

ION Exchange

10 August 2026

Operator: Ladies and gentlemen, good day and welcome to the Ion Exchange (India) Ltd. Q1 FY27 earnings conference call. As a reminder, all participant lines will be in 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 the operator by pressing star and then zero on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Ms. Purvangi Jain from Valorim Advisors. Thank you, and over to you.

Purvangi Jain – Valorim Advisors: Thank you. Good afternoon, everyone, and a very warm welcome to you all. My name is Purvangi Jain from Valorim Advisors. We represent the investor relations function of Ion Exchange (India) Ltd. On behalf of the company and Valorim Advisors, I would like to thank you all for participating in the company's special conference call on the reclassification of reporting segments.

Please note that management will take questions on the reclassification of reporting segments from 2:00 p.m. to 3:00 p.m., and then the Q1 FY27 earnings call will start at 3:00 p.m. and continue until 4:00 p.m. In case the question-and-answer session on the reclassification of reporting segments concludes earlier, we will subsequently move into the quarterly earnings discussion.

Before we begin, let me mention a short cautionary statement. Some of the statements made in today's 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 when making investment decisions.

The purpose of today's reclassification of reporting segments and earnings call is purely to educate and create awareness about the company's fundamental business and financial performance for the quarter under review.

Let me now introduce you to the management participating with us in today's call and hand it over to them for their opening remarks. We have with us Mr. Ankur Patni, Vice Chairman; Mr. Indranil Dutta, Managing Director and CEO; Mr. Vasant Naik, Group Chief Financial Officer; and Ms. Milisha Solanki, Company Secretary.

Without any delay, I request Mr. Indranil Dutta to start with his remarks on the reclassification of segments. Thank you, and over to you, sir.

Indranil Dutta – MD & CEO: Thank you, ma'am. Good afternoon, everyone, and thank you for joining us today. On behalf of our Vice Chairman, Mr. Ankur Patni, and the entire management team on the call, I extend a warm welcome to everyone participating today.

As was mentioned, today's interaction has been structured into two parts because of this reclassification, which is an extraordinary event. In the first one-hour session, we would like to talk about the rationale and the strategic imperative behind the reclassification. We have already uploaded a presentation on the reclassification, which I am sure all of you have had a chance to review. We will spend the hour from 2:00 p.m. to 3:00 p.m. taking you through some of the pages of

Report is AI-generated and may contain inaccuracies.

ION Exchange

this presentation. We will then be happy to take any questions that you may have regarding the presentation. That will hopefully conclude the first segment of our conversation.

From 3:00 p.m., we will follow it up with our regular Q1 FY27 earnings conference call, where we will discuss our operational and financial performance under the revised reporting framework for the quarter just concluded, which is the first quarter of fiscal 2027. That is the broad direction in which we will proceed.

I request each one of you to refer to the presentation that has been uploaded. I will cover it briefly by giving an overview. Once that is done, the presentation itself will explain many of the questions that you may have. We will be very happy to take and answer any further follow-up questions.

I will refer first to the overview on the first page, where we have given the company's snapshot. The company has been in operation for 62 years across more than 50 countries. We have one of the largest service networks in the Asia-Pacific region, with more than 200,000 installations worldwide, including more than 3,000 core industry projects, world-class manufacturing facilities and assembly hubs in many parts of the world, and a total commitment to sustainability across continents.

The company's vision is to be the leader in our business, which is vital to people's lives and the environment. As the next page will show, our total portfolio of water and environment management solutions cuts across the entire water cycle, right from pre-treatment to water treatment. This includes both ion exchange resin and membrane technology-based solutions.

We are also involved in industrial wastewater treatment, recycling and zero liquid discharge. We have applications for our products, such as specialty resins, adsorbents, membranes and chemicals, across various applications. We are also involved in sewage treatment, tertiary treatment and sludge treatment. On the drinking water side, we have our offerings through the Zero-B consumer products portfolio.

The next page captures the core offerings of the company, which are broadly categorized into 12 parts. This is, again, one of the first times we are showing the company in this manner. It is also very unique because we believe that we are one of the very few companies, if not the only company in the world, that has ion exchange resins, membranes and specialty chemicals under its umbrella.

We also offer standard systems and plants, home water solutions and digital solutions. We apply these products and offerings to water treatment, ultrapure and high-purity water, wastewater treatment, zero liquid discharge and services.

On the next page, we have covered our capabilities. Across our product offerings, we are present in practically every aspect of water and wastewater treatment and solutions.

The next three pages of the presentation cover our solutions offerings. In our solutions business, we span one of the widest portfolios of offerings across our original core solutions. This includes pre-treatment, water treatment technologies, condensate polishing, wastewater recycling and reuse, sewage treatment, zero liquid discharge and home water. These have typically been the base and core foundation of the solutions that the company has offered for the last 60-plus years.

Report is AI-generated and may contain inaccuracies.

ION Exchange

Over the last few years, the company has moved to an advanced solutions portfolio. We offer solutions in seawater desalination, and we have executed projects in various parts of the world, including Morocco, over the last couple of years.

We have also entered the ultrapure water segment. A lot of questions have been asked in the past about our ultrapure water solutions, which we offer in solar and semiconductor applications, including at Semiconductor Complex Limited, Mohali, quite some time ago. We also offer high-purity water solutions on the pharmaceutical side.

We have entered technologies involving advanced oxidation for wastewater treatment and produced-water treatment. We also have new applications in applied ion exchange and wellness solutions, including hydrogen water and alkaline water, in the wellness range for the Zero-B product line.

In addition, the company is currently working on emerging solutions, which are the latest areas of focus in water and wastewater treatment and resource recovery across the world. These include brine valorization, lithium extraction and the destruction of forever chemicals, or PFAS. This involves not only PFAS treatment but also the absorption and destruction of PFAS using various technologies, including foam fractionation.

The company has also entered new energy solutions, including high-purity DM water for electrolyzers used in green hydrogen applications, as well as integrated electrolyzer and BOP solutions.

The company is also geared up to offer solutions for semiconductors and data centers, including cooling-water treatment solutions, high-efficiency RO and softening systems. We are also looking at technologies such as direct liquid cooling.

Another all-encompassing area in which the company is working is digital solutions and the digital portfolio. We are trying to offer IoT-enabled smart products and offerings, allowing our customers to access products that can be monitored, connected, analyzed and optimized for predictive future monitoring.

In terms of our global presence, we are present in more than 70 countries. Thirty percent of the company's revenue comes from international markets. We have 14 global manufacturing and assembly facilities and more than 200,000 installations.

The next page talks about all our project locations. It shows that, apart from India, the company is present in many markets across the Middle East, Asia-Pacific and various parts of Africa.

We have also given a quick glimpse of our manufacturing facilities. You can see all our facilities, both in India and overseas, in the subsequent slides. These include our resin manufacturing plant in Ankleshwar. The new plant is shown in the first visuals of the facility in Roha. We have talked about Roha quite a bit, but this shows a glimpse of the resin plant that has come up in Roha, Maharashtra.

The presentation also shows our membrane manufacturing center of excellence in Goa; our specialty chemicals plant in Patancheru, Hyderabad, which is the mother facility for specialty chemicals; and our blending facilities in Dammam, Saudi Arabia, which is operational, as well as in

Report is AI-generated and may contain inaccuracies.

ION Exchange

Maepril, Portugal.

Our standard plants are located in Hosur, Verna in Goa and Wada in Maharashtra. We have large assembly centers, one of which is in Palaspe, Maharashtra, and smaller assembly centers in Sharjah, South Africa, Indonesia and Bangladesh.

Innovation is at the core of the company. The company's R&D facility was founded in 1965, and we have more than 50 patents to date and more than 100 products launched. This is one of India's oldest water-focused research centers and works across all water treatment and wastewater treatment technologies, including resins, chemicals and membranes. It focuses on offering sustainable solutions for industries and communities.

We have also given a glimpse of some of our marquee clients. Most of them are India-focused. We have another similar page for outside India, which is typically not included in this deck. And then—

Management: We have a glimpse in the presentation of our human capital. We are a team of about {? 3,500 plus ?} professionals, with competencies and capabilities spread across more than 15 countries. This includes about {? 650 plus ?} people with competencies in EPC and projects; about {? 600 plus ?} people in products and manufacturing; and about {? 1,400 plus ?} people in consumer and retail, which is our Zero-B product line. Services, chemicals and corporate functions make up the rest.

In the next section, we have tried to talk about some of the investments that the company has been making over the past six to seven years. This is one of the rationales that has led to the reclassification of our reporting numbers.

We have all been talking about the Roha facility. We showed a picture earlier, but this is another part of the plant where the capacity for our flagship ion exchange resins business has increased by 5 times through the establishment of the Roha plant. The plant has been commissioned and is going through stabilization and an increase in ongoing production.

It expands our conventional resin capacity to support future growth. It will help us increase our share of the global market from the current level by at least 4 times, taking us to double-digit numbers.

This also establishes India's first non-solvent resin manufacturing facility. It does away with solvent-based resin manufacturing, which is a first of its kind in India and one of the more sought-after product lines globally.

The facility is also working towards establishing an integrated spent-acid recovery plant, which will be a global first and will help us become a more circular and sustainable company.

Roha therefore gives us technology leadership, circular manufacturing, a 5-times capacity expansion and future-ready operations. This, along with our existing plant in Ankleshwar, positions the company very strongly. This is one of the biggest investments that the company has made, and we will very soon see the full results of Roha taking shape over the next few years, as we have discussed in past investor calls.

Report is AI-generated and may contain inaccuracies.

ION Exchange

The second area where we are building scale is pharma resins. This is again happening in Ankleshwar. Our pharma resin factory is FDA-approved, and the capacity expansion plan is 6 times.

This will help us expand our product portfolio with new weak-acid cation and acrylic-anion resin grades. The enhanced FDA-approved manufacturing facility helps us deliver products globally to our pharmaceutical customers. It also provides us with a more repeatable and strengthened, future-ready process and product line for pharma resins, which are currently part of our overall resin product line.

This helps us expand our portfolio of offerings, increase capacity by 6 times, and support import substitution in India, where we can supply many Indian pharmaceutical customers. It also allows us to become only the third player in the world capable of catering to this type of resin application in the global market.

The other area in which the company has been expanding significantly is membrane manufacturing in Goa. We are putting the entire comprehensive range of membranes into production, including Reverse Osmosis, Ultrafiltration, Nanofiltration and MBR membranes.

The company has also entered into a tie-up with Mann+Hummel to obtain the full range, including its ultrafiltration PVDF technology. Overall, the plan is to achieve 3 times business growth over the years.

With the range of membranes that we are building in our Goa facilities and our second plant coming up, we will be the only manufacturer in India with a full range of integrated membrane facilities in the country, including our own casting and coating lines, hollow-fiber technologies for UF and our strategic partnerships with Mann+Hummel.

The company is also building scale in its standard systems portfolio. Investments have been made across all three factories in Hosur, Goa and Wada, and capacities have been expanded multiple times.

Both our membrane business and our standard plants business are part of the industrial products portfolio. This shows that on the industrial products side, apart from consumer products, the company has been gradually increasing scale, building capacity and expanding its portfolio.

We believe that both the standard systems business and the entire membranes product portfolio will help us significantly ramp up our industrial products range, which has so far been clubbed within the engineering segment of the company.

The other area in which the company has been working is building scale in services. Having already had more than {? 200 plus ?} operations and maintenance contracts, we have a significant reach. As I said at the beginning, we have one of the largest service networks in the Asia-Pacific region, with more than {? 30,000 plus ?} customers served and a pan-India presence.

We are also moving toward more BOOT, BOO, rental and water-as-a-service solutions. All of this will help us offer a comprehensive, end-to-end service offering in the water and wastewater segment, both in India and overseas.

Report is AI-generated and may contain inaccuracies.

ION Exchange

A case in point is the order that the company won in Oman with Petroleum Development Oman. This was a comprehensive 20-year O&M concession contract that the company will be executing. This is how we are trying to build the service portfolio significantly across geographies, offerings and solutions.

The last part of building scale, which you have witnessed, is through our Zero-B Home Water Solutions range. We have been growing at a significant rate of 30% plus. We have been expanding our product portfolio from filters to purifiers, laboratory-water purifiers, water softeners, on-the-go purifiers and heat pumps.

The range continues to grow across more than 700 cities, with more than {? 2,000 plus ?} service engineers and a pan-India presence. We have also expanded into adjacent markets such as Nepal. We are exploring how we can expand into neighboring markets such as Sri Lanka and Bangladesh.

With all of this, our current reporting was divided into engineering, chemicals and consumer products. In the past, we have spoken mostly about our engineering business.

Under the new reporting system, the engineering segment has been divided into Treatment Solutions, Industrial Products and Life Cycle Services. All three are very important for us.

In the presentation, you saw that across the Treatment Solutions range, we have moved from core solutions to advanced solutions and are also entering emerging solutions involving resource recovery, lithium extraction and new energy. All of these are important, and the company is already positioning itself to obtain a significant share of these businesses in both Indian and global markets.

We discussed how we are expanding and investing in our product portfolio across membranes and standard plants. This is where we will be able to show progress in the Industrial Products segment as a standalone segment going forward.

We also discussed how we are building scale in services across geographies, the portfolio and technologies. That is why we wanted to share our Life Cycle Services business and report it separately for you.

Our Chemicals segment continues to comprise specialty chemicals. The composition remains the same, consisting of industrial resins, pharma resins and specialty chemicals, including water-treatment specialty chemicals and process chemicals.

The Consumer Products segment remains the same. Only the institutional product line has moved out of the Consumer Products segment into Industrial Products.

That is the classification we have undertaken. We are again emphasizing that the company is much more than chemicals, consumer products and engineering. Beyond EPC and projects, the company is moving and pivoting more toward Treatment Solutions, advanced Treatment Solutions and emerging Treatment Solutions, as well as membranes, standard plants and products, and Life Cycle Services, offering the most comprehensive range of Life Cycle Services.

This is how the current and new reporting segments are structured. For those of you who can refer to our presentation, this page will provide very good clarity on how we reported the businesses

Report is AI-generated and may contain inaccuracies.

ION Exchange

earlier and how we are starting to report the company from this financial quarter.

The next page provides additional details on the reporting segments. It is a classification of what we discussed in the past few pages. It again shows all readers and those on the call how the offerings in Treatment Solutions, Industrial Products, Life Cycle Services, Specialty Chemicals and Consumer Products are organized.

The next few pages discuss the breakup of the businesses. Some of this can also be covered as part of the Q&A.

You will see that our Treatment Solutions business has grown significantly year-over-year. If you look at the CAGRs over the last 4 years, the Treatment Solutions business has grown at a rate of 23%.

This shows our continued focus on this segment. It is our mothership and the strategy is to enter projects and then execute through services, specialty chemicals, which are required to run those plants, and membranes.

The EBIT has moved in the other direction, and we have discussed this at length in many of our investor calls. As we have said, some legacy projects, including the UP project, have resulted in profitability taking a hit. This is what you typically see on this page for Treatment Solutions.

For Industrial Products, you will see a 9% CAGR. There was some softening in the last year; otherwise, the numbers would have looked much better. There was some impact from the West Asia crisis, and we could not maintain the same rate of growth. There was also some softening due to investments made in the last year, but the CAGR had grown over the last 4 years. There was a slight dip in the current year, which we expect to overcome in the current financial year.

For Life Cycle Services, it is a good story. Revenue has grown by 10% over the last few years. Now that we are reporting these numbers separately by segment, we can see a very positive and healthy 21% CAGR over the last 4 years.

Specialty Chemicals and Consumer Products are the same as we have reported in the past, so there is nothing new to discuss except that Specialty Chemicals has recorded double-digit growth in both top-line revenue and EBIT profitability.

Consumer Products has been a very strong growth story. However, profitability has declined, and we have discussed how our plan is to return to break-even in this financial year.

With that, I come to the end of the overall presentation. I wanted to provide a voiceover to the pages that you would have seen, and we will be happy to take any questions that you may have about the reclassification beyond what I have discussed on the call.

Operator: Thank you, sir. We will now begin the question-and-answer session. Anyone who wishes to ask a question may press star and one on their touchtone telephone. If you wish to remove yourself from the question queue, you may press star and two. Participants are requested to use a handset while asking a question. Ladies and gentlemen, we will wait for a moment while the question queue assembles.

Report is AI-generated and may contain inaccuracies.

ION Exchange

The first question comes from the line of Surbhi Gupta with GreenEdge Advisors. Please go ahead.

Surbhi Gupta – GreenEdge Advisors: Good afternoon, sir. My first question is regarding the Portugal market after our acquisition there. How is that market progressing, and what market scope do we see? Also, could you comment on the margins that we would be getting from that specific market? Thank you.

Management: Surbhi, sorry, if you could repeat that, ma'am.

Surbhi Gupta – GreenEdge Advisors: Portugal—Spain and Portugal, where we had this acquisition. We were going to expand in Europe, so I wanted to understand the margins and the scope for expansion there.

Management: That business was acquired about 3 years ago, and I think we have completed the integration of that product line. We have also trained our teams well on Ion Exchange products and solutions offerings.

We see good potential for growth across our resins, chemicals and membranes portfolio. We have also participated in pursuits on the solutions side of the business, and we have projects that we are currently executing.

Clearly, there is more potential than what we have mined so far. The team continues to work to ensure that the full potential of the growth and opportunities that exist in the Southern European Iberian market, as well as in the North African market—which can also be catered to from that entity—is fully leveraged.

The company continues to see significant upside opportunities from that acquisition, and we continue to work toward realizing them. We believe that the success from those countries and geographies over the next 2 to 3 years will be significantly greater.

Surbhi Gupta – GreenEdge Advisors: Sir, could you quantify the margins? What incremental margin could we get from there? Would it be similar to our profile here, or would there be a difference?

Management: We typically do not discuss specific margins for a particular geography, but I would say that this also varies from segment to segment. We discussed the 5 segments. Four of the 5 segments are present there, although the home and consumer products business is not.

It varies from segment to segment, but overall, the margins will be similar to, if not better than, what we see in India.

Surbhi Gupta – GreenEdge Advisors: Okay, sir. Thank you.

Operator: Thank you. The next question comes from the line of Pratik Kothari with Unique PMS. Please go ahead.

Pratik Kothari – Unique PMS: Hi, good afternoon, and thank you. My first question is regarding this reclassification. Could you explain what led to it, why this reclassification was undertaken, and whether you expect any corporate action? I would like to understand the thought process behind it.

Report is AI-generated and may contain inaccuracies.

ION Exchange

10 August 2026

Management: The engineering segment was not providing the full picture of what was inside engineering. To a certain extent, it was viewed as a projects business, but we had a very robust products business within it, a growing services business within it, and a pivot toward more solutions and advanced and emerging solutions offerings.

We wanted to show these separately because, at the consolidated level, what we were able to share with you was a combination of these 3 segments reported as engineering.

Now, those interested in the company will be able to see all 3 aspects of the company: the growth of Life Cycle Services as repeatable revenues and life-cycle revenues; the growth of our Industrial Products portfolio beyond the Consumer Products that we have been reporting; and the growth and performance of our Treatment Solutions business.

A lot of work, investment and management bandwidth have been devoted over the last 5 to 6 years to growing the products, specialty chemicals and services portfolios of the company. We feel that these are now substantive enough to stand on their own and be reported separately as individual segments to our investors.

At the same time, we will maintain our focus on Treatment Solutions. As new technologies emerge, we want to be at the forefront of Treatment Solutions as well.

To answer your question, there is no separate corporate action plan. This is primarily about offering greater transparency and providing more perspective and detail on how the company is performing across these segments.

Pratik Kothari – Unique PMS: Thank you. That is highly appreciated. I have one clarification on the Roha slide, which I think is slide 23. We have mentioned a 5-times capacity expansion. Is this for one specific product? Our understanding was that we were doubling the resin capacity, so could you clarify this 5-times number?

Management: No, sir. This is a global number. We are talking about becoming a bigger global player in the market.

These are broader numbers, depending on how you define the global resin market. What we are trying to say is that, through the Roha plant and the ongoing Ankleshwar plant, we aspire to capture 10% of global resin volumes. I think that is a fairly large aspiration from that perspective.

Pratik Kothari – Unique PMS: I understand the point, but coming back to this, last year we reported approximately 500 crores of resin revenue in our Chemicals business, give or take. When we say 5-times capacity expansion, what does that mean?

Management: When I said that, I meant that it is not just for Roha. It is for Roha and Ankleshwar together. For the entire resin business, we believe that, with all debottlenecking completed and the final capacity that we may achieve, the total resin capacity across both plants together will be 5 times what we had in the past.

Pratik Kothari – Unique PMS: Just to reconfirm, the 500 crores of resin revenue that we generated last year—are we saying that after this debottlenecking at Roha, we can generate 2,500 crores?

Report is AI-generated and may contain inaccuracies.

ION Exchange

Management: No, no. That was for the entire Chemicals segment. Our Chemicals segment also includes the specialty chemicals business.

Pratik Kothari – Unique PMS: Correct. Last year, we reported approximately 900 crores of specialty chemicals revenue, give or take. Of that, 500 crores was resins and 400 crores was water chemicals. So what is the figure?

Management: We have not provided a segment breakup in that manner. What we are saying is that, together, these facilities provide us with a significant capacity expansion after debottlenecking, enabling us to pursue that market.

Pratik Kothari – Unique PMS: I may take this offline if required. Regarding the quarterly results, will we come back to that, or should I ask about the numbers now?

Management: We will come back to that. Once this particular segment is over, we will begin that segment.

Pratik Kothari – Unique PMS: Correct. No problem. Thank you.

Operator: Thank you. The next question comes from the line of Rahul with Straton Oakmont. Please go ahead.

Rahul – Straton Oakmont: My question is regarding the rebranding of the Chemicals division as Specialty Chemicals. With the Roha plant targeting a ramp-up in utilization, are the resins produced there moving up the value chain? Are they pharmaceutical-grade resins or ultrapure-water resins for the semiconductor and EMS sectors? What would be the approximate margin profile for these products, and what is the timeline for securing the high-margin certifications required for these new lines?

Management: Broadly, your assessment is correct. As you all know, the reason for the Roha plant was that we were capacity-constrained at the existing mother plant in Ankleshwar.

With Roha coming in, we now have significant additional volume. This will allow us not only to take care of our core bread-and-butter business, for which there is significant global demand, but also to enter more specialty resins for special-purpose applications.

You mentioned a few of them, but there are other applications as well that the company would like to pursue. These are typically higher-margin applications involving higher quality, higher specifications and higher-grade product lines.

At the same time, the expansion of the pharma product line will give us more specialty-grade resin product lines for pharmaceutical applications. Across the board, we are moving more toward higher-end, specialty-application grades while continuing to keep our core bread-and-butter volumes intact.

That is why we felt it was possibly time to reclassify our Chemicals business from commodities toward more specialized application offerings.

Report is AI-generated and may contain inaccuracies.

ION Exchange

Rahul – Straton Oakmont: What approximate margin can we expect from this business in the medium term, and what percentage of consolidated revenue can we expect this segment to contribute over the next 2 to 3 years?

Management: We are not in a position to provide a breakup at this stage. These figures will become evident as the quarters unfold. You will see the performance and percentages as the Roha plant ramps up, as we move more standard volumes to Roha and as we move more specialty volumes to Ankleshwar.

These figures will become evident at that time, and we can discuss them in greater detail. Right now, it is premature to discuss those percentages.

Rahul – Straton Oakmont: We have also separated Industrial Products from Treatment Solutions. Does that mean that the Industrial Products segment will scale independently? Do we expect to become an OEM supplier to other EPC contractors who may be competing with our Treatment Solutions division?

Management: We already are, but we believe that this business can become larger. As I said, we have made significant investments in standard plants and systems. Today, we have 4 manufacturing locations of scale, along with smaller assembly locations.

As I said, our second membrane expansion plant is coming up on an adjacent plot in Goa. It will manufacture the UF range of products and the MBR range of products.

Clearly, we see sufficient traction, activity and revenue in this segment to establish it as a separate standalone segment vertical. We definitely believe that it has a very promising future.

We believe that the products portfolio will grow in revenue both in India and outside India. Our overseas teams are being significantly strengthened to take these product lines outside India as well.

The company continues to focus on building a strong Industrial Products portfolio, a strong Specialty Chemicals portfolio and a strong Services portfolio, while continuing to look for higher-end, advanced and emerging solutions in wastewater and water treatment.

Rahul – Straton Oakmont: Thank you. That will be all from my side.

Operator: Thank you. The next question comes from the line of Kostav Bhupna with Kamana Holdings. Please go ahead.

Kostav Bhupna – Kamana Holdings: Thank you for taking my question. This ties into the non-solvent capacity increase in your Specialty Chemicals business, but I will frame it in another way.

A lot of companies are emerging that are trying to create resins for water treatment that are not polymer-based. They are more carbon-based or based on other materials because they say that polymer-based resins pollute or worsen the water in other respects. They also say that countries such as those in Europe are considering banning these types of resins altogether.

ION Exchange

Given that Ion Exchange has significant exposure to polymer-based resins, what is your response to that? Is the company also diversifying into other types of resins?

Management: Ion Exchange resins are, as I said, one of our [inaudible]—

Management: —first businesses. We continue to see a significant amount of demand and requirement for these resins in the market.

What you are referring to is the overall concern globally, especially in developed markets such as the United States and Europe, about how to deal with residual chemicals, particularly chemicals that are very difficult to treat, refuse to go away and do not get destroyed. That is where they fall into the category of forever chemicals, or PFAS.

Companies are already working on this. I discussed it in our emerging solutions portfolio. In terms of both absorption through resins and the destruction of these chemicals, we are developing technologies that will help us do this. There are very few companies in the world that can offer these solutions in the market, and we would like to be one of them.

Apart from that, we do not currently see a significant threat to our polymer-based resin business. Having said that, we continue to examine the basic chemistry to determine how these applications can be developed.

We believe that, with the focus we are placing on absorbing and destroying PFAS through PFAS assurance, we will be able to address many of the concerns that developed markets in the United States and Europe currently have regarding these forever chemicals.

Kostav Bhupna – Kamana Holdings: Are you saying that the company is actively working toward creating a portfolio of non-polymer-based resins, or a portfolio that addresses the issue of residual impact?

Management: I would say that we are working to solve the problem of forever chemicals, which is extremely significant if you look at markets in Europe and the United States. You can search for PFAS and look at the markets in Europe and the United States; it is an extremely large problem.

We believe that we have part of the solution, and we are now putting the rest of the solution in place so that we can offer it to our customers. The second way in which you framed my response is aligned with our thinking.

Kostav Bhupna – Kamana Holdings: My last question is on the Treatment Solutions business. The profitability CAGR shown in the presentation has been quite discouraging. EBIT has fallen from 60 crores to 27 crores.

I agree that you have grown the top line with healthy double-digit revenue growth, but I am trying to understand the current landscape. What is happening, why has the profitability performance been so poor for 5 years, and how do we plan to move it back toward higher profitability? Is that the plan, or are we focusing on other areas while this segment continues to show weak profitability?

ION Exchange

Management: It is a combination of both. As we have consistently pointed out in past meetings and calls, this segment is currently facing headwinds because of some large-value legacy projects that we are continuing to execute and complete.

We have borne the brunt of the pain from those projects, as is evident in these numbers. They are in the later stages—not necessarily the final stages, but a significant portion of the work has already been completed.

Some of the numbers you see reflect those projects. Having said that, we continue to look at ways to improve the profitability of the Solutions business.

First, we are becoming more selective in choosing projects, focusing on projects with a much better risk profile and greater execution predictability. We are also improving and strengthening our Solutions business from a comprehensive perspective by walking away from difficult projects and becoming much more selective. This is what the experience has taught us.

You have seen us take up projects of different types, whether it is the 20-year Oman concession or the recently announced win from a multinational customer for a project in the Middle East. Those are the types of projects we would like to pursue.

That is what we are working on to improve overall profitability while continuing to maintain the growth trajectory. The focus on the Treatment Solutions business will not go away. We are working to find the right balance for our projects.

You also see us moving away from commoditized solutions toward more advanced and emerging solutions, where technology creates value and there is an unmet need in the market. As a technology company, we want to offer solutions that are not available across the board and that therefore command a premium.

At the same time, we continue to build our other portfolios of products, chemicals and services. That is the broad company response to the headwinds we currently see in the Solutions business.

A lot of work is happening. Unfortunately, some of these are large projects, and you cannot step away from them as you typically would from a media-products deal. We have to work through them, which is what we are currently doing.

As you see growth in our Industrial Products, Consumer Products, Services and Specialty Chemicals portfolios, these are significantly less risky parts of the company. We want to double down on them while also working toward higher-end, emerging and advanced solutions that the world needs for water and wastewater treatment.

Kostav Bhupna – Kamana Holdings: Thank you very much. I will join the queue later.

Operator: Thank you. The next question comes from the line of Norris Crasto with IMS. Please go ahead.

Norris Crasto – IMS: Good afternoon, gentlemen, and thank you for taking my question. I wanted to ask about the Americas and North American business, particularly in light of the recent appointment

Report is AI-generated and may contain inaccuracies.

ION Exchange

of the CEO, Mr. Sanjay Sapra, and the Water Quality Association certification.

Has this certification already started contributing to revenue in the current quarter? If so, could management quantify the revenue contribution? Looking ahead, how do we see this certification driving incremental revenue over the next 2 to 3 quarters?

Management: That is a good observation and a good question. Although this discussion is primarily about segment classification, it is related to one of the segments, so we will try to provide some perspective.

The appointment you referred to is part of our ongoing strategy to become more local in global markets. While we highlighted the appointment of our North America, or rather our Americas, leader, we have also appointed a leader for our Asia-Pacific business and a leader for our Middle East and Africa business. We are in the process of appointing a leader for our Europe business.

This is therefore not an effort focused only on North America or the Americas. It is part of a concerted effort to take the company global. Under these leaders, we have country leaders so that we can pursue potential market opportunities in the respective countries.

This aligns with the investments that the company has planned and made, particularly investments in our resins business at the Roha plant, our membranes business and our standard plants business. All of these product lines and offerings will be sold in most markets across the world, including the Americas.

These markets also require local product certifications to meet customer requirements in accordance with local and state regulations. The WQA certification was a step in that direction for our resins business.

To be able to sell in the Americas market, WQA certification is essential, and that is what the company has obtained. With the WQA certification, the commissioning of the Roha plant and our leadership teams in place in some of these global markets, we will see an increase in business based on the premise on which the investment was approved.

This is in line with the norms agreed upon and the progressive growth plan that we have provided in past calls. We expect growth to occur along those lines in those markets for the businesses in which we are investing.

Norris Crasto – IMS: I appreciate the detailed answer, but could you quantify whether the WQA certification contributed to current-quarter revenue? If so, what was the contribution? Also, what growth do you see from the WQA certification, how aggressively are we targeting the Americas, and what growth do you expect in the coming quarters?

Management: We will address the question about the current quarter in the quarterly earnings call. As I said, we would not be in a position to provide a quantification at this stage.

However, we expect a significant part of the Roha plant's capacity utilization to come from overseas markets, specifically the North American market. A significant part, though not a majority, of the Roha volume will be used to cater to growth in the North American market.

Report is AI-generated and may contain inaccuracies.

ION Exchange

Norris Crasto – IMS: Thank you.

Operator: Thank you. The next question comes from the line of Deepak with Sundaram Mutual Fund. Please go ahead.

Deepak – Sundaram Mutual Fund: Thank you for the opportunity. Am I audible?

Operator: Yes.

Deepak – Sundaram Mutual Fund: I want to double-click on the pharma resins at the Ankleshwar location. When we talk about 6-times capacity expansion, has this expansion already taken place, or do you mean that we will expand 6 times from here over the next couple of years?

Management: It is in process. It is not as large as the Roha plant that we had to establish. The pharma resins are not measured by volume but by value, and we believe that the necessary actions are being put in place to complete this over the next 12 months.

Deepak – Sundaram Mutual Fund: Would it be possible to quantify this in the same way as the Roha plant, perhaps in cubic meters? What is the current capacity for pharma resin, what will it become, and how much capex will we incur over the next 12 months to expand this capacity by 6 times?

Management: We have typically not provided a breakup. If you look at our past commentary regarding the breakup between industrial and pharma resins, this is an FDA-approved plant, and we are trying to grow its capacity.

The capex is manageable. It is not so much about the capex as it is about the knowledge and technical know-how that will help us unlock the potential and value. We believe that we are on course to complete this over the next 12 months.

Deepak – Sundaram Mutual Fund: Would the asset turnover be similar to what we see in the Roha plant, at around 2 to 2.5 times?

Management: It will be considerably higher than that because it is a somewhat asset-light investment, with more emphasis on technology know-how and intellectual property.

Deepak – Sundaram Mutual Fund: Would it be possible to state our revenue contribution from pharma resins as of FY26?

Management: No, we do not provide that. As and when the segment grows, you will see that our entire effort in the reclassification is to become more transparent and share more insights about the company.

When we find that this segment has become large enough to stand on its own and be reported separately, we will do that. For now, it will continue to be classified under the Specialty Chemicals segment.

Deepak – Sundaram Mutual Fund: I noticed that your presentation provides a breakup of all 3 segments, but I am not able to reconcile it with the previously reported numbers. It would be helpful if you could provide the actual numbers along with the intersegment figures related to all 3

Report is AI-generated and may contain inaccuracies.

ION Exchange

segments, so that I can match them with the past numbers provided.

Management: We will provide that through Valorim Advisors.

Deepak – Sundaram Mutual Fund: Thank you so much, sir.

Operator: Thank you. The next question comes from the line of Sagar Parikh with Renaissance Asset Managers. Please go ahead.

Sagar Parikh – Renaissance Asset Managers: Good afternoon, sir. My question is about the Treatment Solutions business. I was reviewing your presentation and I am new to the company, so my questions may be basic.

You have mentioned ultrapure water and high-purity water as solutions that you offer. Do you also have the capability to service the semiconductor industry, which is developing in India, for ultrapure and high-purity water?

Indranil: Yes. Ultrapure water is used more for solar, semiconductor and battery applications, while high-purity water is a term that we associate more with pharmaceutical, biopharmaceutical, life sciences and biotechnology companies.

We do have the capability to offer ultrapure water solutions to semiconductor companies. We have participated in some of the bids for projects over the past year or more. We continue to pursue such opportunities and have good capabilities.

In fact, we have taken up a small semiconductor application project. It is not in the public domain, but we have taken up a small project with a partner.

We are very much in that space, and this is not a new space for the company. The company executed an ultrapure water project for Semiconductor Limited, Mohali, or SCL Mohali, approximately 30 years ago.

A significant amount of that knowledge remained within the company. However, with advances in chip manufacturing, we have had to upgrade our technology, work with a partner and develop the required capabilities. I believe we have the best technology to offer our customers in India and abroad.

Sagar Parikh – Renaissance Asset Managers: In terms of size, for example, Tata's plant is coming up with capex of approximately 90,000 crores. Within that, what would be the opportunity size that we could cater to?

Indranil: This is very specific, and I would not want to provide a figure. It also varies from plant to plant.

All I can say is that semiconductor fabs are extremely water-intensive industries. First, they require very high-quality source water. That again depends on the type of water available.

If the source is municipal water, the investment requirement will be one level. If the source is sewage water, as is being discussed for some of these industries, treating that water to produce

Report is AI-generated and may contain inaccuracies.

ION Exchange

ultrapure water will require another level of investment.

The wastewater generated by these fabs also needs to be treated, and those facilities also require very large treatment plants. In fact, the investment required to treat process water from these fabs is greater than what is required to establish ultrapure water plants.

These fabs are significant water consumers and significant water degraders, and all of them will require a significant portion of their plant capex to be invested in water and wastewater treatment.

Sagar Parikh – Renaissance Asset Managers: Would this entire Treatment Solutions business be order-book-driven?

Indranil: These are all customized plants. Unless and until it is similar to our large projects, it depends on the size of the plant. So yes, it involves the same type of project pursuit that we undertake for any other project.

Sagar Parikh – Renaissance Asset Managers: My last question is about the overall Treatment Solutions business. You had approximately 1,100 crores of revenue last year with 27 crores of EBIT, and your margins have been declining. You have indicated that some large legacy projects are now nearing completion.

If I look at FY21-22, you achieved EBIT margins of approximately 11-12% on a top line of around 500 crores. Now the top line has more than doubled, but margins have declined.

With the new areas emerging in semiconductors and solar, where we have capabilities, do you think we can return to 10-11% margins with a significant increase in top line? Or will the top line remain more or less within this range, with some margin improvement? How should we look at this business overall?

Indranil: First, I would qualify your comment regarding the legacy projects. As we have been saying, while a substantial part of the project has been completed, we do not quantify percentages, and a fair amount of the project is still remaining.

We do not want to create the impression that we are out of the woods. We are not. However, we are working through it and should be out of the woods soon.

In the immediate short term, we still have to execute our commitments on this project. Having said that, the company's efforts have focused on 3 to 4 areas.

First, we are being very selective about what we take up, and we have been selective over the last couple of years. The other jobs that we have won also reflect a much better profitability profile.

Third, we are looking toward areas that are more high-tech, involve greater challenges and have few technology providers. This is where the advanced technology solutions and emerging solutions segments come into play.

These are not easy areas. Not many companies in the world can offer emerging solutions. We will be one of the very few companies in the world that can offer resource recovery, brine valorization, electrolysis, water for electrolysis and lithium extraction.

Report is AI-generated and may contain inaccuracies.

ION Exchange

These are high-tech areas, and we believe that moving toward them will significantly change the profile mix. While not reducing our focus on the Treatment Solutions portfolio, we should be able to improve the overall mix of this segment.

Sagar Parikh – Renaissance Asset Managers: Understood. That is all from my side. Thank you.

Operator: Thank you. Ladies and gentlemen, that was the last question. I will now hand the conference over to management for the Q1 earnings results.

Vasant Naik: Good afternoon, everybody. This is Vasant Naik. It is a pleasure to welcome you all to the earnings conference call for the first quarter of financial year 2026–27.

For the first quarter under review, on a consolidated basis, the company reported operating income of INR 701 crores, an increase of 20% year-on-year. EBITDA stood at INR 32 crores, a decline of 49% year-on-year. EBITDA margin stood at 4.54%, and net profit was INR 3 crores, while the PAT margin was 0.44%.

Let me now take you through the quarterly segmental performance on a consolidated basis.

Within our Engineering division, we have introduced a more granular reporting structure to provide investors with better visibility into the underlying business mix and growth drivers. Going forward, the Engineering segment will be reported under 3 distinct sub-segments: Treatment Solutions, Industrial Products and Life Cycle Services.

The Treatment Solutions segment reported revenue of INR 210 crores, an increase of 14% year-on-year, with an EBIT loss of INR 17 crores. Profitability continues to be impacted by certain legacy projects.

On the operational front, dispatches to the GCC region have resumed and are expected to progressively gain momentum. Our focus remains on executing the existing backlog while continuing to pursue opportunities across emerging segments and international markets.

Industrial Products delivered a strong performance during the quarter, with revenue growing 14% year-on-year to INR 105 crores. Segment EBIT improved by 145% to INR 13 crores, and the EBIT margin as a percentage of sales increased to 11.89% from just under 6% in the corresponding quarter of last year.

This was supported by strong performance across the water treatment solutions and the {? UF ?} membrane segments. Going forward, growth will be supported by the expansion of our {? UF ?} membrane manufacturing capabilities, enhanced capacity for standard plants and an increasing overseas presence.

Life Cycle Services maintained its healthy growth trajectory, with revenue increasing 28% year-on-year to INR 72 crores. Segment EBIT stood at INR 7 crores, an increase of 22% year-on-year. The margin percentage was 9.92%, compared with 10.5% in the previous year.

We continue to focus on scaling our O&M and consumables business while expanding our offerings across retrofit projects, BOO and BOOT models, and digital solutions.

Report is AI-generated and may contain inaccuracies.

ION Exchange

Across these 3 businesses, our order book stood at INR 2,473 crores as of June 30, providing healthy execution visibility. However, this order backlog does not include the recent contract win of approximately USD 52 million, which was announced after the close of the quarter.

In addition, the bid pipeline stood at INR 9,777 crores, providing a strong opportunity funnel for future order inflows.

Moving to Specialty Chemicals, revenue for the quarter stood at INR 230 crores, an increase of 21% year-on-year. Segment EBIT stood at INR 22 crores, reflecting a decline of 52%.

Profitability during the quarter was impacted by geopolitical factors as well as the {? ROH ?} facility cost. As utilization of the expanded facility improves, we expect increased off-take from the {? ROH ?} plant to support the business.

Pharma resins and a higher contribution from process chemicals remain important growth areas for us.

Lastly, we come to the Consumer Products segment, which delivered strong top-line growth, with revenue increasing 33% year-on-year to INR 112 crores. The segment reported a loss of approximately INR 34 lakhs, compared with a loss of INR 45 lakhs in the corresponding quarter last year, reflecting a modest improvement in the financials.

Growth during the quarter was broad-based across key product lines. Going forward, we continue to see opportunities in the water-softener market, wellness products and newer product categories such as OTGs.

Overall, we saw double-digit growth across all 5 business segments during the quarter. While profitability was impacted by pressures in certain businesses, our focus remains on improving execution, scaling our expanded capabilities and capacities, growing our recurring Services portfolio, and capitalizing on the healthy opportunity pipeline across domestic and international markets.

With this, we conclude the opening remarks and can now open the floor to the Q&A.

Operator: Thank you, sir. We will now begin the question-and-answer session. Anyone who wishes to ask a question may press star and one on their touchtone telephone. If you wish to remove yourself from the question queue, you may press star and two. Participants are requested to use handsets while asking a question. Ladies and gentlemen, we will wait for a moment while the question queue assembles.

The first question comes from the line of Sunil Kothari with Unique PMS. Please go ahead.

Sunil Kothari – Unique PMS: Thank you for giving me the opportunity. It is very encouraging to hear about the capabilities of Ion Exchange and the reclassification of the businesses.

I would like to hear more from Mr. Patni, if possible, about his comments on this reorganization and reclassification, as well as the growth we are planning over the next 2 to 3 years after completing these challenging legacy projects and navigating this challenging period. Some comments from

Report is AI-generated and may contain inaccuracies.

ION Exchange

him would be very helpful.

Mr. Patni: Good afternoon, Sunil. You have heard Indranil explain in detail how we are trying to ensure that the company aligns itself with many of the upcoming business opportunities and sunrise industries, both in terms of how we are pursuing these opportunities and how we are adding capacities and capabilities within the organization.

I look forward to the future with a great deal of optimism. Of course, we have had not just one but quite a few challenging quarters, as Indranil mentioned. The overhang from the legacy project [inaudible]

Mr. Patni: —is still not over, but we are definitely trying to ensure that it has less of a bearing as we build an order book of more profitable contracts and larger contracts, not only in India but also substantially outside India.

The portfolio of products, services and specialty chemicals will definitely drive somewhat better margins. We will continue to work extensively to increase our order book in the Treatment Solutions segment as well.

I think Treatment Solutions will continue to be a significant contributor to the top line. I would also say that our effort will be to increasingly make it more profitable and make it a substantial contributor to the bottom line as well.

All in all, we are looking at the future with a great deal of hope. Thank you.

Sunil Kothari – Unique PMS: Thank you very much for the detailed reply.

Operator: Thank you. The next question comes from the line of Kautsav Bubna with Comana Holding. Please go ahead.

Kostav Bhupna – Kamana Holdings: If you could explain, after all the capacity expansions in the Specialty Chemicals business, what would the maximum revenue potential of the Specialty Chemicals business be if we theoretically assumed that the plants were fully utilized, compared with 868 crores in FY26?

Management: We have said in the past that once the Roha plant reaches full capacity over the next 4 years, we should achieve asset turnover of just under 2 times on the manufacturing capex that we are incurring.

Our Specialty Chemicals revenue, as you mentioned, was just under {? 900 crores ?} for FY25–26. We therefore expect at least a 50% increase in capacity over the next couple of years.

Kostav Bhupna – Kamana Holdings: How do we see the current year progressing in terms of the company recovering on the profitability front? Should we expect quarter-on-quarter improvement without returning to double-digit margins, or will conditions remain difficult for the rest of this year, given the challenges in some verticals and the expansion in others?

Management: You are right. I agree that the performance in the first quarter has been disappointing. It is a combination of some of the legacy projects that continue to require execution,

Report is AI-generated and may contain inaccuracies.

ION Exchange

Roha coming up to speed as we go through the debottlenecking and stabilization of the plant, and the current geopolitical situation, which affected some of our invoicing.

Many factors have contributed to the performance. Across the board, as the geopolitical situation improves, as Roha stabilizes, and as the volumes begin to pick up in some of the overseas geographies that we discussed, we definitely see the outlook improving.

As Vasant mentioned, we received an order from Hyundai for more than 500 crores. It is something that the team has been working on for quite some time. We are very happy with the closure and the overall profile and profitable profile of those projects.

As we receive more such projects, we definitely see the profile of the Treatment Solutions business improving. As Roha starts contributing more strongly, as we have projected, we see the overall performance of the Specialty Chemicals segment improving.

As our standard plants and membranes expand following the investments made, we expect those segments to develop as well.

Across these 5 segments, the effort is to improve not only the top line but also the bottom-line profile of the company. That is why we voluntarily divided the company into these 5 segments and chose to be open about how each of them is performing.

The double-digit profitability that the company achieved earlier will be a process to return to. We remain fairly, though quietly, confident that we have a path to get there. However, it will take time.

The focus on products, chemicals and services, while retaining our commitment to Treatment Solutions, is part of that process. Our focus on international growth is also part of that process. Our focus on advanced and emerging technology solutions is another part of the process.

We are working on all of this so that, in due course, we can return to the double-digit profitability you referred to.

Kostav Bhupna – Kamana Holdings: Thank you very much.

Operator: Thank you. The next question comes from the line of Rahul with Saturn Upnorth. Please go ahead.

Rahul – Saturn Upnorth: With respect to restructuring Life Cycle Services as a standalone pillar, do we expect an improvement in working-capital velocity compared with our traditional EPC segment? As the Life Cycle Services segment grows as a percentage of total revenue, can we expect some free-cash-flow conversion to become structurally less dependent on the heavy working-capital cycles we have historically seen in our government projects?

Management: Clearly, this is partly a step in the direction you described, toward a less capital-intensive growth plan.

Over time, we will be able to provide more specific detail and color on these segments and discuss them individually. But yes, that is the plan.

Report is AI-generated and may contain inaccuracies.

ION Exchange

As I said, we have already closed a large deal, a 20-year O&M concession with one of our large existing industrial customers, Petroleum Development Oman. We believe this will provide a better revenue profile at the group level because some of the profitability from these O&M contracts will also reside in our Industrial Products business and our Specialty Chemicals business.

Overall, this will provide a much better profile for the group. It gives us predictability and repeatability of revenue, and we want to do more of it.

One area that we will explore is BOOT and BOO contracts, although these will also involve their share of developmental investments.

Overall, whether it is concession-based repeatable O&M revenue, consumables and spares revenue, or rental revenue, these are all service models that we are evaluating. We have a very senior leader leading our Services business globally.

Our effort will be to build this vertical substantially, deliver higher turnover, establish it as a major services segment for the company and provide higher wall-to-wall profitability for the company.

Rahul – Saturn Upnorth: My second question is related to the Specialty Chemicals business. As India incentivizes semiconductor fabrication and green-hydrogen electrolyzer manufacturing, do we expect demand for ultrapure water and specialty membranes to scale exponentially?

Are our current R&D expenses and efforts sufficient to produce semiconductor-grade resins and these electrolyzer membranes domestically? What is the total addressable market for this over the next few years?

Management: The segments you have identified are absolutely correct. There is definitely higher potential and growth in these segments.

I am not sure how quickly India alone can become a sufficiently large market for us, because as we look at these opportunities—whether green hydrogen, ultrapure water or high-purity water—we are looking at India and international markets as well.

We are trying to determine how we can partner with the right organizations to obtain the right competencies and cater to those markets.

So yes, we see growth in India and beyond. We already have some of the competencies, which is what we are using to compete in the market. We are in the process of building other competencies because these segments, whether in India or elsewhere in the world, will see significantly more investment in semiconductors and data centers.

That is what we are working toward. Not all the solutions are in place, but our teams, technology teams and leadership are working to ensure that we become one of the preferred players in these spaces.

Rahul – Saturn Upnorth: What would be the current total addressable market for this, both in India and outside India?

ION Exchange

Management: I would not be able to comment on that. These are readily available figures that you can obtain.

As I said, India has been somewhat slow after the last large project that we had. However, there are other projects in the pipeline, and this will pick up over time. The question is how quickly it happens, which is something we need to observe.

Rahul – Saturn Upnorth: Thank you. That will be all from my side. All the best for the coming quarters.

Operator: Thank you. Participants, if you wish to ask a question, you may press star and one. The next question comes from the line of Norris Krashton with IMS. Please go ahead.

Norris Crasto – IMS: My question is about the softening of crude prices from the March and April 2026 levels of more than USD 100 per barrel to the current level of approximately USD 80 per barrel.

Our major input raw materials are petrochemical monomers, particularly amines. In the last conference call, it was mentioned that there had been a significant increase in the prices of these raw materials. With crude prices softening, how would this affect our input costs in the coming quarters?

Management: Directionally, what you are saying is correct. Any hardening of prices affects us. At present, although there has been some decline, we have also seen fluctuations.

As we all know, the geopolitical situation has been extremely uncertain. It remains extremely fluid and volatile. Over time, as conditions stabilize and benchmark prices decline and settle at a much lower level or return to the levels before the geopolitical crisis, our input costs will also begin to improve.

We should be able to move out of the current situation. We are seeing some softening, but it has not yet fully worked through. We continue to monitor the situation very closely.

Norris Crasto – IMS: Regarding the UP legacy contract, management indicated in the previous conference call that it should be fully resolved by the end of this calendar year. Could you provide an update on where we currently stand? Are we likely to be out of the woods in the coming quarter, the following quarter or within this financial year? Are we still on track with the earlier guidance?

Also, how many legacy contracts are there? Is it only the UP legacy contract, or is there another legacy contract as well?

Management: First, I would like to correct that understanding. I do not think we said that the UP contracts would be fully completed in this financial year.

We have always maintained that our effort is to close the project as quickly as possible. Our teams are mobilized across all locations, and our effort remains to complete the project.

However, it is entirely dependent on the flow of funds into these projects. As we all know, the flow of funds was severely constrained and restricted throughout the previous financial year.

Report is AI-generated and may contain inaccuracies.

ION Exchange

We are pleased to note that some funds have started to trickle in, and we are making some progress. However, it would be far too premature to say that the project will be completed in this financial year.

Given the current flow of funds, it will spill over into the next year because a substantial amount of work remains to be completed. We remain extremely keen to complete the work and are fully mobilized.

Having said that, we do not want to increase the company's exposure to additional receivables unless and until the funds flow improves.

Directionally, the last 3 months have been positive for us. If this continues, over the next 2 years—which means this year and the next year—we should be able to complete a major portion of the project.

Regarding your other question about the number of legacy projects, we typically do not disclose the number of such projects. There is one very large project and a few other smaller ones. Apart from the UP project, there is at least one other large project that we continue to work through.

As I said, we continue to work through these projects. A significant part of the work is complete, but we still have a lot of ground to cover.

Norris Crasto – IMS: In terms of quantification for this financial year and the next financial year, what percentage of the overall legacy contracts would you expect to be completed this year and next year, now that you are saying there is more than one legacy contract?

Management: I am leaving the UP project out because the UP project is clearly a government-fund-driven project. There is no other issue apart from the flow of government funds.

Having said that, you will appreciate that keeping a site mobilized and the increasing interest cost on outstanding receivables are also headwinds for the Solutions business. These factors are reflected in our performance numbers.

Leaving that project out, we believe that a significant part of the work on the other legacy projects will be completed in this financial year, especially for the large project.

Ideally, we would like to close everything, but at this point we are saying that a significant part of that large legacy project should make progress by the end of this financial year.

Again, we have to keep in mind that it is a quasi-government contract, and progress clearly depends on how quickly the client wants to proceed. The plant that is to be commissioned is linked to the customer's readiness to commission it. Until the customer is ready to commission the plant, we will not be in a position to leave the project site.

Norris Crasto – IMS: Regarding the Hyundai contract, congratulations. Given the current geopolitical situation and the fact that the supply is going to Iraq, which is directly exposed to the Strait of Hormuz, do you see any deferral of commitments, or do you expect this to remain on track?

Report is AI-generated and may contain inaccuracies.

ION Exchange

Management: At this point, we have just taken up the contract, and the kickoff meetings are taking place. We are not supplying directly to the end customer but to an EPC, as we have already stated.

We do not anticipate any delay at present. However, if the geopolitical crisis continues, there could be cause for concern. At this point, we are comfortable with the timelines specified in the contract.

Management: I would also like to add that the contractual terms for Ion Exchange (India) Ltd. are FOB Mumbai. We have to hand over the goods at the Mumbai port. Our contractual liability ends once we hand over the goods in Mumbai. We are not responsible for transportation.

Norris Crasto – IMS: Thank you for that. That is all from me.

Operator: Thank you. The next question comes from the line of Richa Chowdhury with Electrum BMS. Please go ahead.

Richa Chowdhury – Electrum BMS: My question is specific to the Roha plant. You had previously guided to 25% utilization in the first year of operations. Given the current geopolitical situation, do we still have visibility for that, or how are we viewing it?

Management: We continue to maintain that guidance. About 4 months of the year have passed, and performance has been softer than we expected.

However, at this point, we are not giving up. We are continuing to work with our teams in the overseas subsidiaries and at our plants to see whether we can meet the guidance.

By the end of the second quarter, we will be in a better position to come back and share an update, depending on how we progress during this quarter.

Richa Chowdhury – Electrum BMS: Secondly, regarding the Consumer segment, now that it has reached a scale of approximately 350–400 crores, at what scale do we expect it to begin making profits? What optimum profit margins do we expect from this business, perhaps over the next 3 to 4 years?

Management: As we have said in past calls, our plan is to see whether we can break even in this financial year. That is our first target.

Once we reach that milestone, we will be in a position to discuss the level of single-digit margins that we are targeting. For now, the first objective for the team and the company is to determine whether we can break even at this level of growth in the current financial year.

Richa Chowdhury – Electrum BMS: Thank you very much.

Operator: The next question comes from the line of Pratik Kothari with Unique PMS. Please go ahead.

Pratik Kothari – Unique PMS: My first question is on Chemicals. Last quarter, we discussed the effect of Roha on profitability. Could we do the same this quarter? Excluding depreciation and operating expenses, what would margins look like on the Chemicals side?

ION Exchange

Management: The impact of Roha on the Chemicals segment margin was approximately 6% at the segment level.

Pratik Kothari – Unique PMS: The 15–percentage–point decline we see from Q1 of last year includes 6 percentage points from Roha. Does that mean there has also been material compression in gross margins in Chemicals generally?

Management: In the first quarter of last year, we also had a foreign–exchange gain. In the current quarter, there was no foreign–exchange gain, and that impact was approximately 3–4%.

As we mentioned, because of the increase in input costs, we implemented price increases across all customers and segments. However, there is a time lag in passing on the cost increases, and that also contributed to the overall margin erosion.

As we mentioned, we are experiencing some moderation in input costs. Going forward, if crude prices remain at a softer level, we expect some of the input–cost increases seen over the past 2 quarters to moderate. Hopefully, we will be able to recover some margin during the current year.

Pratik Kothari – Unique PMS: My second question is about the BOO and BOOT projects, including the Oman project that we won. Have we earmarked the maximum amount of capital that we would deploy from our balance sheet for such projects? Capital remains blocked for a longer period, although we receive better IRRs. Have we earmarked how much capital we will spend pursuing such orders?

Management: We will not be able to share specific figures, but we recognize that this is a valid point. I mentioned the same issue when answering another question on Life Cycle Services.

These projects have better margin profiles, but they put pressure on us in a different way. We will therefore continue to be very selective when evaluating them. All the considerations you mentioned will be kept in mind as we develop the BOOT segment.

There are multiple ways of doing this, and we are exploring all possible options. However, we want to remain as asset–light as possible.

Pratik Kothari – Unique PMS: Currently, our Life Cycle Services business is largely O&M, spares and related activities, and we do not have a material BOO or BOOT project there.

The 10–12% margin for O&M and spares appears low compared with what other companies report. Could you explain what is behind this?

Management: The reason is that it is not wall–to–wall profitability. A significant portion of the profits is in our Products segment, and a significant portion is in our Chemicals segment, including Specialty Chemicals.

Life Cycle Services therefore does not report wall–to–wall profitability numbers. The company's wall–to–wall profitability is significantly higher and will be comparable to, if not better than, what you see from other companies.

ION Exchange

This is simply a result of what is reported in the Life Cycle Services P&L. It is not wall-to-wall profitability.

Pratik Kothari – Unique PMS: Regarding the legacy project, has the cost overrun or the losses that we were reporting increased materially compared with what it was 1 or 2 years ago?

Management: The project continues to progress in execution. As a result, project progress depends on how quickly the customer is progressing and on the site conditions that determine how quickly the project can move.

In a project of this nature, because of the lengthy delays, there will obviously be some cost impact. We continue to work on this with our project execution teams and monitor it closely.

Clearly, some of the headwinds in the Treatment Solutions numbers come from the impact of overruns on this particular project, which is a large project in the portfolio.

It has an impact because this is already a segment where margins are not as high as those in Specialty Chemicals, Products or Services. On top of that, there is a large project that does not help our cause.

We continue to work through it, and hopefully, once it is complete, the true picture of the Treatment Solutions performance will be visible to everyone.

Pratik Kothari – Unique PMS: We do not intend to disclose the figures excluding the legacy project at this point?

Management: No. We will not. It does not serve the purpose because the reported numbers remain the same.

Pratik Kothari – Unique PMS: Just to reconfirm, the Hyundai order is not EPC; it is purely the supply of products?

Management: It is a solution that we are offering, but it is a much less risky version of a solution. That is how we would describe it, and that is why we feel good about what we have taken up.

Pratik Kothari – Unique PMS: Thank you, and all the best.

Operator: Thank you. The next question comes from the line of Saket Kapoor with Kapoor & Co. Please go ahead.

Saket Kapoor – Kapoor & Co: Greetings, sir. I hope I am audible.

Management: Yes, you are audible.

Saket Kapoor – Kapoor & Co: Thank you first for the detailed discussion. I missed part of your opening remarks, so please excuse any repetition.

An earlier participant also discussed the path to profitability. Could you explain, particularly for the Treatment Solutions category, how you expect things to develop through the year, given that losses

Report is AI-generated and may contain inaccuracies.

ION Exchange

from the legacy contract have been recognized?

Secondly, for the UP Jal Jeevan project, could you quantify in percentage or value terms the unexecuted portion and the receivables from the project as of March and June 30?

Management: I will request Vasant to answer the UP portion, but I will answer the first part of your question.

Clearly, the Treatment Solutions business consists of project businesses, so there is no easy fix. As an example, if any of you have tracked the company in the past, we benefited from the large project in Sri Lanka that the company executed, both in terms of top line and bottom line, over a long period.

Some of these large projects take time to deliver their full impact. We are working through the legacy project.

We continue to strengthen and improve our effectiveness across all parts of the EPC value chain for the Treatment Solutions business. We continue to be very selective about the projects we take up, as is evident from some of the projects discussed earlier in the call, including the Hyundai contract.

We continue to focus on—

Management: —advanced, emerging and high-tech solutions rather than commoditized offerings. All of these are steps that we are taking to fundamentally improve the mix and profile of the Treatment Solutions business.

We are moving away from commoditized EPC toward areas where we can add value. We are working in areas such as resource recovery, new technologies, green hydrogen, ultrapure water and high-purity water.

All of this is being done to fundamentally improve the profile and mix of the Treatment Solutions business, which will benefit us over the medium to long term.

In the short term, unfortunately, we have to bear the pain and work through some of these legacy contracts. I do not have a better or more positive answer for you, but this is the reality.

I will let Vasant answer the question on the {? UPS ?}.

Saket Kapoor – Kapoor & Co: If I may squeeze in one point, can we conclude as investors that even today the worst is not behind us in terms of the impact flowing into the P&L?

For this quarter, at revenue of 200 crores, the bottom line was depleted by 18 crores. Is the worst of the pain still ahead, or can you provide some indication of the path we will follow for this category?

Management: What I said is that a significant part of the project is behind us, but a sizeable amount remains. That is as much quantification or proportion as I can share with you.

We are taking up other projects as well. The way to moderate the impact of this project is to take up more profitable projects. That is what you see us doing with Hyundai.

Report is AI-generated and may contain inaccuracies.

ION Exchange

As and when those projects contribute, they will moderate the impact of this large project. We continue to work on finding good opportunities that will moderate the impact until we can say that we are fully finished with the legacy project. That is the effort we are making.

Regarding the {? UPS ?}, Vasant will answer.

Vasant: The unexecuted portion of the {? UPS ?} is around 11% of the order backlog as of June. Our order backlog was around 2,477 crores.

Regarding exposure in accounts receivable, we do not provide contract-specific details separately. However, as we have mentioned in previous calls, we are moderating and calibrating our execution in proportion to the funding received from the government for this project.

Our exposure has not changed materially over the past few quarters.

Operator: Thank you, sir. Ladies and gentlemen, that was the last question for today. I now hand the conference over to management for their closing comments.

Management: Thank you all for participating in the earnings conference 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, please reach out to our investor relations managers at {? Velloram ?} Advisors. Thank you.

Operator: Thank you, ma'am. On behalf of Ion Exchange (India) Ltd., that concludes this conference. Thank you for joining us, and you may now disconnect your lines. Thank you.

Note: {? ... ?} indicates a figure or name where audio clarity was insufficient for confident transcription. Verify against the source audio or the company's published filings.