendharkar from Silver Arch. Please go ahead.

Tushar Pendharkar: I have just one question on the recent plant commissioning that happens sometime in October-November 2017, three questions on that. One is, has the plant gone on stream after the inauguration, what is the time frame for it to ramp up its full capacity. Question number two on the same area is what type of segment is it going to cater: versus chemicals and consumers and so and so forth and finally is it like going to be for export versus domestic what kind of mix do we see on that plant?

Management: We got a question on the membrane plant earlier too. So, we did address the overall size and the scope of this product. The plant is now in the process of being streamlined. We had just started the operations in that and we expect that it would ramp up to significant amount of production only in the coming financial year. And target market for this is both local and global but to start with it would focus a little bit more on the domestic side..

Tushar Pendharkar: And just one follow up if I may, what sort of capacities are we adding on that, sorry I might have missed it in the earlier calls but if you can?

Management: We will be targeting a figure of roughly around 60 crores- in the coming financial year and the plant would be capable of generating much bigger numbers in future.

Moderator: Thank you. We take the next question from the line of Anupam Goswami from Stewart and Mackertich. Please go ahead.

Anupam Goswami: I kind of miss the current status in order book and the order inflow for this quarter. Can you just throw some light on that?

N. M. Ranadive: We have already informed you this order back log in engineering segment excluding Sri Lankan order is 550 crores and order inflow during this quarter was 150 crores.

Anupam Goswami: 550 crores is this including Sri Lankan order, right?

N. M. Ranadive: Excluding Sri Lankan order 550 crores.

Moderator: Thank you. We take the next question from the line of Sabyasachi Mukerji from IndiaNivesh. Please go ahead.

Santhosh: Sir, Santhosh here on the call. First question sir, last time on the call when we spoke you said that the engineering segment margins, EBIT margins on excluding the Sri Lankan order one would see a sharp turn around. If I look into the current quarter margins and assume a 7%-8%

kind of EBIT margins from the Sri Lankan project then still we reported hardly 0.5% EBIT margins become the engineering segment. So, are we done with the execution of this very low margin projects for this engineering space or still there is some more projects that need to be that would be getting contributed in the Q4 numbers?

N. M. Ranadive: As informed earlier, engineering segments saw dispatches on hold in the second quarter as well as in first 2 months of the third quarter. The offtake was not commensurate with the capacities , hence fixed cost could not be fully absorbed. We have seen improvements in dispatches taking place in December onwards and margins will improve n the fourth quarter.

Santhosh: Sir second question, if I recall correctly in the Q1 we said 25% of the Srilanka contract would get executed then we tone down the guidance to 20% now to 15% to 18%. What is the exact status of the Sri Lankan contract, where are we standing on the execution front, one and what is leading to this tone down your estimates or revision again and again?

N. M. Ranadive: , This contract is in the initial stages. Engineering work is going on. At the same time due to the floods in the earlier part of the year handover of certain sites got delayed, same time certain regulatory approvals for site work which we were expecting in the third quarter got deferred in the fourth quarter and that is the reason we are s scaling down the guidance.

Santhosh: Sir, have we got this approval sir now or still we are waiting?

N. M. Ranadive: ,We are getting the approvals in a phased manner.

Santhosh: So, next thing sir, I read it in media article that we intend to start getting into the solid waste management space where we are taking up of first contract of Hyderabad a small ticket of 7 crores. So, what is the company's road map in, on scaling up the business in this space and what kind of competition margins we see in this space and what kind of technology capabilities we have?

Management: This project features an innovative technology and is not the conventional solid waste management approach. While applications of this technology are widespread, we have currently only set up a small project. It treats both sludge and kitchen waste and generates energy too. As we ramp up our presence in this space we would be looking at bigger opportunities and revenues.

Santhosh: Sir also coming to the international subsidiaries as you mentioned few minutes back on the call that the subsidiary level losses if you declining what has changed in the last 6 months to 9 months which gives us the confidence, has the topline in some of the domestic as well as international subsidiaries seem very strong growth or what could be the reasons should attribute to this lowering down of the losses in the subsidiary level. I would refer to both domestic as well as international subsidiaries.

Management: It would be driven largely by scale up of operations. Also in some of the subsidiaries we have taken the steps to correct the cost structure which should have an immediate effect. Specifically with regards to international subsidiaries, increased revenue from chemical products in some operations have led to improvements in margins .

Santhosh: And lastly sir, management in the media has quoted that you are eying two large infra projects or water infra projects from the south east Asian markets and just now you indicated that the ticket size would be in the range of 200 crores to 300 crores. Are you referring to these two contracts, the ticket size?

Management: Was not referring to these contracts.

Santhosh: So, what would be the value of these international contracts, sir?

Management: We are not yet in a position to discuss this.

Santhosh: Sir, my intension to ask this question is that given the size we have and given the working capital intensity of this projects especially the larger scale projects that we are targeting in the South East Asian markets, how will it affect the balance sheet strength going forward? So, the way I am seeing is that if anything get delayed on the Sri Lankan project and if we have to, if we get one or two these contracts as well as couple of domestic contracts then how would the working capital requirements met for the execution of these large contracts which would run simultaneously in the next 2 to 3 years' time period?

Management: We try to ensure that the cash flows associated with the project do not put any undue strain on the balance sheet strength. This aspect would not become a constraint to simultaneous execution of multiple contracts.

Santhosh: From a business strategy point of view what would be the peak debt to equity ratio levels should be comfortable with?

Management: I think current debt equity levels are comfortable. When we look at these larger contracts, our intent is to seek out cash flows that are not too much of a strain and the debt equity ratio per se should not become an issue. This would also be evident from the ongoing Sri Lankan contract, I think we are reasonably comfortable on the cash flow front.

Moderator: Thank you. We take the next question from the line of Shreyas Bhukhanwala from Canara Robeco Mutual Fund. Please go ahead.

Shreyas Bhukhanwala: Sir on the continuation with the earlier question in terms of working capital, how is the working capital of SRL project compared vis-à-vis domestic projects?

N. M. Ranadive: Definitely better as compared to domestic projects.

Shreyas Bhukhanwala: And in terms of a domestic working capital, do we have a back-to-back arrangement in terms of creditors and debtors?

N. M. Ranadive: Major creditors, yes.

Shreyas Bhukhanwala: How much would we have working capital day's sir, roughly?

N. M. Ranadive: It will vary segment to segment.

Shreyas Bhukhanwala: In engineering specifically?

N. M. Ranadive: In engineering specifically we have more working capital but chemical and consumer segment levels is less.

Shreyas Bhukhanwala: And in the engineering side could be more of a back-to-back?

N. M. Ranadive: Major creditors back-to-back. Not all the creditors.

Moderator: Thank you. We take the next question from the line of Kunal Bhatia from Dalal & Broacha Please go ahead.

Kunal Bhatia: So, just wanted to know in the new membrane plant how much have we invested?

N. M. Ranadive: Close to 40 crores.

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

Vikas Tulsian: Sir, why you all taking more time and what reasons you are taking time to take it out from the trade-to-trade mode?

Milind Puranik: There are some technicalities involved in that, the promoter's shares have not demated fully. That is why our shares are into T-to-T mode. We are in the process of demating those shares and thereafter it will be in the normal mode.

Vikas Tulsian: So, when we can expect this two resolved out?

Milind Puranik: It will take some time because there are some technical issues are involved. We are taking care of it but may be by next quarter we will be able to complete all the process.

Moderator: Thank you. We take the next question from the line of Dimple Kotak from SKS Capital & Research. Please go ahead.

Dimple Kotak: Sir, what is your CAPEX guidance for next year?

N. M. Ranadive: 2018-2019?

Dimple Kotak: Sir, your CAPEX guidance for the next year?

Management: 35 crores.

Dimple Kotak: And this will be so only for chemicals or even partly for Sri Lankan project?

N. M. Ranadive: Not for Sri Lankan project. It will be mainly in chemicals.

Dimple Kotak: And sir what is the quantum of Sri Lankan order revenues book this year amount, this quarter, sorry?

N. M. Ranadive: About 32 crores.

Dimple Kotak: And sir as you mentioned to the previous participant that we will see an increase in margins in the engineering segment in the fourth quarter. I believe that is the trend that in the fourth quarter being the strongest for Ion Exchange from the last 3 years Q4 has been giving good margins in engineering segment. But again they get subdued for the rest 9 months. So, is this trend going to continue?

N. M. Ranadive: We do not know of the next year but fourth quarter definitely will be much better margins.

Dimple Kotak: And sir this year like, I mean almost only two months are left for this financial year to end, so what kind of growth opportunities you see and what could be the headwinds because we face lot of issues with regard to GST and demonetizations and all that. So, what do you foresee in FY19 in terms of all your 3 segments and overall consolidated basis?

Management: I think in terms of headwinds we hope that we will not face any new challenges on the economic front. We are certainly seeing an uptick both in terms of the overall scale of business in engineering as well as in chemical business. And if this continues we should see an improving performance.

Moderator: Thank you. Ladies and gentlemen, as there are no further questions from the participants, I would now like to hand the conference over to Mr. N. M. Ranadive from Ion Exchange (India) Limited for closing comments.

N. M. Ranadive: Thank you, all. I hope we have been able to answer your questions satisfactorily. If you have any further questions or would like to know more about the company, we would be happy to be of assistance. We are very thankful to all our investors who stood by us and have also in confidence in the company's growth plan and focus. And with this I wish everyone a great evening.

Moderator: Thank you very much, sir. Ladies and gentlemen, on behalf of Ion Exchange (India) Limited that concludes this conference call. Thank you for joining us and you may now disconnect your lines.