ION EXCHANGE
Refreshing the Planet

August 31, 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 Obligations and Disclosure Requirements) Regulations, 2015.**

Pursuant to our letter dated August 1, 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 Obligations and Disclosure Requirements) Regulation, 2015.

The said conference call with the Institutional Investor/Analyst on Thursday, August 2, 2018 was to discuss the financial performance of the Company for the First quarter ended June 30, 2018. The aforesaid information is also disclosed on website of the company i.e. www.ionindian.com.

Kindly take the information on your record

Thanking You,

Yours faithfully,
For Ion Exchange (India) Limited

Milind Puranik
Company Secretary

ION Exchange India Limited
Q1 FY19 Earnings Conference Call
August 2, 2018

Moderator: Ladies and gentlemen, good day and welcome to ION Exchange India Limited Q1 FY19 Earnings Conference Call. As a remainder all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing * then 0 on your touchtone phone. I now hand the conference over to Mr. Anuj Sonpal from Valorem Advisors, thank you and over to you Mr. Sonpal.

Anuj Sonpal: Thanks Aman, 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 Q1 FY19.

Before we begin as always I would like to mention a short cautionary statement. Some of the statements made in today's con-call may be forward-looking in nature. Such forward looking statements are subject to risks and uncertainty which could cause actual results to differ from those anticipated. Such statements are based on management studies as well as assumptions made by 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.

I would now like to introduce to the management participating with us in the earnings call. We have with us Mr. N M Ranadive - Executive Vice President of Finance; Mr. Vasant Naik – Senior Vice President of Finance and Mr. Milind Puranik – Company Secretary.

I would now ask Mr. Vasant Naik to give his opening remark, thank you and over to you sir.

Vasant Naik: Good afternoon everybody. It is a pleasure to welcome you to the Q1 FY19 Earnings Con-call. I will take you to the quarterly performance of the company on a standalone basis. The total income for the quarter is approximately INR 2,216 million. The EBITDA reported is approximately INR 256 million while the EBITDA margin was approximately 11.55%, this has grown by 336 basis point year-on-year. Net profit after tax reported is approximately INR 109 million with the PAT margins at around 4.92% a growth of 150 basis point year-on-year. I will now take you through to the segmental performance of the standalone entity for the quarter.

In the engineering division, the turnover is approximately INR 1,075 million against approximately INR 991 million for the corresponding period last year. The EBIT margin is INR 89 million as against last year's INR 40 million, this has grown by almost 123% year-on-year. In the chemical segment, the revenue recorded was approximately INR 846 million as against INR 932 million year-on-year with EBIT margin of INR 91 million as compared to INR 99 million in the corresponding Q1 quarter~~s~~ of last year. In the consumer product division, the turnover this quarter reported is INR 229 million as compared to INR 256 million in the first quarter of last year. Losses for the quarter have significantly come down to INR 11 million from INR 18 million in the corresponding quarter of the previous year.

I will now briefly take you to what has been happening in the various segments of the company and starting with the engineering segment, we have seen recovery in this segment witnessed in the past two quarters and same has continued in this quarter also. There is encouraging auto visibility in the capital goods industry. The revenue against the Sri Lanka order has been recognized in this quarter based on the work progress. In the chemical segment, the margins have remained under pressure due to the rising commodity prices. In the consumer product segment, the company continues to focus on strategies of looking at segments where the emphasis is more on technology and solution such as the rural and the institution market. In the rural market the company works closely with various entities such as the government, NGO and the village communities to take care of the drinking water requirement of the rural community. During the first quarter of FY19 due to the improved realization and the overheads control the CPG segment has managed to reduce the losses for the current quarter compared to the previous quarter of the last year.

Anuj Sonpal Now that the opening statements are done, we can open the call for questions and answer session although I would request all the participants to restrict their questions to the quarter performance and the future prospects of the company rather than broad based understanding of different aspects of the company. We can now move on to the Q and A session, thanks.

Moderator: Thank you very much. Ladies and gentleman, we will now begin the question and answer session. The first question is from the line of Ritesh Gandhi from Discovery Capital, please go ahead.

Ritesh Gandhi: Can you just throw some light on how that the consolidated numbers would be looking both for the quarter and the rest of the year because that is historically being making a drag on the business and you know about a year and a half that we were looking to at least the breakeven outside of the standalone business.

Management: We do not declare consolidated results during the quarters. However, as we have informed earlier in the last con call, we hope to continue to have improvement by the year end in the consolidated numbers.

Ritesh Gandhi: So, would we expect it to be at a breakeven level or profitable for FY19.

Management: All the companies will not be profitable or breaking even by end of the FY19, but definitely yes, there will be improvement in most of the companies and the losses will be condemned.

Ritesh Gandhi: Got it and can you just also throw some light on the revenue recognition happening for Sri Lanka and how that is going to be staggered through the year and next year.

Management: For this quarter, we have recognized revenue based on the drawings approval and the dispatches made and we have recognized revenue of 18 Crore in this quarter.

Ritesh Gandhi: And is that with the existing run rate as such we expect every quarter to be or do you expect any ramp up to happen now.

Management: No we expect ramp up to happen in the third and fourth quarter.

Ritesh Gandhi: Got it and how high could it be in Q3 and Q4.

Management: As informed in the last con call, we expect incremental revenue of close to 35 to 40% of the total order in the current year and will hopefully meet the target.

Ritesh Gandhi: Got it, can you just throw some light on the overall order book.

Management: Current order book in the engineering segment excluding Sri Lanka is 585 Crore.

Ritesh Gandhi: And is the competitive intensity actually they are reasonably high or are you usually seeing people being reasonably actually good disciplined.

Management: Quarter to quarter, the order visibility is improving.

Ritesh Gandhi: It is improving, what is the reason for the improvement.

Management: Improvement in the economic indicators has led to the increase in CAPEX and consequently increases in the number of projects getting off the grounds.

Ritesh Gandhi: Got it and so the competitors are also being disciplined with regards to the prices at which they will take order.

Management: More or less, yes.

Ritesh Gandhi: Got, okay and just a last question is there any kind of guidance you can actually provide for actually FY19 and FY20 broad-based.

Management: We don’t give a general guidance but visibility of order book is good.

Ritesh Gandhi: Got it, okay that is all from my side.

Moderator: The next question is from the line of Akshay Bajate from Rubicon Capital, please go ahead.

Akshay Bajate: Yeah, thanks for taking my question. Sir, I just wanted to understand what's really happening in our chemicals division because YOY if you look at it, last year in June quarter we were impacted by GST, so we actually were working with a low base and on that low base we have actually seen a further degrowth.

Management: 1st quarter we were not really impacted by GST since GST came on 1st of July. As regards chemical division we are operating two sub divisions namely, resins and chemicals. In resins we are in the midst of increasing the capacity in our manufacturing facility at Ankaleshwar and during the quarter, we had taken a partial shutdown to facilitate the CAPEX. Consequently execution of certain orders got deferred.

Akshay Bajate: Okay, so the shutdown was there for how many days and what kind of revenue lose do you look at because of the shutdown.

Management: There is no loss; the order execution has got deferred.

Akshay Bajate: Correct but what will be the financial impact because of this, how many days was our facility under shutdown.

Management: Around two weeks.

Akshay Bajate: 15 days roughly.

Management: Yes.

Akshay Bajate: Okay, secondly on your engineering services division, you know we have booked only 18 Crore in this quarter, what was it last year at the same quarter for Sri Lanka, so that I can understand you know what is our ex-Sri Lanka business.

Management: First quarter of the 17-18, Sri Lanka revenue recognition was nil.

Akshay Bajate: Nil, okay, so basically what you are seeing is that we have seen de-growth even in our engineering services business YOY ex-Sri Lanka, sir what is really happening over here.

Management: During the quarter, certain planned dispatches could not be executed due to delays in the customer clearances. Most of the engineering dispatches require clearances from the customer's vis-à-vis drawings as well as for physical movement. Some of this clearance have been received and for the balance we are in the active talks with the customers. Further, the company's order book position is much better as compared to last year and order visibility is also positive so going forward, we don't expect problem in engineering division as such.

Akshay Bajate: Okay, so the current orderbook which we have about 585 Crore, this will be executed around what timeframe.

Management: On a broad level, the order are executable over a period of 18 months to 24 months. This does not include Sri Lanka.

Akshay Bajate: Understood correct, that I understand and secondly what explains the great jump in our EBIT margins on the engineering services side, how much cost have we booked on account of Sri Lanka versus the 18 Crore of revenue recognition.

Management: The present mix of orders getting executed are with better margin coupled with better operating efficiencies, that is the reason for the improvement in the EBIT margin in engineering division.

Akshay Bajate: So it is not to do with Sri Lanka as such because Sri Lanka was 0 last year, this year we have recognized 18, so there is no impact on the Sri Lanka.

Management: Not because of Sri Lanka; Sri Lanka content is very small in overall engineering segment has been coupled by improvement in operating efficiencies and execution of orders with better margins which has resulted in the improvement in the EBIT of the engineering division.

Akshay Bajate: Sir what you are saying is that ex Sri Lanka our normal engineering services business will now run at a higher EBIT margin going forward that is the new normal versus historical.

Management: We are hoping that to be the case.

Akshay Bajate: So, we should assume that about 150 to 200 basis point is what we should work with in terms of expansion and margin.

Management: Hopefully yes.

Akshay Bajate: Okay, fair enough, that is it from my side, thank you.

Moderator: The next question is from the line of Santhosh Yalepor from India Nivesh, please go ahead.

Santhosh Yellapu: Thanks for the opportunity sir. Had few questions; first question on the Sri Lankan project. If I recall correctly, we had done the first booking of revenues from this contract in Q4-FY17 and most of that revenues were related to the drawings and the engineering front and you know engineering part, design works and engineering right and again I am getting to hear now that in this quarter also we have got some approvals of some drawings and you know those milestones have been attained and hence we have booked an 18 Crore revenue. Sir, I would like to understand how come we have booked engineering segment drawing revenues first and then did some execution and again getting into the drawing mode and what is the exact stage, have we appointed any subcontractor, how do we ramp up, can you please give some more color on this, first question.

Management: For such a large water treatment contract, design engineering forms a very critical part and it is not a one-time exercise; for the various sections of the project, engineering needs to be done and as and when engineering is finalized, the orders are placed on the subcontractors as well as for the supply of material. So that is the reason we have been recognizing the revenue based on the approval than progress of the job and milestone.

Santhosh Yellapu: Sir, just have a followup, are there any still engineering works pending with regards to this project.

Management: Some work is definitely pending and in the next few quarter ends, we should be hopefully through with the all engineering because it all depends on the approvals to be received from them.

Santhosh Yellapu: Okay sir.

Management: Actual ground work will start in the third and fourth quarter of the current year.

Santhosh Yellapu: We have to complete our project by the stipulated deadline then my understanding is that we should expect it to deliver somewhere around 450 Crore kind of revenues from this project and in the first quarter, we have done only 18 Crore, second quarter also we are getting a sense that most of the engineering works be getting approved so is it would we be able to do a 400 Crore kind of a top line from this contract in H2 FY19.

Management: Hopefully yes, because overall we are expecting 35 to 40% revenue, incremental revenue, to grow in the 18-19.

Santhosh Yellapu: Sir would we be resorting to the subcontracting route.

Management: We would be sub-contracting the civil work.

Santhosh Yellapu: It could be done, so that gives us a comfort that we can scale up at a faster pace.

Management: And this project is broken into the various subprojects so at the same time the work will be executed for completing the work.

Santhosh Yellapu: Now that gives comforts and visibility, got it sir, that is one first on the Sri Lanka. Second question is on the chemical segment. If sir, if the chemicals division has seen a YOY degrowth and the margins have got compressed due to plant shut down, so are we liable for any kind of delays in supplies for the resin to the company.

Management: No.

Santhosh Yellapu: The sense, I am trying to get is that the working capital cycle should have got stretched during the quarter.

Management: Not really.

Santhosh Yellapu: And what percent of current order book has legacy orders pending. Last time the call sir said that by second quarter we should be done with all the legacy contracts getting completed, so what percentage of current order book has legacy orders which are very low margins?

Management: Very minimal amount**.**

Santhosh Yellapu: Sub 10% is it fair to look at it that way.

Management: It will be below 10%.

Santhosh Yellapu: Not be 10%, great sir last on the bookkeeping numbers what is the cash balance, receivables value and see of it at the end of Q1.

Management: These numbers are not in public domain and we cannot share these numbers. In September, definitely we will be sharing these numbers with you.

Santhosh Yellapu: Okay, sir just if I may ask one last question, what is the reason for fall in other expenses and sharp increase in depreciation expenses.

Management: The fall in other expense is because last year the excise duty collected on sales was part of turnover and other expenditure GST was introduced from 1st of July, 2017. The taxes collected in the GST era do not form part of the revenue or expenditure and it is shown separately.

Santhosh Yellapu: Okay and depreciation expenses sir, lastly.

Management: Membrane plant was commissioned last year; it has been now started getting depreciated.

Santhosh Yellapu: Okay, thank you sir, I will join the Q.

Moderator: The next question is from the line of Zaki Abbas Nazir as an individual investor, please go ahead.

Zaki Abbas Nazir Sir good afternoon, I have two questions, one is regarding the status of IEEL, the long loss making subsidiary and what is the status on that, that is question number 1) Question number 2) will be on the cross holding of shares within the subsidiaries and do you have in the near future any plan to simplify this kind of structure, thank you.

Management: Taking your first question regarding IEEL, that is ION Exchange Enviro Farms Limited, we have already gone in appeal against the SEBI order and the appeal is pending at the SAT and hearings are going on.

Zaki Abbas Nazir: Okay but that business is near closure right or you have settled with all the farm holders or whatever the structure.

Management: Since we have already sold the land to the farmer's so they are the owners of the land, hence question of settlement with farm owners does not arise.

Zaki Abbas Nazir: Okay.

Management: And the matter is sub-judice so we may not be in a position to discuss much.

Zaki Abbas Nazir: Okay and regarding the crossholding sir.

Management: Can you repeat the question please.

Zaki Abbas Nazir: See within the group there are some subsidiaries which hold stock of ION Exchange and stuff like that which is reflected in the consolidated numbers as I mean the subsidiaries holding some 26,62,000 shares, I mean do you plan to simplify this kind of structure in the future.

Management: This is an ongoing process. Currently we are not in a position to comment on this.

Zaki Abbas Nazir: Okay, thank you.

Moderator: We have the next question from the line of Bhavesh Jain from Envision Capital, please go ahead.

Bhavesh Jain: Sir, our other income is high so any run-off in that.

Management: Other income consist of two things, one is we have exchange gain during the quarter due to the Rupee depreciation and interest income which we have received on the deposits which we are holding.

Bhavesh Jain: Can you quantify this exchange gain.

Management: The operational details we may not be in a position to give it right now.

Bhavesh Jain: 8 to 9 Crore because the interest income you booked 7 Crore.

Management: Yeah.

Bhavesh Jain: Okay and so this exchange gain is stating in engineering piece, in segmental profits.

Management: Exchange gain is from our exports activity. This covers engineering as well as raisin.

Bhavesh Jain: Okay and sir can you disclose this gross debt which we will be having it because I guess it has increased looking at the interest expense or finance cost.

Management: As I explained to earlier participants, numbers and the balance sheet details we are not disclosing at this moment but there is definitely improvement in the debt and interest expense, it has increased on account of the Membrane plant which we have commissioned last year has now been put to the use.

Bhavesh Jain: Okay and sir capital employed in this engineering piece have not come down quarter-on-quarter also, in fact it has gone up, any specific reasons.

Management: It includes the debtors from the Sri Lanka project also.

Bhavesh Jain: Okay, and sir the CAPEX guidance for this year.

Management: CAPEX guidance we have already communicated last time Rs 50 Crore during the year.

Bhavesh Jain: Okay sir, thanks a lot sir.

Moderator: The next question is from the line of Amit Jain as an individual investor, please go ahead.

Amit Jain: Yeah, I wish to know what is the delay in the stock coming out of trade-to-trade and what is the company doing for it to come out of trade-to-trade.

Management: Promoter shares held in trusts need to be demated. We are getting those shares demated now. Mostly by next quarter, we will complete this process and then our shares will be in the normal mode of trading.

Amit Jain: Next quarter.

Management: Yes, we are working towards it.

Amit Jain: Thank you so much.

Moderator: The next question is from the line of Jitendra Gupta from Money Control, please go ahead.

Jitendra Gupta: Sir, I attended this call for the first time and I was really impressed by the language we started the call with you know cautionary notes and saying that there was looking at everything, but I am really depressed by the way the information have shared, there are no consolidated results of shares, there is no information about the debt. You are not talking about what is happening in each of the segment. I am really, you know this is my feeling and I wanted to convey whether you like it or not and you know this is not the call I am not really impressed, we have heard so many calls but there is something lacking in.

Management: Thanks for your feedback; we will definitely take it in a positive way. We have more global subsidiaries operating and getting the accounts audited is a challenge and we are working towards it, hopefully from the first quarter of the next year, we will be declaring the consolidated results. The debt number they are not currently in the public domain, that is the reason we are not giving it but every September and March, we declare the balance sheet numbers also.

Jitendra Gupta: Thank you.

Management: Thank you for your feedback and we definitely welcome feedback and suggestion from all our analysts and investors.

Jitendra Gupta: Thanks sir that is what from my side.

Moderator: We have the follow up question from the line of Santhosh Elapore from India Nivesh, please go ahead.

Santhosh Yellapu: Sir I have follow-up question on the chemical segment. If my understanding is right, we are operating at around 50% or so capacity for the chemical segment. There was a shutdown for two weeks. Is it that in the next quarter will cover up for this and you know we will end up having higher capacity utilization that should translate to very good margins?

Management: Yes we are confident about that.

Santhosh Yellapu: Okay and sir what is the large effect for passing on the price hike that you experienced with your resins and the broader chemical segment clients.

Management: The price hike to be passed on with the customers normally takes two to three months for its full implementation.

Santhosh Yellapu: So we are confident that we should be able to end the year with almost the 20% kind of margins that we had experienced earlier.

Management: We do not want to give any positive guidance like that but we are hopeful that we will end up better.

Santhosh Yellapu: But the commentary is directing towards that side only. Even if you don't attribute any numbers but still maintain or still you have that comfort directionally we are heading towards that kind of number only right.

Management: Yes.

Santhosh Yellapu: And also what is the reason for increase in the finance cost.

Management: Finance cost on quarter-on-quarter basis has actually come down.

Santhosh Yellapu: But sir on YOY basis was looking and referring sir. It has grown up by 32.5% from 32 million Rupees to 42 million Rupees.

Management: The membrane plant was capitalized in Mar 18, has now fully put to use. In the current quarter, the finance cost related to this facility is being charged off to Revenue, plus increased operations also have impacted the finance costs.

Santhosh Yellapu: Okay, sir do we usually under CAPEX if my understanding was right, we were expecting to fund the CAPEX through internal accruals, has they have been funded through debt.

Management: It is of mix of debt and internal accruals.

Santhosh Yellapu: Both of that. That is it sir, thank you.

Moderator: The next question is from the line of Bhavesh Jain from Envision Capital, please go ahead.

Bhavesh Jain: Sir how is the order pipeline looking like in engineering division which sectors are the pipeline is good.

Management: The current order backlog is 585 Crore.

Bhavesh Jain: Right, I am saying the tenders who sector you are more positive on as of now which will drive the order influence going ahead, any color you can share on that.

Management: Normally we don't give the details of it but the heavy segments will drive generally the growth which includes the power, steel and refineries.

Bhavesh Jain: Okay sir.

Moderator: The next question is from the line of Akshay Bajate from Rubicon Capital, please go ahead.

Akshay Bajate: Hi sir, just a quick question on the membrane facility which we have commissioned last year; you know how are things progressing on that front.

Management: The product is getting stabilized in the market and we have started booking small revenues from that plant also and we hopefully should see better results to come in the third and fourth quarter. But it needs to be accepted by our customer; the acceptance process is been started.

Akshay Bajate: Okay, so what do we hope to achieve in terms of capacity utilization for the full year this year.

Management: Full year may be something close to 50% to 60%.

Akshay Bajate: 60%, understood, alright fair enough, thank you, that's it from my side.

Moderator: We have the next question from the line of Zakia Abbas Nazir as an individual investor, please go ahead.

Zakia Abbas Nazir: Sir, IEEL again what would be the maximum liability in case we lose the appeal against the farm owners on the company sir.

Management: Matter is sub judice so may not be in a position to comment on any financial numbers but as far as company is concerned, it has already sold the lands to the individual investors. We have maintained the land also for so many years, so we do not expect any adverse impact of the appeal.

Zakia Abbas Nazir: Okay, so those lands will be totally off our books for the maintenance.

Management: The land sold to investors is not in our books.

Zakia Abbas Nazir: Okay, now we just have to, it is a matter whether we maintain it or don't maintain it, right.

Management: Yes.

Zakia Abbas Nazir: Okay, thank you.

Moderator: The next question is from the line of Sabyasachi Mukherjee from IndiaNivesh, please go ahead.

Sabyasachi Mukherjee: Thanks for the opportunity. You have mentioned that the capital employed in the engineering segment is around 2000 odd Crore, what would be the amount of Sri Lanka order sitting here. Am I audible?

Management: Can you repeat the question. You were not audible in the first instance.

Sabyasachi Mukherjee: Sir, the capital employed in the engineering segment is around 2000 Crore odd as reported in the numbers, could you just mention how much would be the Sri Lankan order, I mean how much amount would be.

Management: The capital employed in Engg Segment is 207 Cr and not 2000 Cr.

Sabyasachi Mukherjee: 207 Crore, so the advance would be?

Management: 35 crore.

Sabyasachi Mukherjee: Okay, that includes the debtors and as well as advance.

Management: Yes.

Sabyasachi Mukherjee: Am I right. Okay, and one more thing on the, IND AS 115, you know the revenue recognition that has been changed, could you just throw some light on that.

Management: There was no material revenue impacts in terms of the IndAS 115 on the company, so the earlier revenue recognition method what we were following continues.

Sabyasachi Mukherjee: So is it percentage completion.

Management: This standard has largely impacted the real estate industry where the revenue recognition methodology has changed; it has not majorly impacted our kind of industry.

Sabyasachi Mukherjee: Okay, but you mentioned that you know in the Sri Lankan order you kind of recognized revenue on a milestone basis, so if my understanding is right on the percentage completion method irrespective of the milestone you just book revenues and you know accordingly the cost are also recognized.

Management: When we say based on the milestone, it is based on the percentage of work done in terms of the accounting standard which prescribes the revenue recognition methodology, so our revenue recognition for all contract including Sri Lanka are as per the IndAS new standard 115.

Sabyasachi Mukherjee: And it is according to the milestone basis only right.

Management: Milestone as well as what work physically has been done also is taken into account when we book the revenue.

Sabyasachi Mukherjee: Thank you.

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