

Ion Exchange India Limited
Q4 FY24 Earnings Conference Call
May 31, 2024

Moderator: Ladies and gentlemen, good day, and welcome to the Ion Exchange India Limited Q4 and FY '24 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 “*” and then “0” on your touch-tone phone. I now hand the conference over to Mr. Anuj Sonpal from Valorem Advisors. Thank you, and over to you, sir.

Anuj Sonpal: Thank you. Good afternoon, 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 earnings call for the fourth quarter and financial year ending 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 process of today's earnings call is purely to educate and bring awareness of 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 all to the earnings conference call for the fourth quarter and the financial year ended 2024. For the fourth quarter under review on a consolidated basis, the company reported an operating income of Rs. 7,818 million, an increase of 21% year-on-year and 41% Q-on-Q. EBITDA reported was Rs. 921 million, representing a decrease of around 13% year-on-year, but an overall increase of 31% quarter-on-quarter.

EBITDA margin stood at 11.78% and net profit was Rs. 725 million, a decrease of around 11% year-on-year, but an increase of 54% quarter-on-quarter, while the PAT margin was in the region of around 9.27%. For the financial year ended March 24, on a consolidated basis, the operating income stood at Rs. 23,479 million, an increase of 18% year-on-year. The EBITDA stood at Rs. 2,720 million, an increase of 6.7% year-on-year, and the EBITDA margin was reported at 11.5%. The profit after tax was Rs. 1,954 million, an increase of 0.2% on a year-on-year basis, and the PAT margin was reported at 8.32%. Now let me take you through to the quarterly segmental performance on a consolidated basis. In the Engineering division, the revenue for the quarter was Rs. 5,293 million, an increase of 17% year-on-year. The EBIT for this segment was Rs. 537 million, a decrease of 4% year-on-year.

The segment witnessed strong international order inflows during the quarter. The domestic enquiry bank is robust, and we are hopeful that the finalization of some of the large value opportunities would accelerate in the next few months. Engineering segment recorded sequential improvement in turnover on the back of execution of large EPC job picking up during the quarter. At the end of the financial year, March 2024, the total order book for Engineering division stood at Rs. 3,546 crores.

Coming to the Chemical segment, the revenue for the quarter was Rs. 1,990 million, an increase of around 21% year-on-year. The EBIT was Rs. 478 million, a decrease by 1% on a year-on-year basis. The segment recorded improved volumes while maintaining healthy margins. Coming to the third

segment, the Consumer division segment, the revenue for the quarter was Rs. 728 million, an increase of 41% year-on-year. The loss for the quarter was Rs. 28 million versus Rs. 7 million loss in the same quarter of the previous year. The company's merger process with 2 of its Indian subsidiaries, namely Global Composites and Structural Limited and Ion Exchange Environment Management Limited was successfully completed during this quarter. The merger application of Ion Exchange project and Engineering Limited was withdrawn by the company and will be considered for refiling in due course of time.

With this, we will now move to the Q&A session Anuj.

Moderator: Thank you very much. We will now begin the question and answer session. Our first question is from the line of Ranodeep Sen from MAS Capital. Please go ahead.

Ranodeep Sen: Can you give us a flavor of the Rs. 8,000 crore bid pipeline that you mentioned? Like, what kind of projects are expected there? And if you can also comment on the success ratio of bidding through the adding a project.

Aankur Patni: Most of the bid pipeline is to the private sector and to the PSUs. Government sector and the municipal sector is insignificant part of the pipeline. Again a major portion of this is in the domestic segment.

Ranodeep Sen: And in terms of the success ratio, sir, traditionally, what has been our success ratio in terms of the bidding for these?

Aankur Patni: It could be between 15% to 20%.

Ranodeep Sen: Sir, my next question was, we've seen the list of clients. When it comes to the Hotel, Taj Group, Leela, Hyatt and even Oberoi, right? Given we are seeing a huge Capex going around from the entire hotel industry, have you seen traction in this regard when it comes to them as a client for us?

Aankur Patni: We worked with almost all the major hotel brands, and we do expect growth from that segment in times to come. As such, the individual opportunity sizes is relatively small so, they won't get reported in the normal

course, but we are witnessing a bump up in the overall pipeline from the segment.

Ranodeep Sen: And if I could just squeeze in one last question, sir. When do you see the turnaround of our consumer business happening in terms of its profitability? Thank you.

Aankur Patni: We are investing significantly in the business. And as we have been reporting over the last few quarters. Whatever surplus that the business is being able to generate, we are deploying it back into the business in trying to ramp up the volumes to a much higher level . We have benefited from that during the year and the quarter under review. However, there is a lag between the investment and the final outcomes in terms of impact on the turnover. And hence, the negative bottom line. The investments in ramping up this volume to a much higher level will continue. We do hope that we would be able to start seeing a positive bottom line soon. But as of today, I don't want to give you a guidance on when exactly. But I can confirm that we will see significant volume growth.

Moderator: Our next question is from the line of Pratik Kothari from Unique PMS. Please go ahead.

Pratik Kothari: Sir, first question on Engineering part, the execution seems to be much slower than what we had anticipated or what we had may be planned for. So your thoughts, what's happening there? What is causing this delay?

Aankur Patni: The Engineering segment, while it saw a good growth in terms of execution over the quarter, we did witness a significant shortfall compared to what we were expecting. One of the significant reason was the UP contract where because of the elections, which are underway and the ramp-up towards the election, we witnessed a slowdown. I would expect that during Q1 of the current financial year also, we would be seeing continuing pressure because of the elections. And while we anticipated a bit of slowdown, the slowdown was more than what we had anticipated.

Pratik Kothari: It's only time line deferment which has happened, right? Nothing else has seen in terms of contracts or terms?

Aankur Patni: It's only time line.

Pratik Kothari: And sir, second question, in the presentation, we have mentioned that we have won some significant orders in international market. Also, we are seeing some large orders in domestic. If you can just throw some light what kind of orders are there, what kind of customers, how large is this international which we won? Some comment on orders, which we have won, and also the pipeline that we see in front of us.

Aankur Patni: We've been declaring the significant orders to the Stock Exchanges,. Just to give you a couple of examples, we've got significant orders from Saudi Arabia, which is for setting up a water treatment plant, including demineralization plant. This is roughly around Rs. 120 crores. The other one, is from UAE and that value is roughly in the range of Rs. 250 crores.

Pratik Kothari: And we have mentioned some large domestic orders, which are in pipeline. So any update?

Aankur Patni: There are significant enquiries under discussion. And we will, obviously, in the normal course make a declaration on the stock exchange as and when it gets finalized.

Pratik Kothari: And sir, last, I mean we are seeing some sequential improvement in chemicals. So your thoughts, I mean, we saw some tough phase for the last 2 years. I mean, from a growth perspective, and we have obviously maintained margins. Just any change in terms of demand trends that we see out there?

Aankur Patni: Over the last couple of quarters, we have seen good growth in volumes. As we disclosed during the first 2 quarters, the numbers from the international market were bit subdued. There has been a sequential pickup in the volumes from the international market and we anticipate this to continue over the coming quarters also. That's what has led to the recovery in the top line. The margins have remained stable, and that's because of the continuing environment of stable prices. But we are seeing a bit of an impact over the last maybe few months due to the situation in the Middle East, which has impacted costs to some extent, and also the shipping times have gone up.

Overall, we do see that the volumes in the business would continue to improve over the coming year. And margins also if all things remain equal in terms of the global environment, in terms of the raw material prices, we should be able to maintain the current level and round about these levels.

Moderator: Next question is from the line of Rohit Shah from Ladderup Wealth Management. Please go ahead.

Rohit Shah: Sir, my first question was on your Engineering segment margins. They have again kind for the last 2 years, have kind of shown reducing margins in quarter 4 as well. What is the reason for that, if you can throw some light?

Aankur Patni: The Engineering margins have suffered during the current year in the quarter under review. We have seen some dip in the overall revenue numbers as compared to our expectations. There has also been one specific contract where we have witnessed unforeseen cost increases. This is a domestic industrial EPC job and that has impacted the overall margins significantly.

Further, if you look at the consolidated numbers, there is also an impact of the expenditure on the built up of infrastructure in one of the subsidiaries to execute some of the large orders, and since those revenues have not come through to the extent that we were hoping that they would, there has been a margin impact.

Overall, the rest of the project margins remain healthy. This one contract where we have witnessed unforeseen price increases, we expect the drag would continue for maybe 1 to 2 quarters. And thereafter things should improve significantly. And margins would also improve because the overall volume of execution during the year would go up. So on both of these accounts, we should see an improvement in the coming year.

Rohit Shah: My question was that your receivables have gone up from around 120 to 145 days. Is there any relation between the receivables going up and the slowdown that has happened in the Engineering segment?

Vasant Naik: No, it is not really related to the slowdown in the Engineering segment. Rather, it is more about majority of the fourth quarter billing has taken place

in the month of March that has contributed to the overall increase in the receivables level as of the year-end.

Rohit Shah: What would be kind of like a normalized level because last year as well you said that lot of billing happened during March and then it traveled in the month of April and May. So what will be kind of like a normalized level that we can look at?

Vasant Naik: So I think similar to what we witnessed in the last year, we should have a normalized level as we approach the midyear..

Rohit Shah: One last question, sir. Out of your chemical segment, growth that has happened year-on-year, how much is due to organic and how much is due to addition of Mapril in the numbers?

Aankur Patni: Mapril consolidation impact?

Rohit Shah: Yes. I'm asking for quarter 4, not for the full year.

Vasant Naik: On an overall basis for the full year, the revenue impact of Mapril is in the region of around Rs. 92 crores.

Moderator: The next question is from the line of Rahul Dhruv from Pegasus Growth. Please go ahead.

Rahul Dhruv: Sir, I had, I think kind of a derivative of what the earlier participant was asking. I think if you look at the last 2 years, we've had almost 50% increase in our revenues from Engineering, but the profits or what we call PBIT is basically almost flat, which means that we've been sacrificing margins incrementally on most of the projects. Now can you explain this in context of the fact that we used to be as much as 10% margins at one point in time? And what would be the outlook going forward? Will we ever go back to the 10% PBIT margins in Engineering?

Aankur Patni: We do expect to improve on this significantly. On a consol basis, we saw for the full year roughly 7.7% margin. And for FY '22-'23, this number was around 9.1%. And we do expect that we will at least come back to that level. We will be happy to share more light as the year progresses, and we see

how the contract executions pan out. But certainly hope, we should be improving from where we are.

Rahul Dhruv: So the 9.1% is something which you expect for FY '25 or over a period of time?

Aankur Patni: FY '24-'25

Rahul Dhruv: The second thing was, again, what I think was very, very strong about the balance sheet of Ion Exchange at one point in time was the cash conversion cycle, which if you add advances, then we're almost negative or was negative, but that has changed consistently over the last of 3 years. If I just look at inventory receivables and payables netted off, we have gone from 10 days to 74, every year increasing. Now I just wanted to know if there is a policy change over here? Or is this something that we are doing which is going to be structural? And are we going to continue to be having such a high, not very high, but a high cash conversion cycle going forward.

Vasant Naik: If you're comparing with the year '21-'22 or before that, we had a large portion of the Sri Lanka contract advance lying in the books. The Sri Lanka contract value was \$194 million and advance was 20% on that contract. We are now at the tail end of the contract so the level of advance from customer have come down from those high levels.

Going forward, we expect that the working capital level to be largely in line with what we have been shown at FY '23 March and also what we are showing now at FY '24. We will have these kinds of levels of working capital because as the EPC segment invoicing and the share in the overall revenue increases, we will have this kind of working capital levels going forward.

Aankur Patni: The normalized level, for example, on the receivable side is what you should see around midyear because the end of the year receivables are always at its peak. A large portion of the annual invoicing takes place in the last quarter and for that last quarter in the month of March. So the number carried in the balance sheet is relatively larger. You will see a more normalized level around the midyear.

Rahul Dhruv: No, I agree, sir. I mean, in fact, I'm actually even tracking half yearly basis. Even on a half yearly basis, it has been consistently going up. So I'm just saying, is there a structural change. Of course, there is an increased share of engineering and which may be contributing to it. But are we giving out better terms than before is what I want to know.

Aankur Patni: No. As Vasant just explained, there was a significant advance from customers, which was lying in our books, and that was for the Sri Lanka contract. That led to the negative working capital. The more normalized level is what you would have seen roughly around the midyear mark.

Moderator: The next question is from the line of Shyam Garg from Ladderup Finance Limited. Please go ahead.

Shyam Garg: My first question is with respect to the execution time line of the order book in our Engineering business. So what is the expected execution timeline?

Aankur Patni: This should be roughly around a 2-year period for some of the significant contracts which have been declared on the stock exchange. A couple of the large international jobs have much shorter period of execution. But on an average, it would be fair to say roughly a 2-year period.

Shyam Garg: So looking at a 20% growth in our Engineering business year-on-year, in FY '25?

Aankur Patni: Yes, we should see a good growth and I am being cautious in giving out exact guidance at this point of time. As you can see that we are carrying a good order book. And I would expect that the growth should be at least what we saw last year. And at the same time, I would only want to give you a subdued projection of roughly around 15% to 20%.

Moderator: The next question is from the line of Saket Kapoor from Kapoor & Co. Please go ahead.

Saket Kapoor: Firstly, in the Engineering segment, you articulated to the point of some cost overrun in one of the projects. So was that understanding correct? And can you quantify what was the impact?

Aankur Patni: While we are not giving out project specific numbers, yes, you heard it right. There was one significant contract where we saw an unforeseen cost increase, and we had to, therefore, take that extra cost provision in our books. That has led to an adverse impact on the margins reported by the Engineering division.

Saket Kapoor: But my reason for heartening was that then it will be a mean reversion for us, at least on a ballpark margin trajectory. If we could have articulated the ballpark numbers in the absolute amount, then that would have been added back and we would have calculated our normalized margin for the quarter as a one-off event. And so, this project is domestic or in foreign land?

Aankur Patni: It's a domestic industrial project.

Saket Kapoor: Sir, you did mention about the UP part of the story also slowing down. And I think so in your presentation, you mentioned about Rs. 830 crores worth of contracts being left. And you also mentioned that first quarter will also be slow. So when are we expecting the UP project closure, sir?

Aankur Patni: We are expecting by the end of this financial year that contract should be executed, and we await the resumption of pace after the election process has been completed.

Saket Kapoor: And sir, now coming to the Chemicals segment part. Firstly, Sir, about Mapril, you mentioned about Rs. 92 crores revenue contribution. So that gets clubbed under the consolidated Chemical segment?

Aankur Patni: Yes.

Saket Kapoor: And what are the likely margins, sir, there?

Aankur Patni: You would see that on the consolidated level, the margins for the Chemical segment are lower than for the standalone level. Margins of Mapril, are lower than what we have seen for the Chemical segment in the standalone.

Saket Kapoor: Okay. And the utilization level for that unit, sir? What can we anticipate going ahead? And any Capex that we are doing in their subsidiary to augment capacity?

Aankur Patni: Not immediately. That's all in the future.

Saket Kapoor: Sir, coming to our greenfield projects. I think earlier we alluded to the point of going ahead. Any more colour you can give? What kind of numbers are we looking for? And also, in the capital work in progress or whether when we look at the cash flow part, the plant purchase or PPE, the property, plant and equipment has gone up to Rs. 120 crores for this year. So if you could just provide a breakup there, where have we attributed this increase?

Vasant Naik: The total Capex, for the current year is in the region of, Rs. 115 crores. largely the capex is into the Roha plant which we are currently undertaking for our resin expansion..

Apart from that, we have done our normal maintenance Capex in the Chemical segment for our existing facilities.. And also, we have enhanced our Engineering facilities

Saket Kapoor: Sir, broader number, can you share, sir, for how much was Roha in percentage terms?

Vasant Naik: Roha, I can share that for the year, the capex is around Rs. 50 crores. And cumulatively, we have spent around Rs. 70 crores.

Saket Kapoor: And what will be the total sum should we expect? Sir, I'm just completing my question only. No further questions. I will join the queue. How much more is to be spent for the current year? And when will we see the commissioning of the facility?

Vasant Naik: We have mentioned in the earlier con call that we are expecting the commercialization in FY '25-'26 of this Roha facility. So I would expect that the majority of the Capex should get spent out in the current year.

Saket Kapoor: How much it is, sir? Can you give a number? I'll join the queue?

Vasant Naik: Yes. We have indicated earlier also the overall Capex for the Roha is just under Rs. 400 crores.

Saket Kapoor: So this year it will be Rs. 300 crores? Closer to Rs. 300 crores to be spent?

Aankur Patni: We can't be very definitive about that as of today, but it should be around that number of Rs. 250 crores to Rs. 300 crores.

Moderator: The next question is from the line of Jolyon Loo from Amiral Gestion PTE Limited. Please go ahead.

Jolyon Loo: Maybe just a follow-up on the previous participant's question on the working capital. Sir, you guys have alluded to a normalized level. Could you quantify that either in absolute terms or in terms of percentage of sales? That's my first question.

Aankur Patni: So what you're asking is working capital levels in absolute terms. Is that your question?

Jolyon Loo: Yes, correct.

Vasant Naik: The total working capital in terms of days will be 99 days.

Jolyon Loo: 99 days for receivables?

Vasant Naik: The total receivables will be in the region of around 154 days..

Jolyon Loo: No, actually, my question is more. I mean the working capital is elevated right now because of the billing cycle and is guided that you will be coming down somewhere in the middle of the year. So what is that normalized level that you have replied to in the previous participant's question. Like is it the number of days? Or is it by absolute amount wise? Could you just clarify and quantify the working capital number?

Vasant Naik: So the normalized level, if I understood your question correctly, should be in the region of around 70 to 75 days.

Moderator: The next question is from the line of Rohit Shah from Ladderup Wealth Management. Please go ahead.

Rohit Shah: Since you already have given guidance on Engineering, can you also share what will be the growth for Chemical and Consumer and also the margins for the segment for this year?

Aankur Patni: As we mentioned, even while speaking of the Engineering segment, we do not want to give out a guidance at this stage, and we're just giving a directional view about the kind of growth that we should be witnessing. On the Chemical segment also, we should be maintaining the momentum and the growth trajectory and likewise, for the consumer segment. As far as the gross profit numbers for the consumer segment is concerned, they will remain at a healthy level.

On the bottom line number, I specifically mentioned that I do not want to spell out definitive figure because we are continuing to invest on the business for growing it further. And we will come back to you with more details on the bottom line, maybe sometime later during the year. As far as the Chemical segment is concerned, we should be seeing margins at similar levels as of date, provided that we continue to witness stable prices and the overall dynamics on the geopolitical side do not alter significantly. It is also a function of the product mix. And as and when there is a significant change in that, there is also an impact on the margin levels. But largely you can assume that it will be in a similar range, as it is today, given that all factors remain same.

Rohit Shah: One last question is that can you share the number for the full year for advances from customers, including those unearned revenue from AMC as well.

Vasant Naik: The customer advance as of March end was around Rs. 180 crores and the unearned revenue was around Rs. 224 crores.

Moderator: The next question is from the line of Rahul Dhruv from Pegasus Growth. Please go ahead.

Rahul Dhruv: Sir, I just wanted to again quickly go through the numbers on the order book as of last year, and as of March. And a little bit of a colour on how much of that is international, and how much of it is domestic, if you have a percentage?

Vasant Naik: International order book as of March '24 end is around 27%.

Moderator: The next question is from the line of Tushar Vasuja from Yogya Capital. Please go ahead.

Tushar Vasuja: So my first question is on how do you plan to utilize your cash because you have somewhere or around Rs. 580 crores of cash. So how do you plan on utilizing it?

Aankur Patni: We have a significant Capex fund requirement for the resin facility, which is coming up at Roha. And apart from that, there is a significant portion of advances, which are very project specific, and deployed exclusively for execution of the specific project. And almost 40% of the total cash in bank is held as margin money with banks for bank guarantees.

Tushar Vasuja: As you mentioned, a lot of cash would be utilized for Capex at Roha and you mentioned that it's somewhere around Rs. 400 crores. So how much of that would be through internal accruals and how much of that would be through debt?

Vasant Naik: Around 20% will be from the internal accruals for financing the Roha project.

Tushar Vasuja: And sir, what could be the potential asset turn on for Roha for optimal capacity.

Aankur Patni: Total investment includes capex for backward integration of roughly 125 crores and asset turnover of around 2 times should be calculated on the figure of 275 crores.

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

Saket Kapoor: Sir, when we look at your borrowing schedule at long term borrowing, we have drawn a closing balance of Rs. 109 crores. This is again attributed to our Roha project only and what is the cost of funds here?

Vasant Naik: If you are talking of the total long-term borrowings from the consolidated balance sheet, major chunk of that long term borrowings have come on account of the consolidation of Mapril. The Mapril entity has a long term

borrowing of around Rs. 80 crores. That is the reason for the spike in the overall borrowings in the consolidated revenue.

Saket Kapoor: And for Roha, we will be borrowing 20% of the total project cost.

Vasant Naik: No, as regards financing of the Roha project, 20% of that will be from internal accruals and balance will be debt.

Saket Kapoor: So we will be drawing it as and when we proceed with the project?

Vasant Naik: Exactly.

Saket Kapoor: Sir, for the UP project, do we have any O&M part also aligned to it.

Vasant Naik: Yes. There will be an O&M component as and when we hand over the respective sections to the UP authorities. O&M will be there.

Saket Kapoor: And what is their quantum, sir, if it is there in the order book and when it will start like accruing?

Aankur Patni: It's not a part of the order book.

Saket Kapoor: I only needed the number, sir.

Aankur Patni: It would get determined over a period of time and we will declare it as and when the determination happens.

Saket Kapoor: A small point, sir. Do we have other projects of these prototypes in other states also, states like Rajasthan and Madhya Pradesh. Are we seeing a bid pipeline shaping up in terms of the type of project which we have done in Uttar Pradesh.

Aankur Patni: These type of projects have been executed across the country and we have just taken a very small portion of it. we would see more of these coming in the ensuing period and we have been very, very selective in participating in project of this nature, and that's going to be our strength in the future also. We will participate very selectively.

Saket Kapoor: And in the bid pipeline, we are seeing the feelers on that type of projects.

Aankur Patni: No, the bid pipeline does not have any project of this nature.

Saket Kapoor: Sir, and lastly on the employee cost part also. Although we have scaled up the execution and last year also you alluded to the fact that we are preparing our team for executing higher quantum of projects and also participation in other projects. But the employee cost as a percentage of sales also and on a total absolute number has also gone up significantly, for year-on-year also. So what should be this number rationalizing once we start further execution, a higher pace of execution as a percentage of sales?

Aankur Patni: As a percentage of sales it will go down quite a bit, and that's the reason I mentioned that there is a bit of an overhang of the expenditure that we are making on infrastructure, including build-up of manpower. Once we see the project execution comes back to the levels where we expect them to, the percentages will drop significantly. So there's also a ramp-up in manpower for the consumer segment. Again, the percentage would become lower, as the revenue scale up in that segment also.

Saket Kapoor: But we will see the run rate of Rs. 80 crores, Rs. 81 crores, going ahead also?

Aankur Patni: Yes, that's right.

Moderator: Next question is from the line of Suhas Naik from Creda Capital. Please go ahead.

Suhas Naik: Sir, we are operating in one of the most exciting areas in the infrastructure side. So could you just let us know your path that you are going ahead within the next 2, 3 years, where do you see Ion Exchange actually in terms of scale of operations.

Aankur Patni: You have rightly pointed out that this is a very exciting area, and there's a lot of development, not just in India, but across the globe. What we are doing is building up our capabilities, both within the country and internationally. And that's one of the reasons why we saw the acquisition in Europe. We are improving or increasing our presence in other geographies also in order to capitalize on the opportunities. There is a different flavour to the opportunities in various geographies. And accordingly, the infrastructure is being built in each of the countries. We will see a significant portion of

engineering opportunities in meeting not just from the government segment, but also substantially from the PSU and private sector, which is now becoming more aware and more conscious of the responsibility towards the environment, there is also a regulatory pressure to improve the industrial infrastructure to treat the water and the waste. Therefore, we do hope that we will be able to get a lot of orders from the various parts or the various segments of the market, both the government, the PSU, as well as from the private sector. Again, both Indian and international subsidiaries.

Suhas Naik: So is it possible for you to quantify this number, actually, at least the visibility in terms of the next 1 year or 2 years, what size of opportunity are we talking about here?

Aankur Patni: What we would manage to grab out of this is a very difficult thing to quantify.

Suhas Naik: Opportunity size I'm talking about. How much we will get is independent on that is separate. But at least what are we chasing in terms of orders, what size of orders we are likely to chase in the next couple of years? Some number in terms of market size here that we are addressing.

Aankur Patni: So if we exclude the municipal segment and also the purely similar construction-oriented jobs coming from the government, we would expect the market size in India to be in the range of around Rs. 20,000 crores to Rs. 25,000 crores per year. And if you look at the international market, this is many times over of this number. Of course, it's widely distributed amongst various geographies. The geographies which we focus on is the Middle East, the Southeast of Asia and the African region, which is where I feel a lot of the engineering opportunities will come for us. As far as the Chemical part of the business is concerned, it is across the globe from all the major countries.

Moderator: The next question is from the line of Tushar Vasuja from Yogya Capital. Please go ahead.

Tushar Vasuja: I just had a few follow-up questions. When would the Roha facility be available for commercialization?

Vasant Naik: In FY '25-'26.

Tushar Vasuja: And how long would it take for you to ramp it up to optimal utilization levels?

Vasant Naik: We expect to fully utilize that facility over the next 3 to 4 years once the commercial production commences.

Tushar Vasuja: And just one more question. I want to confirm. For the Roha capacity, for the Roha Capex, 80% would be from internal accruals and 20% would be from debt. Is that correct?

Vasant Naik: No, 80% will be from debt.

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

Saket Kapoor: Sir, closing question, sir. On the Consumer product, you did allude to the fact that we have hired a new team, and we would be posting a better set of numbers here. Can you give some more colour because for this year also, sir, our turnover has gone up, but so has the losses at the PBT level. So some understanding of how are we dealing with this situation in this space?

Aankur Patni: So the buildup of manpower for the consumer segment, we have been trying to do over the last few years. And as I mentioned, we will continue to undertake this exercise because we are striving for much bigger numbers to come in from the segment. The losses that you see are not at a gross margin level. They are more a function of the manpower cost and the infrastructure cost that we are accounting for.

And these do not reflect only the current level of operation, but these are for the planned level of operation, which is much, much higher than today. That's why you are seeing the bottom line in the red. As I mentioned, we do expect or we do hope that in times to come once we have scaled up the operation to a significant enough level and our investment in the infrastructure has stabilized, we will see the bottom line turning in the black.

As of today, I'm not trying to give you a projection of when exactly this is going to happen. I can only assure you that we will keep investing in future

growth of the consumer segment. And we are seeing extremely good traction in the market for the products.

Saket Kapoor: And for this year, sir? Can you allude how much have we invested to this category? And going along with your line of thought, what should we expect in terms of the at least the revenue growth trajectory for this segment?

Aankur Patni: You would have seen that we have delivered roughly around 31% growth for the current year. And we do expect that we would maintain momentum in a similar range of growth. As far as investments is concerned, whatever losses that you're seeing in for the segment are effectively expenses, which we are gearing to augment our presence in the market, which is on manpower and infrastructure.

Saket Kapoor: Right. Sir, you did not give any percentage number for the growth trajectory for the Engineering segment. But that kind of work we have been doing in the segment in terms of addition and creating the infrastructure, can you give us some trajectory of what should we look forward for the engineering? And in the Chemical segment, my closing question is on the margin profile. We have seen a 200 basis point improvement in the stand-alone chemical segment. So are these margins sustainable? Or do we have any impact of lower raw material that got added to the margin for this year?

Aankur Patni: Engineering segment, as I have mentioned earlier, while I do not want to give you guidance, but we certainly expect growth to a reasonable extent. And given that we are carrying a very healthy order growth, 15% to 20% growth, we will certainly hope to achieve, if not more. And as far as the chemical segment margins are concerned, we have benefited from a stable raw material pricing for the last few quarters. And we have also not witnessed any significant variations in the exchange rates or significant negative impact because of the geopolitical scenario, which has remained as it is. This is what has helped us to maintain the margin levels. If we are going to see a stable environment in the future also, the margin levels are sustainable.

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

Aankur Patni: Thank you all for participating in this earnings con call. 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 will be happy to be of assistance. We are very thankful to all our investors who stood by us and also had confidence in the company's growth plan and focus. And with this, I wish everyone a great evening. Thank you.

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