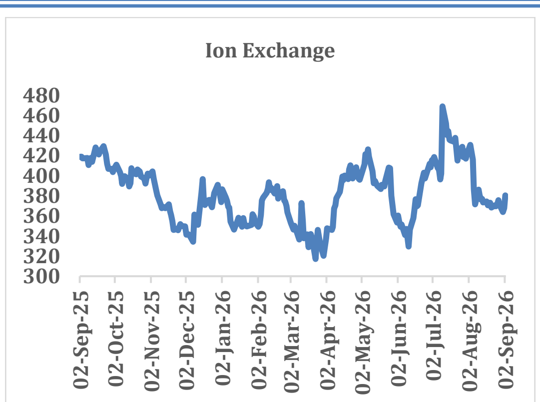
ION EXCHANGE (INDIA) LTD.

September 03, 2026

ION EXCHANGE (INDIA) LTD.	
Industry	Engineering Water Treatment
No. of Shares (Crore)	14.67
Face value (Rs.)	1.00
Mkt. Cap (Rs. Crore)	5,581.40
Price (02/09/2026)	380.55
Book Value (Rs)	91.51
P/BV	4.16
BSE Code	500214
NSE Code	IONEXCHANG
Bloomberg	ION IN
Reuters	IONX.BO
Avg. Weekly Volume (NSE)	1,72,300
52 W H/L (Rs)	485.80 / 312.30

Shareholding Pattern	%
Promoters	25.43
Institutions	20.18
Non- Institutions	54.39
Total	**100.00**
(As on June 30, 2026)	

RECOMMENDATION
BUY



Company Background

ION Exchange (India) Ltd (IEIL) was formed in 1964 as a subsidiary of the Permutit Company of UK and subsequently became an Indian company in 1985 when Permutit divested their stake. Today it ranks amongst the leading provider with a complete range of solutions for Water, Wastewater Treatment, Solid Waste Management and Waste to Energy.

Investment Rationale

- **Decades of experience:-** IEIL has an established track record and strong expertise of around six decades in providing the full range of products in the water treatment segment. A robust nationwide aftersales service have helped the group to establish the brand.
- **Strong market position in the domestic water treatment segment:- A** strong market position in the domestic water treatment segment with established relationships with its customers and suppliers makes IEIL a supplier of choice.. The varied product range find usage in various industries such as solar, pharma, petrochemical & refinery, power, steel, sugar, electronics, pulp & paper, textile, cement and automobile.
- **Diversified revenue stream:-** IEIL's revenue is well-diversified with the engineering, chemicals and consumer product divisions contributing around 61%, 29% and 10%, respectively, to sales. The diversified revenue stream supports the company from any downturn in any particular segment. Diversified product profile and customer base spread over various industries such as solar, pharma, petrochemical & refinery, power, steel, sugar, electronics, pulp & paper, textile, cement and automobile. The acquisition of a Portugal company, MAPRIL (acquisition completed in June 2023), provides better access to IEIL in and around the European market. **At the end of Q1FY27 it has order books worth ~Rs 2,473 Cr.**
- **Expansion of Roha plant:-** IEIL expects its Roha plant to take about four years to reach full capacity from the current levels of ~25%. Margins are expected in the range of ~18%-24%. Roughly ~Rs 275 Cr of its cost went into the core manufacturing plant. **Roha has the potential to generate ~Rs 500-550 crore a year in sales.** Granting of the WQA (Water Quality Association) certification enables it to direct export access to the North American, UK and European drinking water treatment markets.
- **Growth opportunities in Middle East and MENA region:-** IEIL's significant presence in the project business in the middle east and North Africa region is expected to be a key pillar for growth in the region with growth opportunities for desalination and wastewater treatment in the GCC region with water scarcity and innovative technologies for water recovery fueling growth.

Recommendation

Ion Exchange (India) Ltd offers strong long-term potential due to its leadership in water treatment. Its market leadership position, coupled with healthy order books, a diversified product profile offers a cushion during economic slowdowns. The Roha plant provides strategic production advantages by manufacturing advanced ion exchange resins locally to meet rising domestic and global market demands. We would recommend a BUY rating with a target price of Rs 468 in the next 9-12 months' time period, thus implying a rise of 23% from current levels.

Particulars (In Rs. Crs)	Q1FY27	Q1FY26	Var%	FY26	FY25	Var%
Net Sales	700.46	583.19	20.11	2,914.84	2,737.11	6.49
PBIDT (Excluding OI)	31.74	62.54	-49.25	210.15	293.82	-28.48
Net Profit	4.11	48.70	-91.56	142.67	207.81	-31.35
PBIDTM% (Excluding OI)	4.53	10.72	-57.74	7.21	10.73	32.81
PATM%	0.38	8.23	-95.38	4.85	7.57	-35.93
Equity	14.23	14.23	-	14.23	14.23	14.23
EPS (Rs.)	0.29	3.42	-91.52	10.03	14.60	-31.30

*Source: Company, Ace Equity, AUM Research

Company Overview

Ion Exchange (India) Ltd operates through three primary business segments: **Engineering** (designing and building large-scale water and wastewater treatment plants), **Chemicals** (manufacturing ion exchange resins, membranes, and specialty water treatment chemicals), and **Consumer Products** (providing household and institutional water purifiers and softeners)

1) Engineering Segment

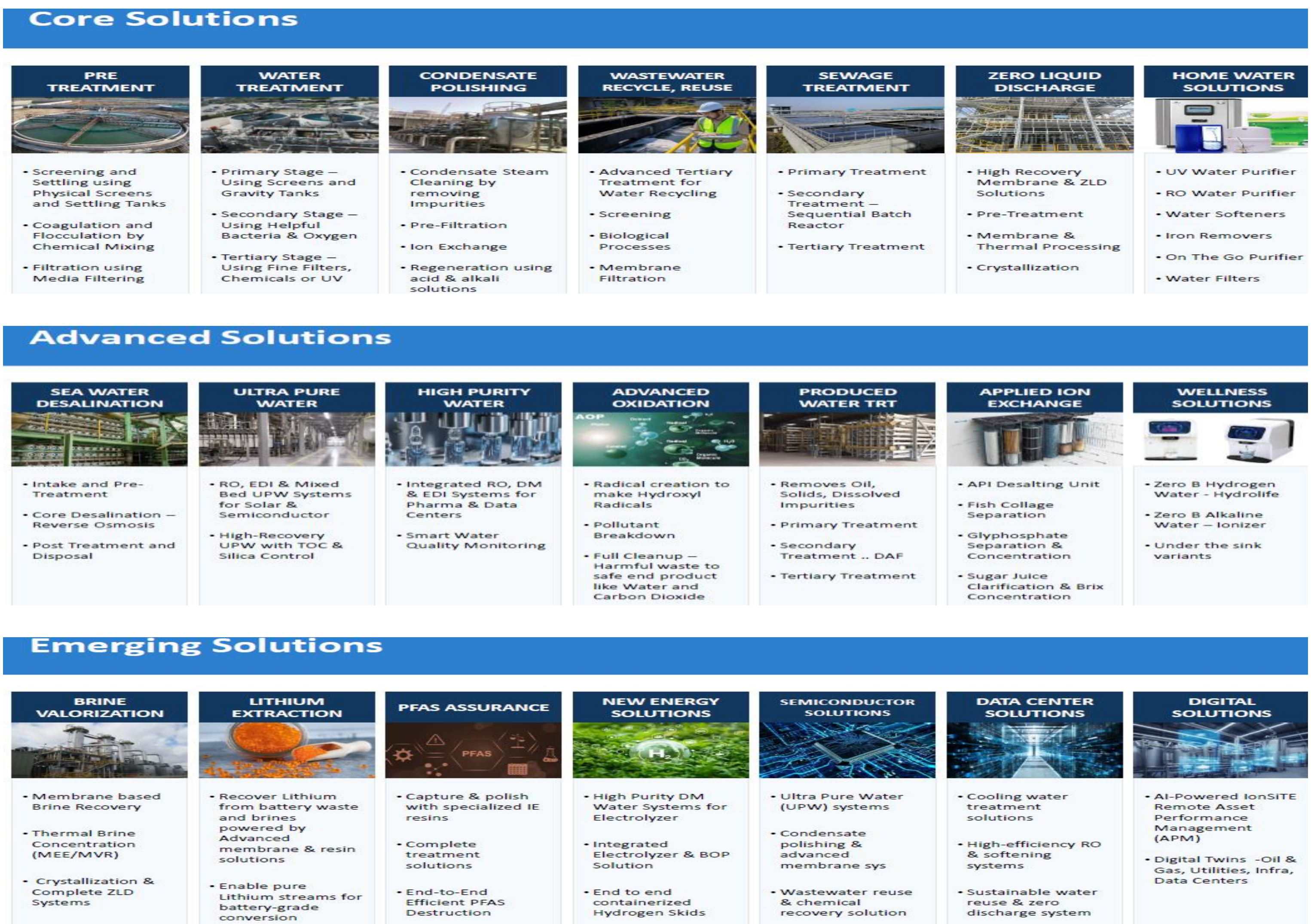
- **Core focus**: Design, fabrication, construction, and lifecycle maintenance of water, wastewater, and zero-liquid-discharge plants.
- **Applications**: Large industrial projects (power, refinery, steel, pharma) and municipal/urban infrastructure.
- **Revenue share**: ~53% to 61% of total company revenue.

2) Chemicals Segment

- **Core focus:** Manufacturing the INDION range of ion exchange resins, polymeric adsorbents, membranes (Hydramem), and water treatment chemicals.
- **Applications:** Water softening, sugar and food processing, pharmaceutical purification, and industrial boiler water treatment.
- **Revenue share:** ~29% to 35% of total revenue with high operating margins.

3) Consumer Products Segment

- **Core focus:** Household water treatment systems, non-electric purifiers, water softeners, and commercial purification units under the Zero B brand.
- **Applications:** Residential homes, hotels, hospitals, and small offices.
- **Revenue share:** ~7% to 11% of total revenue.



*Source: Company, AUM Research

Rationale for Investment

1) Single point solutions provider and a diversified portfolio

- **Single Point solutions provider:-** IEIL has the ability to provide a single-point solution for customers' complete water and environment management requirements. The Company combines advanced technologies, engineered systems, products, consumables, digital solutions and lifecycle services under one umbrella, enabling customers to optimize water usage, improve operational efficiency, ensure regulatory compliance and achieve their sustainability objectives.
- **Diversified Portfolio:-** IEIL's diversified portfolio encompasses ion-exchange resins, membranes, specialty chemicals, engineering and EPC solutions, wastewater recycling and Zero Liquid Discharge (ZLD) systems, automation, digital monitoring platforms and 24x7 operations and maintenance services. This unique combination allows IEIL to support customers throughout the entire lifecycle of their assets from design and manufacturing to installation, operation, optimization and long-term performance enhancement.

2) Strong market position in the domestic water treatment segment

- **Well established relationships:-** IEIL has a strong market position in the domestic water treatment segment with established relationships with its customers and suppliers. The varied product range find usage in various industries such as solar, pharma, petrochemical & refinery, power, steel, sugar, electronics, pulp & paper, textile, cement and automobile. Further, it has an established track record and strong expertise of around six decades in providing the full range of products in the water treatment segment. Longstanding presence of the promoters and a robust nationwide aftersales service have helped the group to establish the brand.
- **Diversified revenue stream offers protection during downturns:-** IEIL's revenue is well-diversified with the engineering, chemicals and consumer product divisions contributing around 61%, 29% and 10%, respectively. The diversified revenue stream supports the company from any downturn in any particular segment. Diversified product profile and customer base spread over various industries such as solar, pharma, petrochemical & refinery, power, steel, sugar, electronics, pulp & paper, textile, cement and automobile. The acquisition of a Portugal company, MAPRIL (acquisition completed in June 2023), provides better access to IEIL in and around the European market.
- **Emergence of new sectors providing avenues for growth**:- Emergence of new growth sectors including semiconductors, electronics, pharmaceuticals, biotechnology, battery manufacturing, green hydrogen, renewable energy and data centres is reshaping the demand landscape. These industries are highly dependent on reliable supplies of process water and ultrapure water, creating significant opportunities for advanced treatment, recycling and resource optimization solutions.

3) Fundamental transformation in the Water Industry

- **Utility function to strategic enabler of industrial growth:-** The water industry is undergoing a fundamental transformation. What was once viewed primarily as a utility function is increasingly becoming a strategic enabler of industrial growth, sustainability and resource security as customers navigate rising environmental expectations, resource constraints and operational challenges with emergence of several key trends:-
  - a) **Water Reuse and Circular Water Management Becoming the New Normal:-** Water reuse, resource recovery and Zero Liquid Discharge (ZLD) are increasingly becoming integral components of industrial design, particularly in water-intensive and highly regulated sectors. The focus is shifting from water consumption to water optimization, reflecting a broader transition toward circular economy principles.
  - b) **Monitoring to intelligent water management:-** The industry is rapidly evolving from data collection to data-driven decision-making. Artificial Intelligence (AI), IoT, advanced analytics and automation are enabling water systems to operate as intelligent platforms that continuously optimize chemical dosing, energy consumption, asset performance and maintenance schedules.
  - c) **Transition towards Lifecycle and Service Based Models:-** Customers are placing greater emphasis on long term performance, reliability and operational outcomes rather than standalone equipment purchases. As a result, the industry is witnessing a gradual shift toward Operations & Maintenance (O&M) contracts, Water-as-a-Service models, performance-based agreements and subscription-driven digital monitoring solutions. While Engineering, Procurement and Construction (EPC) projects will continue to remain significant, particularly in large infrastructure developments, recurring service led engagement models are becoming increasingly important.

This transformation is expected to prove beneficial for established players like IEIL.

4) Export focus

- **Aim to increase exports:-** IEIL currently exports to over 60 countries, with exports contributing to a quarter of the Company's turnover. It is now poised to convert the current substantial export base into a larger share of its revenues driven by new manufacturing capacity and geographical expansion.
- **Expansion of manufacturing capabilities:-** The growth plan for the international business is driven by expanded manufacturing capacity of Ion Exchange resins at Roha, the significant expansion of the membrane product line and manufacturing at Goa as well as manufacturing and blending units in Saudi Arabia and the UAE.

- **North America & Europe & Asia:-** These manufacturing expansions are expected to drive significant revenue growth from global markets especially from North America and Europe for Ion Exchange resin. The membrane factory expansion will enable the Company to offer a full range of membrane products across its subsidiaries through expanding distribution network in Southeast Asia and West Asia.
- **APAC & MENA:-** IEIL has a significant presence in the project business in the middle east and North Africa region is expected to be a key pillar for growth in the region with growth opportunities for desalination and wastewater treatment in the GCC region with water scarcity and innovative technologies for water recovery fuelling growth. This is supported by its manufacturing base in the UAE with an In Country Value(ICV) certified unit allowing it to participate in local projects as a local player.

5) <u>Healthy order books</u>

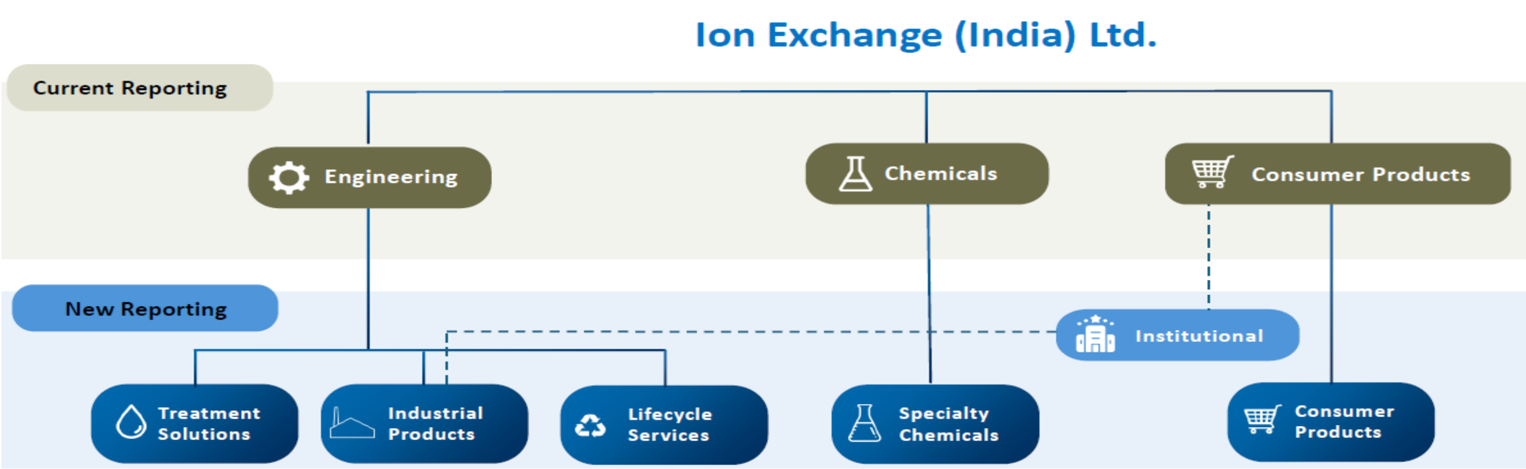
- **Outstanding order book:-** Across, its three segments, IEIL has outstanding orders worth Rs 2,473 Cr at the end of June 2026, providing healthy execution visibility. However, this order backlog does not include the recent contract win of Hyundai of around $52 million (~Rs 500 Cr), which was announced post the closing of the quarter. The deal, marks a pivotal moment for the company's Engineering, Procurement, and Construction (EPC) division. This development underscores the rising global demand for sophisticated water treatment solutions and positions IEIL as a critical partner for large-scale multinational infrastructure projects.
- **Bid pipeline:-** In addition, the bid pipeline stood at Rs 9,777 Cr, providing a strong opportunity funnel for future order inflows.

Q1FY27 Earnings Call Summary

- **Overview:-** Q1 FY27 operating income rose 20% YoY to Rs 701 crores, but EBITDA fell 49% YoY to Rs 32 crores and net profit was Rs 3 crores. The driver behind the margin collapse was legacy treatment-solutions project overruns, the UP project, plus ROHA ramp-up costs, Gulf freight disruption and input-cost inflation, with Treatment Solutions losing Rs 17 crores EBIT. Management maintains the 25% FY27 ROHA utilization guidance despite a soft first four months, guides consumer products to breakeven this year and significant completion of non-UP legacy projects. Main risks are constrained UP government funding with ~11% of the Rs 2,473 crore backlog unexecuted, and crude-linked monomer and amine input costs if softening does not hold.

Company-Specific & Strategic Commentary

- **<u>Segment Reclassification:-</u>** The Engineering division has been split into Treatment Solutions, Industrial Products and Life Cycle Services. Chemicals renamed Specialty Chemicals. Reclassification reveals ~60% of consolidated revenue from products/chemicals/services vs ~40% treatment solutions. No corporate action planned—purely a transparency initiative.
- **<u>ROHA Resin Expansion (5x):</u>-** Combined ROHA + Ankleshwar resin capacity targeted at 5x historical levels; ROHA is India's first non-solvent resin plant, commissioned and stabilizing, with an integrated spent catalyst recovery line (global first). Aspiration: ~10% of global resin volume share.
- **<u>Pharma Resin Scale Up:</u>-** Ankleshwar FDA-approved pharma resin facility to expand 6x within 12 months; third global supplier for this application; import-substitution play with light capex (IP/know-how led).
- **<u>Membrane & Industrial Scale Up:</u>-** Goa to become India's only integrated full-range membrane manufacturer (RO/UF/NF/MF) via MANN+HUMMEL tie-up; second plant under construction; standard plant capacity raised across Hosur, Goa and Wada; industrial products business targeted for 3x growth.
- **Global Decentralization & Certification:-** WQA (Water Quality Association) certification secured for North America (pre-requisite for resin sales there); regional leaders appointed for Americas, APAC and Middle East-Africa, with Europe hire in process. International revenue ~30% of total; Portugal/Iberia acquisition serves as gateway to Europe/North Africa.



*Source: Company, AUM Research

Financials

Consolidated Quarterly Results (Value in Rs. Crs)						
Particulars	**Q1FY27**	**Q1FY26**	**Var%**	**FY26**	**FY25**	**Var%**
Net Sales & Other Operating Income	700.46	583.19	20.11	2,914.84	2,737.11	6.49
Total Expenditure	668.72	520.65	28.44	2,704.69	2,443.29	10.70
PBIDT (Excl OI)	31.74	62.54	-49.25	210.15	293.82	-28.48
Other Income	5.95	17.74	-66.46	86.57	48.61	78.09
Operating Profit	37.69	80.28	-53.05	296.72	342.43	-13.35
Interest	8.95	2.56	249.61	24.00	13.46	78.31
Exceptional Items	-	-	-	-16.89	-	-
PBDT	28.74	77.72	-63.02	255.83	328.97	-22.23
Depreciation	21.75	12.26	77.41	62.60	44.49	40.71
PBT	6.99	65.46	-89.32	193.23	284.48	-32.08
Tax	4.34	17.48	-75.17	51.73	77.23	-33.02
Net Profit	2.65	47.98	-94.48	141.50	207.25	-31.72
Minority Interest	1.05	0.26	-	-0.54	-0.44	-
Share of Associates	0.41	0.46	-	1.71	1.00	-
Consolidated Net Profit	4.11	48.70	-91.56	142.67	207.81	-31.35
Equity	14.23	14.23	-	14.23	14.23	14.23
Face Value	1.00	1.00	-	1.00	1.00	1.00
EPS (Rs.)	0.29	3.42	-91.52	10.03	14.60	-31.30

Consolidated Income Statement (Value in Rs. Crs)			
Particulars	**FY26**	**FY25**	**FY24**
Net sales	2,914.84	2,737.11	2,347.85
Total Expenditure	2,701.19	2,441.38	2,074.82
Operating Profit (Excl OI)	213.65	295.73	273.03
Other Income	86.56	50.06	46.20
Operating Profit	300.22	345.79	319.23
Interest	27.50	16.83	15.47
PBDT	272.72	328.96	303.76
Depreciation	62.60	44.49	36.41
Profit Before Tax & Exceptional Items	210.12	284.47	267.35
Share of Profit/Loss of JV & Associates	1.71	1.00	1.54
Exceptional Income / Expenses	-16.89	-	-
Profit Before Tax	194.94	285.48	268.89
Provision for Tax	51.74	77.22	73.54
Net Profit	143.20	208.25	195.35
Minority Interest	-0.54	-0.44	0.67
Consolidated Net Profit	142.66	207.82	196.02
EPS (Rs.)	10.03	14.60	13.78

*Source: Company, Ace Equity, AUM Research

Consolidated Balance Sheet (Value in Rs. Crs)			
Particulars	**FY26**	**FY25**	**FY24**
EQUITY AND LIABILITIES			
Share Capital	14.23	14.23	14.23
Total Reserves	1,324.80	1,193.65	1,003.68
Shareholder's Funds	**1,339.03**	**1,207.87**	**1,017.91**
Minority Interest	1.29	1.61	1.90
Secured Loans	357.58	252.06	109.05
Unsecured Loans	-	-	-
Deferred Tax Assets / Liabilities	-5.61	1.11	0.85
Other Long Term Liabilities	29.59	27.66	25.98
Long Term Provisions	30.24	20.77	26.13
Total Non-Current Liabilities	**411.80**	**301.60**	**162.02**
Trade Payables	899.67	778.98	694.63
Other Current Liabilities	654.22	654.38	537.84
Short Term Borrowings	23.10	16.23	12.22
Short Term Provisions	36.44	18.56	14.40
Total Current Liabilities	**1,613.43**	**1,468.15**	**1,259.08**
Total Liabilities	**3,365.54**	**2,979.24**	**2,440.91**
ASSETS			
Gross Block	1,023.54	602.97	536.28
Less: Accumulated Depreciation	270.53	210.72	169.74
Net Block	**753.02**	**392.25**	**366.54**
Capital Work in Progress	174.70	317.79	60.68
Intangible assets under development	0.93	5.63	-
Non Current Investments	15.22	12.78	11.70
Long Term Loans & Advances	62.68	67.40	47.47
Other Non Current Assets	2.28	3.11	3.89
Total Non-Current Assets	**1,008.82**	**798.97**	**490.27**
Currents Investments	0.60	0.41	0.54
Inventories	441.39	298.99	236.54
Sundry Debtors	1,074.69	1,107.37	934.78
Cash and Bank	318.67	465.80	587.90
Other Current Assets	48.86	38.78	33.19
Short Term Loans and Advances	472.51	268.91	157.70
Total Current Assets	**2,356.72**	**2,180.27**	**1,950.64**
Net Current Assets (Including Current Investments)	743.29	712.12	691.55
Total Current Assets Excluding Current Investments	2,356.12	2,179.86	1,950.10
Total Assets	**3,365.54**	**2,979.24**	**2,440.91**

*Source: Company, Ace Equity, AUM Research

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