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Ion Exchange (India) Limited - A Thread



1/ About the Company
Ion Exchange (India) is engaged in a wide range of solutions across the water cycle from pre-treatment to process water treatment, waste water treatment, recycle, zero liquid discharge, sewage treatment, packaged drinking water, sea water desalination.

2/ Operational Guide
The company operated under three business segments; Engineering segment, Chemicals segment & Consumer Products. Based in Mumbai, the company has seven manufacturing & assembly facilities across India, and one each in Bangladesh, UAE, Bahrain and Indonesia.

3A/ Financial Performance
In FY21:
The overall Sales fell by 2%
6% decline in chemicals
14% fall in consumer products
Engineering had a 0.2% growth
Even after fall in Sales Operating Profits grew by almost 50% YoY (Margin 13.96%)
Net Profit Margin of 9.89%

Particulars (INR in Crs)	Mar-17	Mar-18	Mar-19	Mar-20	Mar-21
Sales -	1,009	1,046	1,162	1,480	1,450
Operating Profit	74	80	109	138	202
Profit before tax	54	66	102	131	195
Tax %	46%	40%	35%	28%	27%
Net Profit	30	40	65	93	144
EPS in Rs	20.73	27.4	44.5	63.74	98.14

3B/ Financial Performance

The margins improved based on increased degree of utilization of the clinical setup & improved efficiencies from increased scale of operations

There was favorable movement in raw material prices

The long-term debt reduced from INR 18.8 Cr. to INR 8 Cr

Particulars (INR in Crs)	Mar-17	Mar-18	Mar-19	Mar-20	Mar-21
Net Worth	196	230	290	391	506
Borrowings	111	165	110	136	51
Other Liabilities	659	669	765	855	886
Total Liabilities	**967**	**1,064**	**1,164**	**1,382**	**1,443**
Fixed Assets	99	145	161	194	190
CWIP	34	7	12	12	15
Investments	3	4	5	5	5
Other Assets	831	909	987	1,172	1,234
Total Assets	**967**	**1,064**	**1,164**	**1,382**	**1,443**

4A/ Growth Aspects

The company grabbed a Letter of Award and Contract from the government for rural drinking water supply to 1,000 villages in two districts of Uttar Pradesh worth INR 1,000 Cr

Expecting to setup a greenfield plant for its resin facility (Capex INR 100Cr+)

4B/ Growth Aspects

Order book of the company stands solid with INR 662 Cr. for Engineering projects, INR 5.4 Cr. for the Sri Lanka Project and INR 6000 Cr. for the Bid Pipeline

Increase their spending on R&D to add additional product lines

5/ Peer Comparison

The primary competitor of Ion Exchange is VA Tech Wabag providing similar waste water treatment solutions.

Other peers like Thermax Ltd, Triveni Engineering & and Praj Industries Ltd have their water business segment constitute very low % of their revenue

Company Names	Ion Exchange (India) Ltd		Va Tech Wabag Ltd		Thermax Ltd		Triveni Engineering and Industries Ltd		Praj Industries Ltd	
Market Cap (INR in Crs.)	3,065		2,164		17,882		4,639		6,578	
CMP (INR)	2089		348.00		1501.00		192.00		358.00	
Particulars (INR in Crs.)	FY20	FY21	FY20	FY21	FY20	FY21	FY20	TTM	FY20	FY21
Revenue	1,480	1,450	2,557	2,834	5,731	4,791	4,437	5,009	1,102	1,305
Operating Profit	138	202	217	219	406	355	543	579	78	119
Operating Profit (%)	9.00%	14.00%	8.00%	8.00%	7.00%	7.00%	12.00%	12.00%	7.00%	9.00%
Net Profit	93	144	91	110	212	207	335	347	70	81
Net Profit (%)	6.28%	9.93%	3.56%	3.88%	3.70%	4.32%	7.55%	6.93%	6.35%	6.21%
ROCE	32%	38%	13%	13%	12%	10%	18%	NA	11%	15%

6/ Tailwinds

India is among the leaders in fresh water consumption, amounting to 750B cubic meters annually

The demand for fresh water is expected to rise to 1.5T cubic meters by 2030

Nal se Jal Scheme of the government will put significant focus in water treatment

7/ Conclusion

The other government projects like 100 smart cities project, Swachh Bharat Mission, Atal Mission for Rejuvenation also providing opportunity.

What is your Opinion on Ion Exchange?

