



September 18, 2018

The Corporate Relationship Dept
BSE Limited
P.J. Towers,
Dalal Street,
Mumbai – 400 001

BSE Company Code: 500214

Dear Sir/Madam,

Pursuant to Regulation 34(1) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed herewith Annual Report for the year ended 31st March, 2018 containing Notice of the 54th Annual General Meeting, held on Friday, 7th September, 2018 at 11.00 a.m. at Ravindra Natya Mandir, P.L. Deshpande, Maharashtra Kala Academy, Near Siddhivinayak Temple, Sayani Road, Prabhadevi, Mumbai – 400 025.

Please take the same on record.

Yours faithfully,
For Ion Exchange (India) Limited


Milind Puranik
Company Secretary

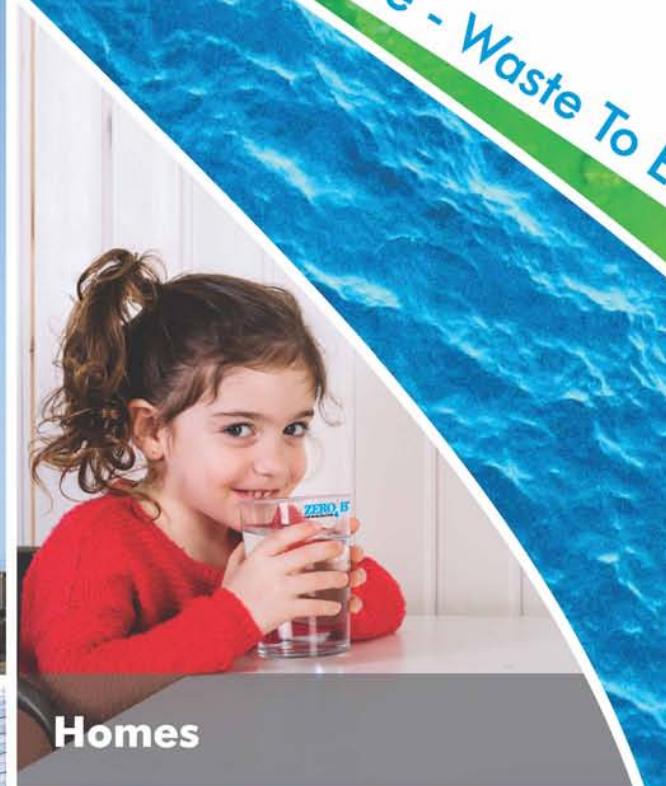
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54th Annual Report
2017-18

Water & Waste Water Treatment - Recycle - Waste To Energy



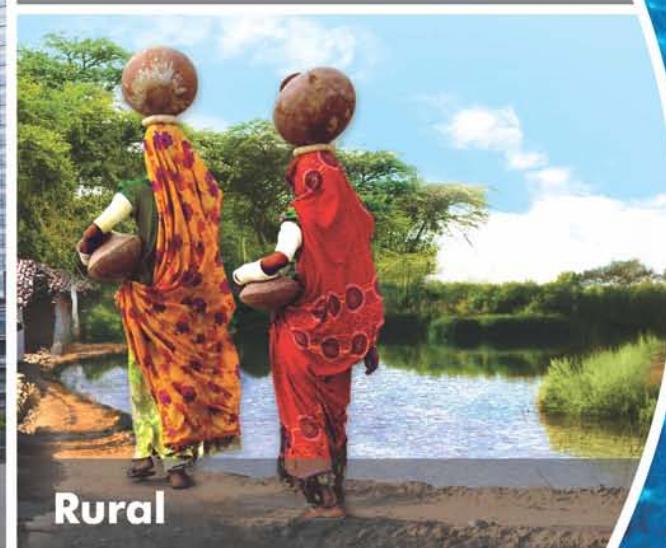
Industries



Homes



Communities &
Institutions



Rural

Resins - Chemicals - Membranes



**India's First
State-Of-The-Art Membrane
Manufacturing Facility, Goa**



**USFDA Compliant
Pharma Resins Facility,
Ankleswar, Gujarat**



**Chemical Manufacturing
Facility at Patancheru,
Telangana and its
Expansion at Bahrain**

Ion Exchange...

Delivering complete solutions to meet diverse needs.

Water is a scarce natural resource. While humans have become the principal driver of environmental change, factors such as demography, economy and technology have significantly impacted our natural ecosystem. Maintaining a balance between the available resources and the ever-increasing water demand across all sectors presents a significant challenge today. Contrary to the earlier belief that water was infinitely rechargeable, it is now well understood that water must be effectively managed not just at the source but throughout its life cycle.

At Ion Exchange, we take great pride in assessing and developing innovative approaches to water and environment related challenges. For over five decades, our focus has been on strengthening our core competence to offer complete solutions for water, waste water management, solid waste management and now waste to energy. Being pioneers in the industry, our multidisciplinary teams of experts cater not just to industries and municipalities but also deliver a complete package of sustainable solutions to communities, institutions and homes.

We believe that regeneration and not just sustainability is the new goal for water resources management. We offer solutions like sea water desalination, effluent treatment, recycle and zero liquid discharge to provide alternate sources of water.

Our varied range of products, solutions & services is well-designed with a strong customer-centric approach. This is reflected in the setting up of India's first integrated, state-of-the-art membrane manufacturing facility at Goa, which like our other manufacturing facilities is committed to international quality standards and processes.

As we aim to maintain our leadership position in the industry, it is imperative that we set high standards to accomplish our goals. With a vision to be the leader in our business which is so vital to people's lives and the environment, we stand by our convictions to exceed the expectations of our stakeholders.

BOARD OF DIRECTORS

| | |
|-----------------------|------------------------------|
| Mr. Rajesh Sharma | Chairman & Managing Director |
| Mr. Dinesh Sharma | Executive Director |
| Mr. Aankur Patni | Executive Director |
| Dr. V. N. Gupchup | Director |
| Mr. M. P. Patni | Director |
| Mr. T. M. M. Nambiar | Director |
| Mr. P. Sampathkumar | Director |
| Mr. Abhiram Seth | Director |
| Mr. Shishir Tamotia | Director |
| Ms. Kishori J. Udeshi | Director |

REGISTERED OFFICE

Ion House,
Dr. E. Moses Road,
Mahalaxmi
Mumbai - 400 011

BANKERS

Bank of India
Canara Bank
State Bank of India
Axis Bank Ltd.
Punjab National Bank
Export-Import Bank of India

AUDITORS

M/s. BSR & Co. LLP

SENIOR MANAGEMENT

| | | |
|------------------|---|----------------------------------|
| Rajesh Sharma | Chairman & Managing Director | ADVOCATE & SOLICITORS |
| Aankur Patni | Executive Director | Crawford Bayley & Co. |
| Dinesh Sharma | Executive Director | |
| Ajay A. Popat | President - Corporate Diversification, Technology & Marketing | |
| N. M. Ranadive | Executive Vice President - Finance | |
| Dinesh Sadasivan | Executive Vice President - Standard Systems, CSD & Services | |
| S. V. Mehendale | Executive Vice President - Resin & Membrane Division | |
| S. N. Iyengar | Executive Vice President - Medium Industry Segment | |
| Anil Khera | Executive Vice President - Industrial Chemical Division | |

COMPANY SECRETARY

Mr. Milind Puranik

**REGISTRAR & SHARE TRANSFER AGENT &
REGISTRAR FOR FIXED DEPOSITS**

M/s. TSR Darashaw Ltd.
6-10, Haji Moosa Patrawala Industrial Estate,
20, Dr. E. Moses Road, Mahalaxmi, Mumbai - 400 011.
Tel. No. : 6656 8484/94
E-mail : csg-unit@tsrdarashaw.com
Website : www.tsrdarashaw.com

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Kindly bring your copy of the Annual Report to the AGM as copies will not be distributed at the meeting in view of the high cost of paper and printing

NOTICE

NOTICE is hereby given that the Fifty Fourth Annual General Meeting of the members of Ion Exchange (India) Limited will be held on Friday, 7th September, 2018 at 11.00 a.m. at Ravindra Natya Mandir, P.L. Deshpande Maharashtra Kala Academy, Near Siddhivinayak Temple, Sayani Raod, Prabhadevi, Mumbai – 400 025 to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Standalone Financial Statement and Audited Consolidated Financial Statements of the Company for the financial year ended 31st March, 2018, and the Reports of the Board of Directors and the Auditors thereon.
2. To declare Dividend on equity shares.
3. To appoint a Director in place of Mr. M.P. Patni (DIN: 00515553) who retires by rotation and being eligible, offers himself for re-appointment.
4. **Ratification of Appointment of Auditors**

To consider and if, thought fit, to pass with or without modification(s), if any, the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of section 139 and other applicable provisions, if any, of the Companies Act, 2013 and the Rules framed thereunder, as amended from time to time, the Company hereby ratifies the appointment of M/s. B S R & Co. LLP, Chartered Accountants (Reg. No. 101248W/W-100022), as Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting (AGM) till the conclusion of the next AGM of the Company to be held in the year 2019 at such remuneration as may be mutually agreed between the Board of Directors of the Company and the Auditors."

SPECIAL BUSINESS

5. **Appointment of Branch Auditors**

To consider and if, thought fit, to pass with or without modification(s), if any, the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of section 143 (8) and Section 139 and other applicable provisions, if any, of the Companies Act, 2013 and the Rules framed thereunder, as amended from time to time, M/s. Charantimath Associates, Chartered Accountants (M No. – 23441), be and is hereby re-appointed as Branch Auditors of the Company for auditing the books of accounts maintained by Ion Exchange Services (Division of Ion Exchange (India) Limited) to hold office from the conclusion of this Annual General Meeting (AGM) till the conclusion of the next Annual General Meeting of the Company and the Board of Directors be and is hereby authorized to fix their remuneration."

6. **Ratification of Cost Auditors' Remuneration**

To consider and if, though fit, to pass with our without modification(s) if any the following as an Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of Section 148(3) and other applicable provisions, if any, of the Companies Act, 2013 and the Rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) M/s. Kishore Bhatia & Associates, Cost Accountants (Firm Registration No 00294), appointed by the Board of Directors as Cost Auditors to conduct the audit of the cost records of the Company for the financial year ending 31st March, 2019, at a remuneration amounting to Rs. 3,00,000 (Rupees Three Lakhs only) plus applicable taxes and out of pocket expenses incurred in connection with the aforesaid audit, be and is hereby ratified and confirmed."

Registered Office:
Ion House
Dr. E. Moses Road
Mahalaxmi
Mumbai 400 011
CIN: L74999MH1964PLC014258
Mumbai, 23rd May 2018

By Order of the Board

Milind Puranik
Company Secretary

NOTES :

1. A Member entitled to attend and vote at the Annual General Meeting (AGM) is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a Member of the Company. The instrument appointing the proxy, in order to be effective, must be deposited at the Company's Registered Office, duly completed and signed, not less than FORTY-EIGHT HOURS before the meeting. Proxies submitted on behalf of limited companies, societies, etc., must be supported by appropriate resolutions/authority, as applicable. A person can act as proxy on behalf of Members not exceeding fifty (50) and holding in the aggregate not more than 10% of the total share capital of the Company. In case a proxy is proposed to be appointed by a Member holding more than 10% of the total share capital of the Company carrying voting rights, then such proxy shall not act as a proxy for any other person or shareholder.
2. The Register of Members and the Share Transfer Books of the Company will remain closed from Thursday, 30th August, 2018 to Friday, 7th September, 2018 (both days inclusive).
3. Details of Directors seeking re-appointment as required under Regulation 36 (3) of Listing Regulations and Secretarial Standards on General Meetings:

| | |
|--|--|
| Name | Mr. M.P.Patni |
| Designation | Non Executive Director |
| Date of Birth | 25.09.1945 |
| Date of Appointment | 28.09.2001 |
| Qualification | B.E. (Mechanical) |
| Expertise | Mr. Patni has wide range of experience in the marketing of heavy and medium engineering equipments, water treatment plants and allied items since last 50 years. He has considerable exposure in handling large projects of national importance. |
| Number of shares held in the Company | 7,11,747 |
| Relationship with other Directors, Manager and other key managerial personnel of the Company | Mr. M.P.Patni is related to Mr. Aankur Patni who is an Executive Director. |
| Chairman/Director of Other Companies | <ol style="list-style-type: none"> 1. Aartus & Associates Pvt. Ltd. 2. Labhda Properties Pvt. Ltd. 3. IEI Water Tech (M) Sdn. BHD. 4. IEI Environmental Management (M) SDN.BHD. 5. Ion Exchange Environmental Management (BD) Ltd. 6. Ion Exchange Asia Pacific Pte. Ltd.(Singapore) 7. Ion Exchange Asia Pacific (Thailand) Ltd. 8. Ion Exchange Projects & Engineering Ltd. 9. Ion Exchange PSS Ltd. (Thailand) 10. Ion Exchange Safic (Pty) Ltd. (South Africa) |
| Chairman/Member of the committees of the Company and other Company(s) | <p>Member of the following committees of Ion Exchange (India) Ltd.</p> <ol style="list-style-type: none"> 1. Employee Stock Option Compensation Committee 2. Nomination and Remuneration Committee 3. Corporate Social Responsibility Committee <p>Member of the following committees of Ion Exchange Projects and Engineering Limited.</p> <ol style="list-style-type: none"> 1. Audit Committee |
| No of Board Meetings attended | Six out of Six |

4. Dividend, if declared at the meeting will be paid on or before 12th September, 2018 to those members (holding shares in physical form) whose names appear on the Register of members as on 7th September, 2018 and to those beneficial owners (holding shares in electronic form) whose names appear in the Beneficiary report furnished by the depositories.

5. Members holding shares in dematerialized form are requested to intimate all changes pertaining to their bank details, National Electronic Clearing Service (NECS), Electronic Clearing Service (ECS), mandates, nominations, power of attorney, change of address, change of name, e-mail address, contact numbers, etc., to their Depository Participant (DP). Changes intimated to the DP will then be automatically reflected in the Company's records which will help the Company and the Company's Registrars and Transfer Agents, TSR Darashaw Limited (TSRDL) to provide efficient and better services. Members holding shares in physical form are requested to intimate such changes to TSRDL.
6. Unclaimed Dividend for the period 2009-2010 has been transferred to Investors Education and Protection Fund, pursuant to Sections 125 of the Companies act, 2013. Shareholders who have not claimed Dividend for the period 2010-2011 and subsequent years are advised to write to our R&T.
7. Pursuant to the Provision of Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 ("the Rules") which came into effect from 7th September, 2016 and further amended "the Rules" vide notification dated 28th February 2017, the Company is mandated to transfer all shares in the name of the Investor Education and Protection Fund (IEPF) DEMAT Account of the Authority in respect of which dividend has not been paid or claimed for seven consecutive years or more. The Company has transferred 91,737 shares to the Investor Education and Protection Fund Authority during the year 2017-18. Relevant details in respect are uploaded on the Company's website <http://www.ionindia.com> in investors section.
8. Nomination form can be obtained from our R&T, M/s.TSRDL. This form will have to be used by only those shareholders, holding in physical form & the same should be submitted to our R&T for registration. For shareholders, holding in dematerialized form, the nomination form prescribed by the Depository will have to be used and submitted with the Depository Participant.
9. Members seeking any information with regard to the Accounts are requested to write to the Company at an early date, so as to enable the Management to keep the information ready at the meeting.
10. Members are requested to produce the enclosed attendance slip duly signed as per the specimen signature(s) registered with the Company for admission to the meeting venue.
11. The Notice of the AGM along with the Annual Report 2017-18 is being sent by electronic mode to those Members whose e-mail addresses are registered with the Company/Depositories, unless any Member has requested for a physical copy of the same. For Members who have not registered their e-mail addresses, physical copies are being sent by the permitted mode.
12. To support the 'Green Initiative', the Members who have not registered their e-mail addresses are requested to register the same with TSRDL/Depositories.

13. Voting through electronic means

- I. In compliance with provisions of Section 108 of the Companies Act, 2013, Rule 20 of the Companies (Management and Administration) Rules, 2014 as amended by the Companies (Management and Administration) Amendment Rules, 2015 and Regulation 44 of SEBI LODR the Company is pleased to provide members facility to exercise their right to vote on resolutions proposed to be considered at the Annual General Meeting by electronic means and the business may be transacted through e-Voting Services. The facility of casting the votes by the members using an electronic voting system from a place other than venue of the ("remote e-voting") will be provided by National Securities Depository Limited (NSDL).
- II. Members who do not have access to e-voting facility may send duly completed Ballot Form (enclosed with the Annual Report) so as to reach the Scrutinizer appointed by the Board of Directors of the Company, Mr. V.V.Chakradeo Practicing Company Secretary, (Certificate of Practice No. 1705), at the Registered office of the Company not later than 6th September, 2018 (5.00 p.m. IST).

Members have the option to request for physical copy of the Ballot Form by sending an email to investorhelp@ionexchange.co.in by mentioning their Folio/DP ID and client ID No. However, the duly completed Ballot Form should reach the Registered Office of the Company not later than 6th September, 2018 (5.00 p.m. IST).

Ballot Form received after this date will be treated as invalid.

A Member can opt for only one mode of voting i.e. either through e-voting or by postal Ballot. If a Member casts votes by both modes, then voting done through e-voting shall prevail and Ballot shall be treated as invalid.

- III. The facility for voting through ballot paper/ polling paper shall be made available at the AGM and the members attending the meeting who have not cast their vote by remote e-voting shall be able to exercise their right at the meeting through ballot paper.
- IV. The members who have cast their vote by remote e-voting/Ballot Form (prior to the AGM) may also attend the AGM but shall not be entitled to cast their vote again.
- V. The remote e-voting period commences on 3rd September, 2018 (9:00 am) and ends on 6th September, 2018 (5:00 pm). During this period members of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of 31st August 2018, may cast their vote by remote e-voting. The remote e-voting module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by the member, the member shall not be allowed to change it subsequently.
- VI. The process and manner for remote e-voting are as under:
 - A. In case a Member receives an email from NSDL [for members whose email IDs are registered with the Company/ Depository Participants(s)]:
 - (i) Open email and open PDF file viz; "IONEX e-voting.pdf" with your Client ID or Folio No. as password. The said PDF file contains your user ID and password/PIN for remote e-voting. Please note that the password is an initial password.
 - (ii) Launch internet browser by typing the following URL: <https://www.evoting.nsdl.com/>
 - (iii) Click on 'Shareholders' - Login
 - (iv) A new screen will open. You will have to enter your User ID, your Password and a Verification Code as shown on the screen.
(Alternatively, if you are registered for NSDL eservices i.e. IDEAS, you can log-in at <https://eservices.nsdl.com/> with your existing IDEAS login. Once you log-in to NSDL eservices after using your log-in credentials, click on e-Voting and you can proceed to Step 2 i.e. Cast your vote electronically.)
 - (v) Your User ID details are given below
 - a) For Members who hold shares in demat account with NSDL - 8 Character DP ID followed by 8 Digit Client ID
 - b) For Members who hold shares in demat account with CDSL - 16 Digit Beneficiary
 - c) For Members holding shares in Physical Form - EVEN Number followed by Folio Number registered with the company
 - (vi) If you are using NSDL e-Voting system for the first time, you will need to retrieve the 'initial password' which was communicated to you. Once you retrieve your 'initial password', you need to enter the 'initial password' and the system will force you to change your password.
 - (vii) How to retrieve your 'initial password'?
 - a) If your email ID is registered in your demat account or with the company, your 'initial password' is communicated to you on your email ID. Trace the email sent to you from NSDL from your mailbox. Open the email and open the attachment i.e. a .pdf file. Open the .pdf file. The password to open the .pdf file is your 8 digit client ID for NSDL account, last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The .pdf file contains your 'User ID' and your 'initial password'.
 - b) If your email ID is not registered, your 'initial password' is communicated to you on your postal address.
 - (viii) Home page of remote e-voting opens. Click on remote e-voting: Active Voting Cycles.

- (ix) Select "EVEN" of "Ion Exchange (India) Limited".
- a. Now you are ready for remote e-voting as Cast Vote page opens.
 - b. Cast your vote by selecting appropriate option and click on "Submit" and also "Confirm" when prompted.
 - c. Upon confirmation, the message "Vote cast successfully" will be displayed.
 - d. Once you have voted on the resolution, you will not be allowed to modify your vote.
 - e. Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer through e-mail to scrutinizers' email ID: vvchakra@gmail.com with a copy marked to evoting@nsdl.co.in
- B. In case a Member receives physical copy of the Notice of AGM [for members whose email IDs are not registered with the Company/Depository Participants(s) or requesting physical copy] :
- (i) Initial password is provided in the enclosed ballot form: Even(E-Voting Event Number) User ID and Password.
 - (ii) Please follow all steps from SI.No. (ii) to SI. No. (ix) to cast vote.
- VII. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Members and remote e-voting user manual for Members available at the downloads section of www.evoting.nsdl.com or call on toll free no.:1800-222-990.
- VIII. If you are already registered with NSDL for remote e-voting then you can use your existing user ID and password/PIN for casting your vote.
- IX. You can also update your mobile number and e-mail id in the user profile details of the folio which may be used for sending future communication(s).
- X. The voting rights of members shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date of 31st August 2018.
- XI. Any person, who acquires shares of the Company and become member of the Company after dispatch of the notice and holding shares as of the cut-off date i.e. 31st August 2018 may obtain the login ID and password by sending a request at evoting@nsdl.co.in or to the Registrars M/s.TSR Darashaw Limited at csg-unit@tsrdarashaw.com.
- However, if you are already registered with NSDL for remote e-voting then you can use your existing user ID and password for casting your vote. If you forgot your password, you can reset your password by using "Forgot User Details/ Password" option available on www.evoting.nsdl.com or contact NSDL at the following toll free no.: 1800-222-990.
- XII. Member may participate in the AGM even after exercising his right to vote through remote e-voting but shall not be allowed to vote again at the AGM.
- XIII. A person, whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the cut-off date only shall be entitled to avail the facility of remote e-voting as well as voting at the AGM through ballot paper.
- XIV. Mr. V.V. Chakradeo, Company Secretaries (COP No. 1705) has been appointed for as the Scrutinizer for providing facility to the members of the Company to scrutinize the voting and remote e-voting process in a fair and transparent manner.
- XV. The Chairman shall, (at the AGM), at the end of discussion on the resolutions on which voting is to be held, allow voting with the assistance of scrutineer, by use of "Ballot Paper" or "Polling Paper" for all those members who are present at the AGM but have not cast their votes by availing the remote e-voting facility.

XVI. The Scrutinizer shall after the conclusion of voting at the general meeting, will first count the votes cast at the meeting and thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and shall make, not later than three days of the conclusion of the AGM, a consolidated scrutinizer's report of the total votes cast in favour or against, if any, to the Chairman or a person authorized by him in writing, who shall countersign the same and declare the result of the voting forthwith.

XVII. The Results declared alongwith the report of the Scrutinizer shall be placed on the website of the Company www.ionindia.com and on the website of NSDL immediately after the declaration of result by the Chairman or a person authorized by him in writing. The results shall also be immediately forwarded to the BSE Limited, Mumbai.

Registered Office:

Ion House
Dr. E. Moses Road
Mahalaxmi
Mumbai 400 011
CIN: L74999MH1964PLC014258

By Order of the Board

Milind Puranik
Company Secretary

Mumbai, 23rd May, 2018

EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

As required by section 102 of the Companies Act, 2013 (Act), the following explanatory statement sets out all material facts relating to the business mentioned under Item Nos. 5 and 6 of the accompanying Notice:

Item No. 5

It is proposed to appoint M/s. Charantimath Associates, Chartered Accountants as the Branch Auditors for conducting Audit of Ion Exchange Services (Division of Ion Exchange (India) Limited).

M/s. Charantimath Associates, Chartered Accountants have given their consent to act as the Branch auditors, if appointed.

The Board commands the Resolution at Item No. 5 for approval by the Members.

None of the Directors or Key Managerial Personnel (KMP) or relatives of directors and KMP is concerned or interested in the Resolution at Item No. 5 of the accompanying Notice.

Item Nos. 6

M/s. Kishore Bhatia & Associates, Cost Accountants, are appointed as Cost Auditors of the Company to audit the accounts relating to cost records for the financial year ending March 31, 2019.

Remuneration payable to M/s. Kishore Bhatia & Associates, Cost Auditors of the Company for the financial year ended March 31, 2019 was recommended by the Audit Committee to the Board and subsequently, was considered and approved by the Board of Directors at its meeting held on May 23, 2018.

In accordance with the provisions of Section 148 of the Act read with the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditor has to be ratified by the shareholders of the Company.

The Board Commands the Resolution at item No. 6 for the approval by the Members.

None of the Directors or key managerial personnel (KMP) or relatives of Director or KMP is any way interested or concerned in the Resolution.

Registered Office:

Ion House
Dr. E. Moses Road
Mahalaxmi
Mumbai 400 011
CIN: L74999MH1964PLC014258

By Order of the Board

Milind Puranik
Company Secretary

Mumbai, 23rd May, 2018

DIRECTORS' REPORT

To

The Members,

Your Directors have pleasure in presenting the 54th Annual Report and Accounts for the year ended 31st March, 2018.

FINANCIAL RESULTS

The highlights of the financial results are as follows:

| | Year ended March 2018 (Rs. in lacs) | Year ended March 2017 (Rs. in lacs) |
|---|--|--|
| Profit before tax | 7,283 | 7,130 |
| Less: Tax expenses | | |
| Current tax | 2,195 | 2,445 |
| Deferred tax | 313 | (15) |
| Profit after tax | 4,775 | 4,700 |
| Add: Other Comprehensive income | | |
| (i) Items that will not be reclassified to Profit or Loss | (27) | (56) |
| (ii) Income Tax relating to items that will not be reclassified to Profit or Loss | 9 | 19 |
| Other Comprehensive Income (Net of Tax) | (18) | (37) |
| Total Comprehensive Income for the year | 4,757 | 4,663 |

OPERATIONS

During the financial year ended 31st March, 2018, the net profit after tax of the company has increased to Rs. 4,775 lacs, as compared to previous year's net profit after tax of Rs. 4,700 lacs. The turnover of the Company increased to Rs. 994 crores as compared to Rs. 963 crores of the previous year.

DIVIDEND

The Directors are pleased to recommend a dividend of Rs. 3.50 [35%] per equity share for the financial year ended 31st March, 2018.

FUTURE OUTLOOK

On the economic policy front, the effects of demonetisation that spilled into FY 2018 and introduction of the Goods and Services Tax (GST) - the biggest tax reform since independence, had a substantial impact in 2018. While these transformations resulted in temporary disruptions, they were necessary for a robust sustainable growth.

The International Monetary Fund (IMF) remains bullish on India's growth potential for the coming fiscal and has projected its GDP forecast for FY 2019 at 7.3%. Corporate India across sectors has started equipping itself for growth as their capacity utilisation is rising and likely to accelerate in 2019.

The growth in the performance of the manufacturing and construction sectors post demonetisation and GST will have a

positive impact on the demand for water, wastewater treatment and solid waste management in India. Government directive promoting sustainability makes it mandatory to recycle and reuse wastewater. This policy enforces establishment of wastewater treatment plants in some of the key areas and large residential complexes followed by the subsequent reuse of treated wastewater in the city's industrial belt. Directives such as these are a big propellant for the waste water management industry in our country.

The 'Swachh Bharat Abhiyan' and 'Namami Gange' projects are expected to gain momentum after course corrections. Similarly, initiatives by the government such as the 'Smart Cities Mission' and the 'Rural Water Supply and Sanitation (RWSS)' project will create opportunities for your company.

Climate change and its effect put water resources under tremendous pressure. This is amplified by the high water requirements and consumption patterns in urban India which generates the demand for alternative water resources. Your company continues to lead with its technologically superior solutions to meet this demand by treating seawater, sewage and industrial waste where it has set up impressive references.

As India envisages a paradigm shift from the linear to the circular economy, your company is poised to take advantage of the opportunities presented by the ensuing policy amendments. With a robust portfolio of offerings in the water, waste water management and solid waste management industry, a strong customer-centric outlook and a strategic mindset, your company is confident to maintain its leadership position in water industry.

FINANCIAL RESOURCES

Fixed Deposits

The Company has not accepted any deposits during the year, within the meaning of Section 73 of the Companies Act, 2013, read with the Companies (Acceptance of Deposits) Rules, 2014.

Particulars of Loans, Guarantees or Investments

Details of Loans, Guarantees and Investments covered under the provisions of Section 186 of the Companies Act, 2013 are given in the notes to the Financial Statements.

SUBSIDIARY COMPANIES

Aqua Investments (India) Ltd. and Watercare Investments (India) Ltd.

During the year ended 31st March, 2018, the Subsidiary companies M/s. Aqua Investments (India) Limited posted profit after tax of Rs. 17.93 lacs compared to Rs. 14.19 lacs of the previous year and M/s. Water Care Investments (India) Ltd. posted profit of Rs. 11.94 lacs compared to Rs. 10.65 lacs of the previous year.

Ion Exchange Enviro Farms Limited (IEEFL)

The Company achieved a turnover of Rs. 69.40 lacs during the year under review as against Rs. 71.02 lacs in the previous year.

During the pending appeal at Securities Appellate Tribunal (SAT) against SEBI, the Company has submitted additional affidavit containing details of investors exited from the scheme by sale of their lands to third parties. Appeal cites practical difficulties in implementation of SEBI Order for formal closure of the Scheme as most of the investors have already received their lands / refund as per the agreement. Appeal is expected to be taken up for a final hearing shortly.

Ion Exchange Asia Pacific Pte Ltd., Singapore and Ion Exchange Asia Pacific (Thailand) Ltd., Thailand and PT Ion Exchange Asia Pacific, Indonesia

The Company achieved a consolidated turnover of Rs. 842.45 lacs for the year under review.

During the year economic uncertainties in the region continued. The Company has also initiated process of restructuring its operations in this region which has resulted in reduction of losses.

IEI Environmental Management [M] SDN.BHD, Malaysia

The Company achieved a turnover of Rs. 8.51 lacs for the year under review.

The Company's main activity is trading in water chemicals, resins and taking up projects of installing water filtration plants of any nature. The Company has been established with a view of facilitating operations in Malaysia and is a strategic investment which would be crucial for increasing the overall exports to the country.

Ion Exchange Environment Management (BD) Limited, Bangladesh

The Company achieved a turnover of Rs. 1,079.30 lacs for the year under review.

The Company's main focus area is industrial water and waste water treatment. The Company proposes to enter into infrastructure segment in near future.

Ion Exchange WTS (Bangladesh) Limited, Bangladesh

The Company achieved a turnover of Rs. Nil for the year under review.

The Company is currently not in operation.

Ion Exchange & Co. LLC, Oman

The Company achieved a turnover of Rs. 1,821.57 lacs for the year under review as against Rs. 1,944.43 lacs for the previous year. The Company registered profit after tax of Rs. 160.26 lacs as compared to Rs. 179.44 lacs for previous year.

The Company is set up to address the need of Middle East market specially Oman.

The company has started looking into possible infrastructure sector for drinking water and sewage treatment plants.

Ion Exchange LLC, USA

The Company achieved a turnover of Rs. 2,609.39 lacs for the year under review.

Due to increase in turnover and better realisation in some of the product lines, the Company improved its profits from Rs. 64.32 lacs to Rs. 102.06 lacs.

This subsidiary is established to address the needs of US and Canada markets.

The major focus continues to be marketing of Ion Exchange resins. Focus to promote speciality resins has helped in improving the Company's margins.

Ion Exchange Projects and Engineering Limited

The Company achieved a turnover of Rs. 3,345.48 lacs for the year under review.

The Company has provided project Management services and design services to the parent company for its ongoing contracts which ensured better utilisation of its resources thus resulting in substantial reduction of losses from Rs. 633.18 lacs to Rs. 53.77 lacs.

Global Composites and Structural Limited

The Company achieved a turnover of Rs. 439.15 lacs for the year under review.

The Company is in the business of providing integrated engineering services across the life cycle of a project and has expertise in the manufacture of RO pressure tubes and FRP tanks and electrical load distribution for water treatment industries.

Ion Exchange Safic (Pty) Limited, South Africa

The Company's turnover showed improvement from Rs. 564.18 lacs to Rs. 739.17 lacs.

The Company is a Joint venture Company set up in South Africa with Safic (Pty) Ltd. which is a part of Accentuate Group.

During the year under review the business prospects from South Africa and neighboring countries improved. However considering the foreign exchange fluctuations the expected turnover was impacted.

Total Water Management Services (India) Ltd.

The Company achieved a turnover of Rs. 102.80 lacs for the year under review.

The Company is in the business of providing total water management solutions across the spectrum.

During the year Astha Technical Services Limited (an Associate of the Company) was amalgamated with Total Water Management Services Limited (a Subsidiary of the Company). The National Company Law Tribunal, Mumbai Bench approved the amalgamation vide its order dated 24th August, 2017. The shares were issued to the shareholders of Astha Technical Services Limited by Transferee Company i.e. Total Water Management Services on 24th January 2018.

The above results reflect the position after considering the amalgamation

Ion Exchange Purified Drinking Water Pvt. Ltd.

The Company achieved a turnover of Rs. 1,444.48 lacs for the year under review.

Due to improvement in operational efficiencies, the company made profit after tax of Rs. 30.76 lacs as compared to previous years' loss of Rs. 16.01 lacs.

The Company is set-up as a special purpose vehicle to implement PPP (Public Private Partnership) project for bottle water supply to Indian Railway Catering and Tourism Corporation Limited (IRCTC).

ASSOCIATE AND JOINT VENTURE COMPANIES

A statement as required under Section 129 of the Companies Act, 2013, is attached to the Annual Report in form AOC – 1.

DIRECTORS

Mr. M. P. Patni, Director, retires by rotation and being eligible has offered himself for re-appointment.

All Independent Directors have given declarations that they meet the criteria of independence as laid down under Section 149(6) of the Companies Act, 2013 and Regulation 25 of the Listing Regulations.

BOARD PERFORMANCE EVALUATION

Pursuant to the provisions of the Companies Act, 2013 and the Listing Regulations, the Board has carried out an annual performance evaluation of its own performance, the directors individually, as well as the evaluation of the working of its Committees. The evaluation was done after taking into consideration the criteria laid down by Nomination and Remuneration committee. The criteria for evaluation included participation in deliberations, specific contributions made, compliance with company's code of conduct, carrying out assigned tasks in timely and efficient manner and planning and formulating the company's strategies. The performance evaluation of Independent Directors was carried out by the entire Board. The performance evaluation of the Chairman, non-independent Directors and the Board was carried out by Independent Directors. The Board of Directors expressed satisfaction with the evaluation process.

The Board has, on the recommendation of the Nomination & Remuneration Committee framed a policy for selection and appointment of Directors, Senior Management and their remuneration. The Remuneration Policy is stated in the Corporate Governance Report.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirement under Section 134(3) (c) of the Companies Act, 2013 with respect to Directors' Responsibility Statement, it is hereby confirmed that:

- (i) in the preparation of the annual accounts for the year ended 31st March, 2018, the applicable accounting standards have been followed along with proper explanation given relating to material departures, if any;
- (ii) appropriate accounting policies have been selected and applied consistently and judgments and estimates were made that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period;
- (iii) proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities have been taken to the best of their knowledge;
- (iv) the annual accounts have been prepared for the financial year ended 31st March, 2018 on a going concern basis.
- (v) proper internal financial controls were in place and that the financial controls were adequate and were operating effectively.

- (vi) The directors have devised proper systems to ensure compliance with the provisions of all applicable laws were in place and were adequate and operating effectively.

KEY MANAGERIAL PESONNEL

The Company has following persons as Key Managerial Personnel.

| Sr. No. | Name of the Person | Designation |
|---------|--------------------|------------------------------|
| 1 | Mr. Rajesh Sharma | Chairman & Managing Director |
| 2 | Mr. N.M. Ranadive | Chief Financial Officer |
| 3 | Mr. Milind Puranik | Company Secretary |

NUMBER OF MEETINGS OF THE BOARD

The details of number of meetings of the Board held during the financial year 2017-18 forms part of the Corporate Governance Report.

WHISTLE BLOWER POLICY

The Company has a whistle blower policy to report genuine concerns or grievances. The Whistle Blower Policy has been posted on the website of the Company (www.ionindia.com).

RELATED PARTY TRANSACTIONS

All transactions entered with related parties for the year under review were on arm's length basis and in the ordinary course of business and that the provisions of section 188 of the Companies Act, 2013 are not attracted. Further, there are no material related party transactions under review with the promoters, directors or key managerial personnel. The Company has developed a related party transactions framework through standard operating procedures for the purpose of identification and monitoring of such transactions.

As per the policy on Related Party Transactions, the Audit Committee granted omnibus approval for the transactions which are repetitive in nature. The related party transactions were placed before the Audit Committee and the Board on quarterly basis for review, pursuant to omnibus approval.

The policy on related party transactions as approved by the board of directors has been uploaded on the website of the company. The web link of the same has been provided in the corporate governance report. None of the directors has any pecuniary relationship vis.a vis the Company

PARTICULARS OF EMPLOYEES

The information required pursuant to Section 197 read with Rule, 5 of The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 in respect of employees of the Company, will be provided upon request. In terms of Section 136 of the Act, the Report and Accounts are being sent to the Members and others entitled thereto, excluding the information

on employees' particulars which is available for inspection by the Members at the Registered Office of the Company during business hours on working days of the Company up to the date of the ensuing Annual General Meeting. If any Member is interested in obtaining a copy thereof, such Member may write to the Company Secretary in this regard.

SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS.

There are no significant material orders passed by the Regulators / Courts which would impact the going concern status of the Company and its future operations.

QUALITY INITIATIVES

The management of the company has always been committed to high quality products & services to its customers and ensuring safety to its customers and ensuring safety & occupation health of its employees. The integrated occupational health system, OHSAS18001:2007, the Quality system namely ISO9001:2015 and Environmental Management system namely ISO14001:2015 have been adopted by your factories.

The resin facility at Ankleshwar has also obtained renewed prestigious certificates like WQA-Gold seal certificate from Water Quality Association- USA, Kosher Certificate from the Kashruth council of Canada, Halal Certificate from the Manjellis Ulama Indonesia, The Indonesia Council of Ulama, EU certificate from Central Drugs Standard Control Organisation, New Delhi, WHO/GMP, GMP (Good Manufacturing Practice) and GLP (Good Laboratory Practice) certificate from the food and drug control administration Gujarat state. Pharma resin facility has been audited by the USFDA and no objections have been raised.

The Chemical facility at Patancheru is Halal certified by Halal India. Halal India is recognised by IHI (International Halal Integrity Alliance, Malaysia) and are a recognised member with the World Halal Council. This facility also is certified for few of the products for NSF/ANSI 60 certified by UL, Kosher certification and Non-toxic certificate by RCC laboratories as per OECD principle for GLP.

Your company undertakes numerous projects to ensure that the quality of it's products and services consistently remains the best. Further, your company also undertakes regular quality improvements projects to continuously improve level of operational performance.

AUDITORS

Statutory Auditors

Pursuant to the provisions of Section 139 of the Act and the rules framed thereunder, M/s. B S R & Co. LLP, Chartered Accountants (Reg No. 101248W/W-100022), were appointed as statutory auditors of the Company for a period of five years from the conclusion of the fifty first annual general meeting (AGM) of the Company held on September 16, 2015 till the conclusion of the fifty sixth AGM to be held in the year 2020. Ratification of appointment of Statutory Auditors is being sought from the members of the company at the ensuing AGM.

Branch Auditors

The Branch Auditors, M/s. Charantimath Associates appointed to conduct Audit of Ion Exchange Services [A division of Ion Exchange (India) Limited], Bangalore, hold office until the conclusion of this meeting and are eligible for re-appointment. Pursuant to the provisions of section 139 and 143(8) of the Companies Act 2013 and rules framed there under, it is proposed to appoint M/s. Charantimath Associates as branch auditors of the Company from the conclusion of forthcoming AGM till the conclusion of next AGM.

Cost Auditors

Pursuant to Section 148 of the Companies Act, 2013 read with The Companies (Cost Records and Audit) Amendment Rules, 2014, the cost audit records maintained by the Company in respect of its Chemicals Manufacturing activity is required to be audited. Your Directors had, on the recommendation of the Audit Committee, appointed M/s. Kishore Bhatia & Associates to audit the cost accounts of the Company for the financial year ending 31st March 2018.

As required under the Companies Act, 2013, the remuneration payable to the cost auditor is required to be placed before the Members in a general meeting for their ratification. Accordingly, a Resolution seeking Member's ratification for the remuneration payable to M/s. Kishore Bhatia & Associates, Cost Auditors is included in the Notice convening the Annual General Meeting.

CONSOLIDATED FINANCIAL STATEMENTS

As required by Accounting Standard 21 'Consolidated Financial Statements' issued by the Institute of Chartered Accountants of India, the audited Consolidated Financial Statements of the Group are enclosed.

The Company will make available the Annual Accounts of the subsidiary companies and the related detailed information to any member of the Company who may be interested in obtaining the same. The annual accounts of the subsidiary companies are placed on Company's website and the same are open for inspection at the Registered Office of the Company. The Consolidated Financial Statements presented by the Company include the financial results of its subsidiary companies

CORPORATE GOVERNANCE

A report on Corporate Governance as required under Regulation 34 of Listing Regulations read with Schedule V (Part C) forms part of this annual report.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Report on Management discussion and analysis as required under Regulation 34 of Listing Regulations read with Schedule V (Part B) forms part of this annual report.

EXTRACT OF ANNUAL RETURN

The details forming part of the extract of the Annual Return in form MGT 9 is annexed herewith as "Annexure I".

SECRETARIAL AUDIT

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed M/s. GMJ & Associates, a firm of Company Secretaries in Practice to undertake the Secretarial Audit of the Company. The Secretarial Audit Report is annexed herewith as "Annexure II".

CORPORATE SOCIAL RESPONSIBILITY (CSR)

As a part of its initiative under the "Corporate Social Responsibility" (CSR), the Company has undertaken projects in the areas of environment, education and safe drinking water.

These projects are in accordance with Schedule VII of the Companies Act, 2013 and the Company's CSR Policy. The Report on CSR activities as required under Companies (Corporate Social Responsibility Policy) Rules, 2014 is set out as "Annexure III" forming part of this report.

**CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION,
FOREIGN EXCHANGE EARNINGS & OUTGO**

Information in accordance with Section 134 (m) of the Companies Act 2013 read with the Companies (Accounts) Rules, 2014 and forming part of this Report for the year ended 31st March, 2018 is given in "Annexure IV".

ACKNOWLEDGEMENTS

Your Board conveys its deep appreciation of the co-operation extended by customers, suppliers, banks, financial institutions, contribution made by employees for the company's growth, shareholders and fixed deposit holders.

On behalf of the Board of Directors

Rajesh Sharma
Chairman & Managing Director

Mumbai

Date: 23rd May, 2018

Annexure I

Form No.MGT-9

EXTRACT OF ANNUAL RETURN

As on the financial year ended on 31st March 2018

[Pursuant to section 92 (3) of the Companies Act, 2013 and rule 12 (1) of the Companies
(Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

- i) CIN : L74999MH1964PLC014258
- ii) Registration Date : 6th March 1964
- iii) Name of the Company : Ion Exchange (India) Limited
- iv) Category/ Sub-Category of the Company : Public Company / Company Limited by Shares
- v) Address of the Registered office and contact details : Ion House, Dr. E.Moses Road, Mahalaxmi, Mumbai - 400 011
Tel: 022 – 30472042 Fax: 022 – 24938737,
Email: ieil@ionexchange.co.in,
Website: www.ionindia.com
- vi) Whether listed company : Yes
- vii) Name, Address and Contact details of Registrar and Transfer Agent : M/s. TSR Darashaw Limited
Unit: Ion Exchange (India) Limited
6-10, Haji Moosa Patrawala Industrial Estate,
20, Dr. E. Moses Road,
Mahalaxmi, Mumbai – 400 011
Tel No.: 022-6656 8484
Fax No.: 022-6656 8494
Email: csg-unit@tsrdarashaw.com
Website: www.tsrdarashaw.com

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY:

All the business activities contributing 10% or more of the total turnover of the company shall be stated:-

| Sr. No. | Name and Description of main products/ services | NIC Code of the products/services | % to total turnover of the company |
|---------|---|-----------------------------------|------------------------------------|
| 1 | Ion Exchange Resins | 3029,20131 | 19.1% |
| 2 | Water Treatment Plant | 37003,36000 | 39.8% |
| 3 | Chemical Additives | 20119 | 18.3% |

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES:

| Sr. No. | NAME AND ADDRESS OF THE COMPANY | CIN/GLN | HOLDING/ SUBSIDIARY / ASSOCIATE | % OF SHARES HELD | APPLICABLE SECTION |
|---------|---|-----------------------|---------------------------------|------------------|--------------------|
| 1 | Aqua Investments (India) Limited Ion House Dr. E. Moses Road, Mahalaxmi, Mumbai 400 011 | U65990MH1994PLC080386 | Subsidiary | 99.42 | 2 (87) |

| Sr. No. | NAME AND ADDRESS OF THE COMPANY | CIN/GLN | HOLDING/ SUBSIDIARY / ASSOCIATE | % OF SHARES HELD | APPLICABLE SECTION |
|-----------------------------|--|-----------------------|---------------------------------|------------------|--------------------|
| 2 | Watercare Investments (India) Limited Ion House Dr. E. Moses Road, Mahalaxmi, Mumbai 400 011 | U67120MH1994PLC080385 | Subsidiary | 99.43 | 2 (87) |
| 3 | Ion Exchange Enviro Farms Limited Ion House Dr. E. Moses Road, Mahalaxmi, Mumbai 400 011 | U01110MH1995PLC091478 | Subsidiary | 79.60 | 2 (87) |
| 4 | Global Composites & Structural Ltd. Village Nikhole Post - Khanivali Wada, Maharashtra INDIA - 421303 | U26102MH2006PLC161108 | Subsidiary | 73.92 | 2 (87) |
| 5 | Ion Exchange Projects & Engineering Ltd. Ion House Dr. E. Moses Road, Mahalaxmi, Mumbai 400 011 | U74200MH2011PLC216024 | Subsidiary | 91.81 | 2 (87) |
| 6 | Ion Exchange Purified Drinking Water Pvt. Ltd. Ion House Dr. E. Moses Road, Mahalaxmi, Mumbai 400 011 | U41000MH2013PTC248560 | Subsidiary | 100 | 2 (87) |
| 7 | Total Water Management Services (I) Limited Ion House, Dr. E. Moses Road, Mahalaxmi, Mumbai 400 011 | U74999MH1991PLC062866 | Subsidiary | 70.19 | 2 (87) |
| Foreign Subsidiaries | | | | | |
| 8 | Ion Exchange Asia Pacific Pte. Ltd. 45 Cantonment Road Singapore 089748 | Not Applicable | Subsidiary | 100 | 2 (87) |
| 9 | IEI Environmental Management (M) Sdn. Bhd. D3-3-1, Block D3 Pusat Perdagangan Dana 1 Jalan PJU 1A/46,PJU 1A, 47301 Petaling Jaya Selangor Malaysia. | Not Applicable | Subsidiary | 100 | 2 (87) |
| 10 | Ion Exchange Environment Management (BD) Limited House No.22, 4th Flr, Road # 13/C, Block No. E, Banani, Dhaka - 1213 Bangladesh | Not Applicable | Subsidiary | 100 | 2 (87) |
| 11 | Ion Exchange LLC 4033 Clipper Court Fremont CA 94538 USA | Not Applicable | Subsidiary | 100 | 2 (87) |

| Sr. No. | NAME AND ADDRESS OF THE COMPANY | CIN/GLN | HOLDING/ SUBSIDIARY / ASSOCIATE | % OF SHARES HELD | APPLICABLE SECTION |
|-------------------|---|-----------------------|---------------------------------|--|--------------------|
| 12 | Ion Exchange & Company LLC PO Box no. 69, Postal Code 112 Rwwi GSM 99448679 Oman | Not Applicable | Subsidiary | 51 | 2 (87) |
| 13 | Ion Exchange Asia Pacific (Thailand) Limited 267/263 New Town, Sukhumvit Road, Amphur Muang, Map At Phut, Rayong 21150, Thailand | Not Applicable | Subsidiary of Subsidiary | 100 | 2 (87) |
| 14 | Ion Exchange WTS (Bangladesh) Limited House No.22, 4 th Floor, Road 13/C, Block No. E, Banani, Dhaka- 1213 Bangladesh | Not Applicable | Subsidiary | 100 | 2 (87) |
| 15 | Ion Exchange Safic Pty. Ltd. Accenture Business Part, 32Steele Street Steeledale Johannesburg 2197 South Africa | Not Applicable | Subsidiary | 60 | 2 (87) |
| 16 | PT Ion Exchange Asia Pacific, Indonesia JI, Ahmad Yani No. 2 Komplek Perkantoran Pulomas Satu Gedung V Lantai 1 Ruang 06, Kel, Kec. Pulo Gadung, Kota Administrasi Jakarta Indonesia | Not Applicable | Subsidiary of Subsidiary | 95 | 2 (87) |
| Associates | | | | | |
| 17 | Ion Exchange Waterleau Limited Ion House Dr. E. Moses Road, Mahalaxmi, Mumbai 400 011 | U45204MH2005PLC157554 | Associate | 50 | 2 (6) |
| 18 | Aquanomics Systems Limited CIDCO Industrial Area, Plot No.61, Sector No.1, Shirvane, Nerul (E), Navi Mumbai 400706 | U67120MH1994PLC080387 | Associate | 48.42 | 2 (6) |
| 19 | Ion Exchange Financial Products Pvt. Ltd. Ion House Dr. E. Moses Road, Mahalaxmi, Mumbai 400 011 | U67190MH1994PTC080388 | Associate | 24.02 (holding through Subsidiary Companies) | 2 (6) |
| 20 | IEI Water-Tech (M) Sdn. Bhd Suite 1904, 19th Floor Kenanga International, Jalan Sultan Ismail 50250, Kuala Lumpur | Not Applicable | Associate | 30 (holding through Subsidiary Company) | 2 (6) |
| 21 | Ion Exchange PSS Co. Ltd. 135/9 Amorpan Bldg 205 Tower II 7 th Flr, Soi Nathong, Ratchadapisek Rd, Dindaeng, Bangkok | Not Applicable | Associate | 49 (holding through Subsidiary Company) | 2 (6) |

IV. SHAREHOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity):

i) Category-wise Share Holding

| Category of Shareholders | | No. of Shares held at the beginning of the year (01.04.2017) | | | | No. of Shares held at the end of the year (31.03.2018) | | | | % Change during the year |
|--|--|---|------------------|------------------|-------------------|---|------------------|------------------|-------------------|--------------------------|
| | | Demat | Physical | Total | % of Total Shares | Demat | Physical | Total | % of Total Shares | |
| A. Promoters (including promoter group) | | | | | | | | | | |
| (1) Indian | | | | | | | | | | |
| a) Individual/HUF | | 3,297,917 | 0 | 3,297,917 | 22.49 | 3,297,917 | 0 | 3,297,917 | 22.49 | 0 |
| b) Central Govt | | 0 | 0 | 0 | | | 0 | | | 0 |
| c) State Govt (s) | | 0 | 0 | 0 | | | 0 | | | 0 |
| d) Bodies Corp. | | 253,803 | 234,493 | 488,296 | 3.33 | 253,803 | 234,493 | 488,296 | 3.33 | 0 |
| e) Banks/FI | | 0 | 0 | 0 | | | 0 | | | 0 |
| f) Any Other.... (Employee Welfare Trust) | | 122,500 | 2,550,014 | 2,672,514 | 18.22 | 122,500 | 2,550,014 | 2,672,514 | 18.22 | 0 |
| Sub-total(A)(1):- | | 3,674,220 | 2,784,507 | 6,458,727 | 44.04 | 3,674,220 | 2,784,507 | 6,458,727 | 44.04 | 0 |
| (2) Foreign | | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0 | 0 |
| a) NRIs-Individuals | | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0 | 0 |
| b) Other- Individuals | | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0 | 0 |
| c) Bodies Corp. | | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0 | 0 |
| d) Banks/FI | | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0 | 0 |
| e) Any Other.... | | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0 | 0 |
| Sub-total(A)(2):- | | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0 | 0 |
| | Total share holding of Promoter (A) = (A) (1) + (A) (2) | 3,674,220 | 2,784,507 | 6,458,727 | 44.04 | 3,674,220 | 2,784,507 | 6,458,727 | 44.04 | 0 |
| B. Public Shareholding | | | | | | | | | | |
| 1. Institutions | | | | | | | | | | |
| a) Mutual Funds | | 43,211 | 5,184 | 48,395 | 0.33 | 618,111 | 250 | 618,361 | 4.22 | 3.89 |
| b) Banks/FI | | 183 | 94 | 277 | 0 | 183 | 94 | 277 | 0.00 | 0.00 |
| c) Central Govt | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0.00 | 0.00 |
| d) State Govt(s) | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0.00 | 0.00 |
| e) Venture Capital Funds | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0.00 | 0.00 |
| f) Insurance Companies | | 166,230 | 0 | 166,230 | 1.13 | 166,230 | 0 | 166,230 | 1.13 | 0.00 |
| g) FIIs | | 8,000 | 50 | 8,050 | 0.05 | 35,456 | 0 | 35,456 | 0.24 | 0.19 |
| h) Foreign Venture Capital Funds | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0.00 | 0.00 |
| i) Others (specify) | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0.00 | 0.00 |
| i-a) Alternate Investment Funds | | 0 | 0 | 0 | 0.00 | 154,000 | 0 | 154,000 | 1.05 | 1.05 |
| Sub-total(B)(1):- | | 217,624 | 5,328 | 222,952 | 1.52 | 973,980 | 1,378 | 975,358 | 6.65 | 5.13 |

| Category of Shareholders | | No. of Shares held at the beginning of the year (01.04.2017) | | | | No. of Shares held at the end of the year (31.03.2018) | | | | % Change during the year |
|---|--|---|------------------|-------------------|-------------------|---|------------------|-------------------|-------------------|--------------------------|
| | | Demat | Physical | Total | % of Total Shares | Demat | Physical | Total | % of Total Shares | |
| 2. | Non-Institutions | | | | | | | | | |
| a) | Bodies Corp. | | | | | | | | | |
| | i) Indian | 1,552,571 | 10,980 | 1,563,551 | 10.66 | 807,598 | 10,659 | 818,257 | 5.58 | -5.08 |
| | ii) Overseas | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0 | 0 |
| b) | Individuals | | | | | | | | | |
| | i) Individual shareholders holding nominal share capital upto Rs. 1 lac | 2,763,603 | 528,175 | 3,291,778 | 22.44 | 2,942,462 | 427,064 | 3,369,526 | 22.97 | 0.53 |
| | ii) Individual shareholders holding nominal share capital in excess of Rs1 lac | 2,881,792 | 69,184 | 2,950,976 | 20.12 | 2,761,419 | 69,184 | 2,830,603 | 19.30 | -0.82 |
| c) | Others (specify) | | | | | | | | | |
| | i. Trust | 1,010 | 0 | 1,010 | 0.01 | 1,010 | 0 | 1,010 | 0.01 | 0.00 |
| | ii. NRI | 175,958 | 1,707 | 177,665 | 1.21 | 211,768 | 1,410 | 213,178 | 1.45 | 0.24 |
| Sub-total(B)(2):- | | 7,374,934 | 6,100,46 | 7,984,980 | 54.44 | 6,724,257 | 508,317 | 7,232,574 | 49.31 | -5.13 |
| Total Public Share holding (B) = (B) (1) + (B) (2) | | 7,592,558 | 615,374 | 8,207,932 | 55.96 | 7,698,237 | 509,695 | 8,207,932 | 55.96 | 0.00 |
| C. | Shares held by Custodian for GDRs & ADRs | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0 | 0 |
| | Grand Total (A+B+C) | 112,66,778 | 3,399,881 | 14,666,659 | 100 | 11,372,457 | 3,294,202 | 14,666,659 | 100 | 0 |

(ii) Shareholding of Promoters (including Promoter Group)

| Sr. No. | Shareholder's Name | Shareholding at the beginning of the year (01.04.2017) | | | Shareholding at the end of the year (31.03.2018) | | | % change in shareholding during the year |
|---------|----------------------|--|----------------------------------|--|--|----------------------------------|--|--|
| | | No. of Shares | % of total Shares of the company | % of total Shares Pledged/cumbered of total Shares | No. of Shares | % of total Shares of the company | % of Shares Pledged/encumbered to total shares | |
| 1 | Rajesh Sharma | 781,218 | 5.33 | 0 | 781,218 | 5.33 | 0 | 0 |
| 2 | Mahabir Prasad Patni | 711,747 | 4.85 | 0 | 711,747 | 4.85 | 0 | 0 |
| 3 | Dinesh Sharma | 588,521 | 4.01 | 0 | 588,521 | 4.01 | 0 | 0 |
| 4 | Aankur Patni | 254,668 | 1.74 | 0 | 254,668 | 1.74 | 0 | 0 |
| 5 | Bimal Jain | 414,098 | 2.82 | 0 | 414,098 | 2.82 | 0 | 0 |
| 6 | Poonam Sharma | 49,650 | 0.34 | 0 | 49,650 | 0.34 | 0 | 0 |
| 7 | Aruna Sharma | 107,895 | 0.74 | 0 | 107,895 | 0.74 | 0 | 0 |
| 8 | Uma Ranganathan | 373,274 | 2.55 | 0 | 373,274 | 2.55 | 0 | 0 |
| 9 | Nirmala Patni | 8,300 | 0.06 | 0 | 8,300 | 0.06 | 0 | 0 |
| 10 | Anita Jain | 5,546 | 0.04 | 0 | 5,546 | 0.04 | 0 | 0 |

| Sr. No. | Shareholder's Name | Shareholding at the beginning of the year (01.04.2017) | | | Shareholding at the end of the year (31.03.2018) | | | % change in shareholding during the year |
|--------------|---|--|----------------------------------|---|--|----------------------------------|---|--|
| | | No. of Shares | % of total Shares of the company | % of total Shares Pledged/ cumbered of total Shares | No. of Shares | % of total Shares of the company | % of Shares Pledged/ encumbered to total shares | |
| 11 | Pallavi Sharma | 2,000 | 0.01 | 0 | 2,000 | 0.01 | 0 | 0 |
| 12 | Nidhi Patni | 1,000 | 0.01 | 0 | 1,000 | 0.01 | 0 | 0 |
| 13 | Ion Exchange Financial Products Pvt. Ltd. | 50,422 | 0.34 | 0 | 50,422 | 0.34 | 0 | 0 |
| 14 | Aqua Investments (India) Ltd. | 253,803 | 1.73 | 0 | 253,803 | 1.73 | 0 | 0 |
| 15 | Watercare Investments (India) Ltd. | 184,071 | 1.26 | 0 | 184,071 | 1.26 | 0 | 0 |
| 16 | Trust (HMIL) | 9,600 | 0.06 | 0 | 9,600 | 0.06 | 0 | 0 |
| 17 | Trust (IEIL) | 2,662,914 | 18.15 | 0 | 2,662,914 | 18.15 | 0 | 0 |
| TOTAL | | 6,458,727 | 44.04 | 0 | 6,458,727 | 44.04 | 0 | 0 |

(iii) **Change in Promoters' Shareholding (please specify, if there is no change)- NIL**

(iv) **Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):**

| Sr no | Name of the Shareholders | No. of Shares at the beginning of the year April 1,2017 | % of total shares of the Company | Date wise Increase / Decrease in Share holding during the year specifying the reasons | | | Cumulative Shareholding during the year | % of Total shares of the company |
|-------|--|---|----------------------------------|---|---------|--------------------|---|----------------------------------|
| | | | | Date | Reasons | Increase/ Decrease | No. of shares | |
| 1 | Rakesh Jhunjhunwala | 800,000 | 5.45 | - | - | - | 800,000 | 5.45 |
| | At the end of the year (31-03-2018) | | | - | - | - | 800,000 | 5.45 |
| 2 | Reliance Capital Trustee Co. Ltd-A/C Reliance Small Cap Fund | 43,161 | 0.29 | - | - | - | 618,061 | 4.21 |
| | | | 21-04-2017 | Increase | 9,691 | | | |
| | | | 28-04-2017 | Increase | 1,094 | | | |
| | | | 05-05-2017 | Increase | 21,615 | | | |
| | | | 12-05-2017 | Increase | 8,780 | | | |
| | | | 19-05-2017 | Increase | 14,397 | | | |
| | | | 26-05-2017 | Increase | 49,986 | | | |
| | | | 02-06-2017 | Increase | 24,008 | | | |
| | | | 09-06-2017 | Increase | 2,305 | | | |
| | | | 16-06-2017 | Increase | 48,500 | | | |
| | | | 23-06-2017 | Increase | 11,269 | | | |
| | | | 30-06-2017 | Increase | 24,420 | | | |
| | | | 14-07-2017 | Increase | 1,641 | | | |
| | | | 04-08-2017 | Increase | 15,480 | | | |
| | | | 11-08-2017 | Increase | 4,009 | | | |
| | | | 18-08-2017 | Increase | 12,300 | | | |

| Sr no | Name of the Shareholders | No. of Shares at the beginning of the year April 1,2017 | % of total shares of the Company | Date wise Increase / Decrease in Share holding during the year specifying the reasons | | | Cumulative Shareholding during the year | % of Total shares of the company |
|-------|--|---|----------------------------------|---|----------|--------------------|---|----------------------------------|
| | | | | Date | Reasons | Increase/ Decrease | No. of shares | |
| | | | | 15-09-2017 | Increase | 9,836 | | |
| | | | | 22-09-2017 | Increase | 8,758 | | |
| | | | | 29-09-2017 | Increase | 43,246 | | |
| | | | | 06-10-2017 | Increase | 2,916 | | |
| | | | | 13-10-2017 | Increase | 44,456 | | |
| | | | | 20-10-2017 | Increase | 23,611 | | |
| | | | | 27-10-2017 | Increase | 12,736 | | |
| | | | | 31-10-2017 | Increase | 27,742 | | |
| | | | | 03-11-2017 | Increase | 31,701 | | |
| | | | | 10-11-2017 | Increase | 29,243 | | |
| | | | | 02-02-2018 | Increase | 32,699 | | |
| | | | | 02-02-2018 | Increase | 35,000 | | |
| | | | | 09-02-2018 | Increase | 1,301 | | |
| | | | | 30-03-2018 | Increase | 22,160 | | |
| | At the end of the year (31-03-2018) | - | - | - | - | - | 618,061 | 4.21 |
| 3 | Mukul Mahavir Prasad Agrawal | 250,946 | 1.71 | - | - | - | 250,946 | 1.71 |
| | At the end of the year (31-03-2018) | - | - | - | - | - | 250,946 | 1.71 |
| 4 | General Insurance Corporation Of India | 166,230 | 1.13 | - | - | - | 166,230 | 1.13 |
| | At the end of the year (31-03-2018) | - | - | - | - | - | 166,230 | 1.13 |
| 5 | EQ India Fund | - | - | | | | 154,000 | 1.05 |
| | | | | 22-12-2017 | Increase | 41,213 | | |
| | | | | 29-12-2017 | Increase | 73,787 | | |
| | | | | 05-01-2018 | Increase | 19,000 | | |
| | | | | 12-01-2018 | Increase | 20,000 | | |
| | At the end of the year (31-03-2018) | | | - | - | - | 154,000 | 1.05 |
| 6 | Ajay Anoop Popat | 137,242 | 0.94 | - | - | - | 137,242 | 0.94 |
| | At the end of the year (31-03-2018) | - | - | - | - | - | 137,242 | 0.94 |
| 7 | Devi Menon | 110,000 | 0.75 | - | - | - | 110,000 | 0.75 |
| | At the end of the year (31-03-2018) | - | - | - | - | - | 110,000 | 0.75 |
| 8 | Maverick Financial Services Pvt. Ltd | 67,670 | 0.46 | - | - | - | 67,670 | 0.46 |
| | | | | 16/06/2017 | Increase | 10,000 | | |
| | | | | 23/06/2017 | Increase | 16,182 | | |
| | | | | 04/08/2017 | Increase | 2,000 | | |
| | | | | 22/12/2017 | Increase | 2,975 | | |
| | | | | 29/12/2017 | Decrease | -2,182 | | |
| | | | | 30/12/2017 | Decrease | -521 | | |
| | | | | 05/01/2018 | Decrease | -7,034 | | |

| Sr no | Name of the Shareholders | No. of Shares at the beginning of the year April 1,2017 | % of total shares of the Company | Date wise Increase / Decrease in Share holding during the year specifying the reasons | | | Cumulative Shareholding during the year | % of Total shares of the company |
|-------|--|---|----------------------------------|---|----------|--------------------|---|----------------------------------|
| | | | | Date | Reasons | Increase/ Decrease | No. of shares | |
| | | | | 12/01/2018 | Decrease | -6,420 | | |
| | | | | 19/01/2018 | Increase | 24,658 | | |
| | | | | 23/02/2018 | Decrease | -34,861 | | |
| | | | | 02/03/2018 | Increase | 37,466 | | |
| | | | | 23/03/2018 | Decrease | -604 | | |
| | | | | 30/03/2018 | Decrease | -2,847 | | |
| | At the end of the year (31-03-2018) | | | - | - | - | 106,482 | 0.73 |
| 9 | Nitin Tandon | 96,300 | 0.66 | - | - | - | 96,300 | 0.66 |
| | At the end of the year (31-03-2018) | - | - | - | - | - | 96,300 | 0.66 |
| 10 | Hampton Investments Private Limited | 441,787 | 3.01 | - | - | - | 441,787 | 3.01 |
| | | | | 07/04/2017 | Decrease | -6,700 | | |
| | | | | 21/04/2017 | Decrease | -7,700 | | |
| | | | | 05/05/2017 | Decrease | -2,900 | | |
| | | | | 02/06/2017 | Decrease | -53,200 | | |
| | | | | 09/06/2017 | Increase | 22 | | |
| | | | | 23/06/2017 | Decrease | -27,175 | | |
| | | | | 30/06/2017 | Decrease | -27,885 | | |
| | | | | 07/07/2017 | Decrease | -4,036 | | |
| | | | | 21/07/2017 | Decrease | -5,380 | | |
| | | | | 04/08/2017 | Decrease | -2,120 | | |
| | | | | 29/09/2017 | Decrease | -45,464 | | |
| | | | | 06/10/2017 | Decrease | -37,450 | | |
| | | | | 13/10/2017 | Decrease | -29,225 | | |
| | | | | 20/10/2017 | Decrease | -16,275 | | |
| | | | | 27/10/2017 | Decrease | -28,685 | | |
| | | | | 31/10/2017 | Decrease | -12,335 | | |
| | | | | 03/11/2017 | Decrease | -3,450 | | |
| | | | | 17/11/2017 | Decrease | -5,560 | | |
| | | | | 24/11/2017 | Decrease | -2,800 | | |
| | | | | 01/12/2017 | Decrease | -4,525 | | |
| | | | | 08/12/2017 | Decrease | -24,140 | | |
| | | | | 15/12/2017 | Decrease | -3,625 | | |
| | | | | 22/12/2017 | Decrease | -2,710 | | |
| | | | | 29/12/2017 | Decrease | -4,400 | | |
| | | | | 26/01/2018 | Decrease | -10,434 | | |
| | At the end of the year (31-03-2018) | - | - | - | - | - | 73,635 | 0.50 |

(v) **Shareholding of Directors and Key Managerial Personnel:**

| Name of the Shareholders | No. of Shares at the beginning of the year April 1, 2017 | % of total shares of the Company | Date wise Increase / Decrease in Share holding during the year specifying the reasons | | | Cumulative Shareholding during the year | % of Total shares of the company |
|--|--|----------------------------------|---|----------|---------------------|---|----------------------------------|
| | | | Date | Reason | Increase / Decrease | No. of shares | |
| Rajesh Sharma | 781,218 | 5.33 | - | - | - | 781,218 | 5.33 |
| At the end of the year (31-03-2018) | - | - | - | - | - | 781,218 | 5.33 |
| Mahabir Prasad Patni | 711,747 | 4.85 | - | - | - | 711,747 | 4.85 |
| At the end of the year (31-03-2018) | - | - | - | - | - | 7,11,747 | 4.85 |
| Dinesh Sharma | 588,521 | 4.01 | - | - | - | 588,521 | 4.01 |
| At the end of the year (31-03-2018) | - | - | - | - | - | 588,521 | 4.01 |
| Aankur Patni | 254,668 | 1.74 | - | - | - | 254,668 | 1.74 |
| At the end of the year (31-03-2018) | - | - | - | - | - | 254,668 | 1.74 |
| Vijay Narhar Gupchup | 108,234 | 0.74 | - | - | - | 108,234 | 0.74 |
| At the end of the year (31-03-2018) | - | - | - | - | - | 108,234 | 0.74 |
| Abhiram Seth | 78,750 | 0.54 | - | - | - | 78,750 | 0.54 |
| At the end of the year (31-03-2018) | - | - | - | - | - | 78,750 | 0.54 |
| Thekkekara Meloth Mohan Nambiar | 56,200 | 0.38 | - | - | - | 56,200 | 0.38 |
| At the end of the year (31-03-2018) | - | - | - | - | - | 56,200 | 0.38 |
| Parthasarathy Sampath Kumar | 25,000 | 0.17 | - | - | - | 25,000 | 0.17 |
| At the end of the year (31-03-2018) | - | - | - | - | - | 25000 | 0.17 |
| Kishori Jayendra Udeshi | 350 | 0.00 | - | - | - | 350 | 0.00 |
| At the end of the year (31-03-2018) | - | - | - | - | - | 350 | 0.00 |
| Milind Puranik | 15,501 | 0.11 | - | - | - | 15,501 | 0.11 |
| | | | 24-11-2017 | Sell | 100 | | |
| | | | 01-12-2017 | Sell | 400 | | |
| | | | 29-12-2017 | Sell | 300 | | |
| | | | 02-03-2018 | Sell | 100 | | |
| | | | 30-03-2018 | Sell | 100 | | |
| At the end of the year (31-03-2018) | - | - | | | | 14,501 | 0.10 |
| Nandkumar Manohar Ranadive | 40,000 | 0.27 | - | - | - | 40,000 | 0.27 |
| At the end of the year (31-03-2018) | - | - | - | - | - | 40,000 | 0.27 |

V. INDEBTEDNESS:

Indebtedness of the Company including interest outstanding/accrued but not due for payment

(Amount in Rupees)

| | | Secured Loans excluding deposits | Unsecured Loans | Deposits | Total Indebtedness |
|------|--|---|----------------------------|------------------|-------------------------------|
| | Indebtedness at the beginning of the financial year | | | | |
| i) | Principal Amount | 725,716,191 | 141,708,921 | 1,055,000 | 868,480,112 |
| ii) | Interest due but not paid | - | - | - | - |
| iii) | Interest accrued but not due | 2,722,308 | 550,086 | - | 3,272,394 |
| | Total (i+ii+iii) | 728,438,499 | 142,259,007 | 1,055,000 | 871,752,506 |
| | Change in Indebtedness during the financial year | | | | |
| I | Addition | 367,038,718 | 710,000,000 | - | 1,077,038,718 |
| I | Reduction | 102,069,564 | 456,204,780 | 225,000 | 558,499,344 |
| | Net Change | 264,969,154 | 253,795,220 | (225,000) | 518,539,374 |
| | Indebtedness at the end of the financial year | | | | |
| i) | Principal Amount | 990,685,345 | 395,504,141 | 830,000 | 1,387,019,486 |
| ii) | Interest due but not paid | - | - | - | - |
| iii) | Interest accrued but not due | 2,727,841 | 1,107,426 | - | 3,835,267 |
| | Total (i+ii+iii) | 993,413,186 | 396,611,567 | 830,000 | 1,390,854,753 |

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL:

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

| Sr. No. | Particulars of Remuneration | Name of MD/WTD/Manager | | | Total Amount (Rs.) |
|--------------------|--|-------------------------------|----------------------|---------------------|-----------------------------------|
| | | Rajesh Sharma | Dinesh Sharma | Aankur Patni | |
| 1. | Gross salary | | | | |
| | (a) Salary as per provisions contained in section 17 (1) of the Income-taxAct,1961 | 30,303,112 | 13,795,922 | 14,109,404 | 58,208,438 |
| | (b) Value of perquisites u/s17(2) Income-taxAct,1961 | 766,421 | 139,600 | 11,139 | 917,160 |
| | (c) Profits in lieu of salary under section 17(3) Income-tax-Act,1961 | - | - | - | - |
| 2. | Stock Option | - | - | - | - |
| 3. | Sweat Equity | - | - | -- | |
| 4. | Commission - As % of profit - others, specify... | - | - | - | - |
| 5. | Others, please specify - Retirals | 6,012,090 | 2,672,040 | 2,672,040 | 11,356,170 |
| | Total(A) | 37,081,623 | 16,607,562 | 16,792,583 | 70,481,768 |

B. Remuneration to other Directors:

1. Independent Directors

| Sr. No. | Particulars of Remuneration | Name of Directors | | | | | | Total Amount (Rs.) |
|-----------|---|-------------------|------------------|------------------|------------------|------------------|------------------|--------------------|
| | | Dr. V. N. Gupchup | T M M Nambiar | P. Sampath Kumar | Abhiram Seth | Shishir Tamotia | Kishori Udeshi | |
| 1. | Independent Directors | | | | | | | |
| ● | Fee for attending board/ committee meetings | 820,000 | 425,000 | 325,000 | 350,000 | 325,000 | 735,000 | 2,980,000 |
| ● | Commission | 1,000,000 | 1,000,000 | 1,000,000 | 1,000,000 | 1,000,000 | 1,000,000 | 6,000,000 |
| ● | Others, please specify | - | - | - | - | - | - | - |
| | Total(1) | 1,820,000 | 1,425,000 | 1,325,000 | 1,350,000 | 1,325,000 | 1,735,000 | 8,980,000 |

2. Other Non- Executive Directors

| Sr. No. | Particulars of Remuneration | Name of Directors | Total Amount (Rs.) | |
|-----------|--|-------------------|--------------------|--|
| | | M. P. Patni | | |
| 2. | Other Non- Executive Directors | | | |
| 1 | Fee for attending board/committee meetings | 325,000 | | |
| 2 | Commission | 1,000,000 | | |
| 3 | Others, please specify | - | | |
| | Total(2) | 1,325,000 | 1,325,000 | |
| | Total(B)=(1+2) | | 10,305,000 | |
| | Total Managerial Remuneration (A+B) | | 80,786,768 | |

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD / MANAGER / WTD

| Sr. no. | Particulars of Remuneration | Key Managerial Personnel | | |
|---------|---|--------------------------|-------------------------|------------------|
| | | Company Secretary | Chief Financial Officer | Total (Rs.) |
| | | Mr. Milind Puranik | Mr. N.M. Ranadive | |
| 1. | Gross salary | | | |
| | (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 | 2,124,293 | 5,809,898 | 7,934,191 |
| | (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 | 35,583 | 45,485 | 81,068 |
| | (c) Profits in lieu of salary under section 17 (3) Income-tax Act, 1961 | - | - | - |
| 2. | Stock Option | - | - | - |
| 3. | Sweat Equity | - | - | - |
| 4. | Commission - As % of profit - others, specify... | - | - | - |
| 5. | Others, please specify - Retirals | 274,838 | 638,236 | 913,074 |
| | Total | 2,434,714 | 6,493,619 | 8,928,333 |

VII. PENALTIES/ PUNISHMENT/ COMPOUNDING OF OFFENCES: Not Applicable

On behalf of the Board of Directors

Rajesh Sharma
Chairman & Managing Director

Mumbai

Date : 23rd May, 2018

Annexure II
FORM MR - 3
SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED 31st MARCH, 2018

[Pursuant to section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,

The Members,
Ion Exchange (India) Limited
Ion House, Dr. E. Moses Road,
Mahalaxmi,
Mumbai - 400 011

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Ion Exchange (India) Limited** (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorised representatives during the conduct of Secretarial Audit, we hereby report that in our opinion, the Company has, during the audit period covering the Financial Year ended on 31st March, 2018 complied with the statutory provisions of the applicable Acts listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company, for the Financial Year ended on 31st March, 2018 according to the provisions of:

- i. The Companies Act, 2013 (the Act) and the rules made thereunder;
- ii. The Companies Amendment Act, 2017 (to the extent notified);
- iii. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- iv. The Depositories Act, 1996 and the regulations and bye-laws framed thereunder;
- v. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment and Overseas Direct Investment;
- vi. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') :-
 - a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - c) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
 - d) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009; [Not applicable during the period of audit]
 - e) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014; [Not applicable during the period of audit]
 - f) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations 2008; [Not applicable during the period of audit]
 - g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and

- h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 [Not applicable during the period of audit]
- vii. We report that the Company operates in manufacturing of water treatment chemicals, water treatment products and water treatment plants and apart from Labour Laws and Environment, Pollution and safety related compliances no specific Acts were applicable to the Company.

We have also examined compliance with the applicable clauses of the following:

- i. Secretarial Standards with respect to Board and General Meetings (SS-1 and SS-2) specified by The Institute of Company Secretaries of India;
- ii. The Listing Agreements entered into by the Company with BSE Limited read with The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

During the year under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc.

We further report that -

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors.

Adequate notice is given to all Directors to schedule the Board Meetings, Board Committee Meetings, agenda and detailed notes on agenda were sent well in advance and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

All decisions are carried out unanimously at Board Meetings and Committee Meetings and recorded in the minutes of the meeting of the Board of Directors or Committees of the Board, as the case may be.

We further report that based on the information provided and the representation made by the Chief Financial Officer/Company Secretary and taken on record by the Board of Directors of the Company, in our opinion, there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

As informed, the Company has responded appropriately to notices received from various statutory/regulatory authorities including initiating actions for corrective measures, wherever found necessary.

We further report that during the audit period, the Company had no events which had bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, etc. referred to above.

For GMJ & ASSOCIATES

Company Secretaries

[CS PRABHAT MAHESHWARI]

PARTNER

FCS No. : 2405

COP No. : 1432

Place: Mumbai

Date: 23rd May, 2018

Note: This report is to be read with our letter of even date which is annexed as Annexure I and forms an integral part of this report.

ANNEXURE I

To,
The Members,
Ion Exchange (India) Limited
Ion House, Dr. E. Moses Road, Mahalaxmi,
Mumbai 400 011.

Our report of even date is to be read along with this letter:

1. Maintenance of secretarial records is the responsibility of management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and books of accounts of the Company.
4. Wherever required, we have obtained the Management Representation about the compliance of laws, rules and regulations and happening of events, etc.
5. The compliance of the provisions of corporate and other applicable laws, rules and regulations, standards is the responsibility of the management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For **GMJ & ASSOCIATES**

Company Secretaries

[**CS PRABHAT MAHESHWARI**]

PARTNER

FCS No. : 2405

COP No. : 1432

Place: Mumbai

Date: 23rd May, 2018

Annexure III

Corporate Social Responsibility (CSR)

[Pursuant to clause (o) of sub-section (3) of section 134 of the Act and Rule 9 of the Companies (Corporate Social Responsibility) Rules, 2014]

1. A brief outline of the Company's CSR policy:

The CSR policy is available on the Company's website. The CSR policy was approved by the board at its Meeting held on 17th March, 2015 and is been uploaded on the website of the Company.

All projects under the Ion Exchange umbrella are implemented by Ion Foundation, a Company incorporated under Section 8 of the Companies Act, 2013.

The focus areas are Education, Health & Hygiene and Environment for initiatives near our Company's manufacturing sites, besides other locations.

The web link is: www.ionindia.com/pdf/ionindia/CSR%20Policy.pdf

2. The Composition of the CSR Committee:

| Name | Chairman / Member |
|-------------------|-------------------|
| Dr. V. N. Gupchup | Chairman |
| Ms. K. J. Udeshi | Member |
| Mr. M. P. Patni | Member |
| Mr. Rajesh Sharma | Member |

3. Average net profit of the company for last three financial years : Rs. 492,779,471/-

4. Prescribed CSR Expenditure (2% per cent of the amount as in item 3 above): Rs. 9,855,589/-

5. Details of CSR spent during the financial year.

(a) Total amount spent during the financial year: Rs. 9,860,000/-

(b) Amount unspent, if any: Nil

(c) Manner in which the amount spent during the financial year is detailed below.

| S. No | CSR project or activity identified | Sector in which project covered | Projects or programs (1) Local area or other (2) Specify the State and Dist. Where projects or program was undertaken | Amount outlay (budget) project or program-wise | Amount spent on the projects or programs Sub-heads (1) Direct expenditure on projects or programs (2) verheads | Cumulative exp upto reporting period | Amount spent : Direct or thru imple-menting agency |
|-------|---|---------------------------------|---|--|--|--------------------------------------|--|
| 1 | Educational assistance to Chitkul Primary School (410 students) | Education | Medak, Telangana State | 288,000 | 277,738 | 277,738 | 277,738 (Direct) |
| 2 | Educational assistance to Zilla Parishat High School (320 students) | Education | Lakdaram, Telangana State | 96,000 | 96,000 | 96,000 | 96,000 (Direct) |
| 3 | Educational assistance and Tree plantation at New Gurukul Girls High School cum Jr College (650 students) | Education Environment | Isnapur, Telangana State | 177,000 | 154,918 | 154,918 | 154,918 (Direct) |

| S. No | CSR project or activity identified | Sector in which project covered | Projects or programs (1) Local area or other (2) Specify the State and Dist. Where projects or program was undertaken | Amount outlay (budget) project or program-wise | Amount spent on the projects or programs Sub-heads (1) Direct expenditure on projects or programs (2) verheads | Cumulative exp upto reporting period | Amount spent : Direct or thru implementing agency |
|-------|--|---------------------------------|---|--|--|--------------------------------------|---|
| 4 | School infrastructure development at Aanganwadi Play School (50 students) | Education | Lakdaram, Telangana State | 156,080 | 155,989 | 155,989 | 155,989 (Direct) |
| 5 | Drinking water line and sanitation facilities at Mucharla Primary School (82 students) | Water Sanitation | Sangareddy, Tamil Nadu | 225,000 | 235,311 | 235,311 | 235,311 (Direct) |
| 6 | Educational assistance & Health & Hygiene support to Timbaktu Collective (50 students) | Education Health & Hygiene | Andhra Pradesh | 244,992 | 244,992 | 244,992 | 244,992 (through implementing agency) |
| 7 | Educational Assistance to Jnana Mandira Orphanage & Home for Destitute (23 students) | Education | Bengaluru, Karnataka | 59,050 | 59,050 | 59,050 | 59,050 (through implementing agency) |
| 8 | Educational Assistance to Home of Faith Charitable Trust & Orphanage (45 students) | Education | Bengaluru, Karnataka | 55,550 | 55,550 | 55,550 | 55,550 (through implementing agency) |
| 9 | Educational assistance to Socare Ind (60 students) | Education | Bengaluru, Karnataka | 150,000 | 150,000 | 150,000 | 150,000 (through implementing agency) |
| 10 | Educational Assistance & Health & Hygiene support to Shishu Mandir Orphanage & School (225 students) | Education, Health & Hygiene | Bengaluru, Karnataka | 135,000 | 128,028 | 128,028 | 128,028 (through implementing agency) |
| 11 | Educational Assistance for Early Intervention Program of special children at Tamahar Trust (60 children) | Education | Bengaluru, Karnataka | 90,000 | 90,000 | 90,000 | 90000 (through implementing agency) |
| 12 | Lions Club of T. Nagar Charitable Trust | Environment | Kombakonam, Chennai, Tamil Nadu | 75,000 | 75,000 | 75,000 | 75000 (through implementing agency) |
| 13 | Drinking water Indro 402 plant at Panchayat Union Middle School, Doripali Village (108 students) | Water | Krishnagiri, Hosur, Tamil Nadu | 310,000 | 288,001 | 288,001 | 288,001 (Direct) |

| S. No | CSR project or activity identified | Sector in which project covered | Projects or programs (1) Local area or other (2) Specify the State and Dist. Where projects or program was undertaken | Amount outlay (budget) project or program-wise | Amount spent on the projects or programs Sub-heads (1) Direct expenditure on projects or programs (2) overheads | Cumulative exp upto reporting period | Amount spent : Direct or thru implementing agency |
|-------|---|---------------------------------|---|--|---|--------------------------------------|---|
| 14 | Education assistance to Kids Centre (55 students) | Education | Kolkata, West Bengal | 224,570 | 224,570 | 224,570 | 224,570 (through implementing agency) |
| 15 | Educational assistance to Bethesda Life Centre (96 students) | Education | Santa Cruz, Goa | 75,000 | 75,000 | 75,000 | 75,000 (through implementing agency) |
| 16 | Educational assistance to Govt. Primary School (20 students) | Education | Malcornem, Goa | 50,000 | 50,325 | 50,325 | 50,325 (Direct) |
| 17 | Educational assistance to Lokvishwas Pratistan (40 physically challenged students) | Education | Ponda, Goa | 25,000 | 25,000 | 25,000 | 25,000 (Direct) |
| 18 | Educational assistance to St. Joseph's Convent (150 students) | Education | Verna, Goa | 50,000 | 50,000 | 50,000 | 50,000 (Direct) |
| 19 | Educational assistance to Hind Education Society (student fees) (25 students) | Education | Salcete, Goa | 180,000 | 180,000 | 180,000 | 180,000 (Direct) |
| 20 | Sponsorship of 1 Smart Aanganwadi studyroom thru Ankleshwar Industries Association (300 students) | Education | Ankleshwar, Gujarat | 250,000 | 250,000 | 250,000 | 250,000 (through implementing agency) |
| 21 | Support to Annual Health Camp organised by Ankleshwar Industries Association | Health & Hygiene | Ankleshwar, Gujarat | 30,000 | 30,000 | 30,000 | 30,000 (through implementing agency) |
| 22 | Teaching assistance to Vasundhara Charitable Trust, 'Science on Wheels' project and Science Laboratory (11479 beneficiaries); Drinking water facility | Education, Water | Sindhudurg, Maharashtra | 303,000 | 296,626 | 296,626 | 296,626 (through implementing agency) |
| 23 | Drinking water units at 2 Zilla Parishad Schools (90 students) | Water | Nichole, Wada, Dist. Palghar, Maharashtra | 9,860 | 6,810 | 6,810 | 6,810 (Direct) |

| S. No | CSR project or activity identified | Sector in which project covered | Projects or programs (1) Local area or other (2) Specify the State and Dist. Where projects or program was undertaken | Amount outlay (budget) project or program-wise | Amount spent on the projects or programs Sub-heads (1) Direct expenditure on projects or programs (2) verheads | Cumulative exp upto reporting period | Amount spent : Direct or thru implementing agency |
|-------|--|---------------------------------|---|--|--|--------------------------------------|---|
| 24 | E-Teach English to vernacular primary schools through Learning Space Foundation (6822 students) | Education | Wada, Dist. Palghar, Maharashtra | 549,450 | 549,450 | 549,450 | 549,450 (through implementing agency) |
| 25 | Occupational therapist for Indian Council for Mental Health (30 beneficiaries) | Education | Navi Mumbai, Maharashtra | 240,000 | 240,000 | 240,000 | 240,000 (through implementing agency) |
| 26 | Educational assistance to Shiksha Amrit Foundation (14 students) | Education | Navi Mumbai, Maharashtra | 211,750 | 211,750 | 211,750 | 211,750 (through implementing agency) |
| 27 | SMILE Foundation, Running for a Cause at Tata Mumbai Marathon (40 students) | Education | Mumbai, Maharashtra | 435,000 | 426,813 | 426,813 | 426,813 (through implementing agency) |
| 28 | Blood Bank Data Management Software at Red Cross Society of India (2812 beneficiaries) | Health & Hygiene | Mumbai, Maharashtra | 500,000 | 500,000 | 500,000 | 500,000 (through implementing agency) |
| 29 | Educational assistance to Indian Association for Promotion of Adoption & Child Welfare (IAPA) (55 beneficiaries) | Education | Mumbai, Maharashtra | 120,000 | 120,000 | 120,000 | 120,000 (through implementing agency) |
| 30 | Teaching expenses : Aapulki Special School (60 students) | Education | Wai, Dist. Satara, Maharashtra | 60,000 | 60,000 | 60,000 | 60,000 (Direct) |
| 31 | Hearing aids to students at The Stephen High School for Deaf (10 students) | Health | Mumbai, Maharashtra | 100,000 | 100,000 | 100,000 | 100,000 (Direct) |
| 32 | Teaching assistance to The Anchorage (24 beneficiaries) | Education | Mumbai, Maharashtra | 207,900 | 207,900 | 207,900 | 207,900 (through implementing agency) |

| S. No | CSR project or activity identified | Sector in which project covered | Projects or programs (1) Local area or other (2) Specify the State and Dist. Where projects or program was undertaken | Amount outlay (budget) project or program-wise | Amount spent on the projects or programs Sub-heads (1) Direct expenditure on projects or programs (2) overheads | Cumulative exp upto reporting period | Amount spent : Direct or thru implementing agency |
|-------|--|---------------------------------|---|--|---|--------------------------------------|---|
| 33 | Educational assistance to Chetna Learning Centre (90 students) | Education | Mumbai, Maharashtra | 225,000 | 207,240 | 207,240 | 207,240 (through implementing agency) |
| 34 | Iron Removal Tube Well attachment 10m3/hr to Rural Water Supply & Sanitation (500 beneficiaries) | Water | Angul, Odisha | 264,000 | 263,520 | 263,520 | 263,520 (Direct) |
| 35 | Iron Removal Tube Well attachment 10m3/hr to Rural Water Supply & Sanitation 1200 beneficiaries) | Water | Jajpur, Odisha | 264,000 | 263,520 | 263,520 | 263,520 (Direct) |
| 36 | Fluoride Removal Tube Well attachment 2m3/hr to Rural Water Supply & Sanitation (1000 beneficiaries) | Water | Dhenkanal, Odisha | 361,914 | 361,914 | 361,914 | 361,914 (Direct) |
| 37 | Higher Education (2 students) | Education | | 132,000 | 132,000 | 132,000 | 132,000 (Direct) |
| | <u>2016-17 C/F : Sanitation facilities thru NGO Habitat for Humanity at Chafewadi Ashram School (347 students)</u> | Sanitation | Karjat, Raigad, Maharashtra | 84,600 | 84,600 | 84,600 | 84,600 (through implementing agency) |
| | <u>2016-17 C/F :Indro 403 at Family of Disabled Multipurpose Rehab Centre</u> | Water | Najafgarh, New Delhi | 20,060 | 20,060 | 20,060 | 20,060 (through implementing agency) |
| | <u>2016-17 C/F : Iron Removal Tube Well Attachment at Govt Primary School (700 students)</u> | Water | Reshalpur, Raisen, Madhya Pradesh | 34,500 | 17,700 | 17,700 | 17,700 (Direct) |
| 38 | Educational assistance to 'Project Anando' of Light of Life Trust (35 students) | Education | Karjat, Raigad, Maharashtra | 336,000 | 336,000 | 336,000 | 336,000 (through implementing agency) |
| | Drinking water treatment to one village (200 beneficiaries) | Water | Karjat, Raigad, Maharashtra | 175,000 (Work in progress) | 11,800 | 11,800 | 11,800 (through implementing agency) |

| S. No | CSR project or activity identified | Sector in which project covered | Projects or programs (1) Local area or other (2) Specify the State and Dist. Where projects or program was undertaken | Amount outlay (budget) project or program-wise | Amount spent on the projects or programs Sub-heads (1) Direct expenditure on projects or programs (2) overheads | Cumulative exp upto reporting period | Amount spent : Direct or thru implementing agency |
|-------|---|---------------------------------|---|--|---|--------------------------------------|---|
| 39 | Arsenic Removal Tube Well Attachment 5m3/hr at Rural Water Supply & Sanitation (2500 beneficiaries) | Water | Amritsar, Punjab | 547,000 (Work in progress) | 446,605 | 446,605 | 446,605 (Direct) |
| 40 | Construction of 1st floor for tuition classes at Ramkrishna Vivekananda Charitable Trust (80 students) | Education | Ankleshwar, Gujarat | 626,452 (work in progress) | 313,226 | 313,226 | 313,226 (through implementing agency) |
| 41 | Water initiative at Kharpade Pada Village (Dahe Gram Panchayat) thru Kherwadi Social Welfare Assoc (95 villagers) | Water | Wada, Dist. Palghar, Maharashtra | 189,750 (Work in progress) | 151,800 | 151,800 | 151,800 (through implementing agency) |
| 42 | Sanitation facilities thru NGO Habitat for Humanity at Govt Ashram School, Jawhar Block, Dabhosa (530 students) | Sanitation | Wada, Dist. Palghar, Maharashtra | 965,169 (Work in progress) | 772,136 | 772,136 | 772,136 (through implementing agency) |
| | Administrative Overheads | | | | 21,540 | 21,540 | 21,540 |
| | Amount contributed for which activity is in progress | | | | 841,518 | 841,518 | 841,518 |
| | | | | | 9,860,000 | 9,860,000 | 9,860,000 |

6. In case the Company has failed to spend the two per cent of the average net profit of the last three financial years or any part thereof, the company shall provide the reasons for not spending the amount in its Board report – Not Applicable
7. A responsibility statement of the CSR Committee that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the Company.

The implementation and monitoring of CSR projects are in line with the CSR objectives and Policy of the Company.

Sd/-

Sd/-

Rajesh Sharma

Chairman & Managing Director

Dr. V. N. Gupchup

Chairman of CSR Committee

Mumbai

Date : 23rd May, 2018

ANNEXURE IV

Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo

The information under Section 134 (3) (m) of Companies Act, 2013 read with Rule 8 (3) of Companies (Accounts) Rules, 2014 is given herein below:

(A) Conservation of energy

- (i) The steps taken or impact on conservation of energy:
 - 1. The water consumption (purchase) in the Patancheru Plant for 2017-18 continued to be at lower by 20-25% than previous norms with the operation of ETP RO and recycle of RO water.
 - 2. The Gas consumption in the Ankleshwar Plant is continued to be at lower by 4 SCM/m³ of Resin Production than the previous year due to replaced efficient one IBR boiler with conventional 6 nos old Non IBR boilers in the year 2016-17.
- (ii) The steps taken by the company for utilising alternate sources of energy: - NIL
- (iii) The capital investment on energy conservation equipments:- NIL

(B) Technology absorption –

- i) During the period your company has commercialised and absorbed several new technologies like:
 - New generation high purity water system for laboratories
 - Ammonia removal process
 - Advanced membrane bioreactors for municipal and industrial waste water treatment
 - Waste-to-Energy
 - Advanced/High rate aerobic reactors
 - Membrane processes for separation and purification
 - New Consumer products for urban and rural markets.
- ii) Benefits derived as a result of the above include:
 - **New generation high purity water system for laboratories:** Cost-effective high purity system developed in-house against international brands with added features like non chemical sanitisation ideal for its use in pharmaceutical industry, molecular biology, biomedical applications and tissue cultures, etc.
 - **Ammonia removal process:** Ammonia removal from contaminated water using catalytic process, chemical precipitation and biological processes. Wide range of options to reduce ammonia from ground water, industrial waste and municipal sewage with an option to convert it into fertiliser. These solutions address a big need for reducing ammonia content from various contaminated sources in order to meet stringent compliance norms.
 - **Advanced membrane bioreactors for municipal and industrial waste water treatment:** As a result of above include back washable membranes with very high filterability (flux rates) and longer life.
 - **Waste-to-Energy:** Has led towards organic kitchen waste and sewage/sludge to recover clean water, energy and valuable organic fertiliser.
 - **Advanced/High rate aerobic reactors:** Significant reduction in life cycle cost for treating industrial and municipal liquid waste.
 - **Membrane processes for separation and purification:** Byproduct recoveries from streams containing colloidal silica, PVA, caustic, etc.
 - **New Consumer products for urban and rural markets:** For improving market share and penetration.

- iii) in case of imported technology (imported during the last three years reckoned from the beginning of the financial year)-
- (a) the details of technology imported : None
 - (b) the year of import : NA
 - (c) whether the technology been fully absorbed : NA
 - (d) if not fully absorbed, areas where absorption has not taken place, and the reason thereof and
- iv) the expenditure incurred on Research and Development

| Sr. No. | | Location | |
|------------|--|-------------------|-------------------------|
| | | Patancheru (Rs.) | Vashi, New Mumbai (Rs.) |
| a. | Capital Expenditure | 3,595,525 | 3,573,154 |
| b. | Revenue Expenditure | 29,142,288 | 43,725,090 |
| c. | Total | 32,737,813 | 47,298,244 |
| d. | Total R & D Expenditure as percentage of Turnover: | 0.80% | |

(C) Foreign exchange earnings and Outgo

During the year under review foreign exchange earnings were Rs. 30,166.97 lacs and foreign exchange outgo was Rs. 18,780.92 lacs.

On behalf of the Board of Directors

Rajesh Sharma
 Chairman & Managing Director

Mumbai

Date : 23rd May, 2018

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

A. INDUSTRY STRUCTURE AND DEVELOPMENT

Overview:

Ion Exchange (India) Ltd. (IEIL) is a premier Indian company in total water and environment management. Supported by a robust infrastructure, the company has a strong domestic and international presence. It employs experienced professional managers, engineers, scientists and technologists. The company's holistic approach enables it to help its customers in industries, homes and communities to plan and manage water, wastewater and solid waste management solutions efficiently. The company does this by offering a widest range of technologies, products and services. Ion Exchange serves the defined market with sustained focus on customer satisfaction from technological innovation and excellent after-sales-service. Its Zero B brand extends its total water and environment management solutions to homes, hotels, hospitals and other institutes with the help of a countrywide network of channel partners and service franchisees.

Global Economy:

The world's economy will continue to strengthen in 2018 and 2019. However, elevated risk-taking and high debt levels in many economies are likely to raise financial vulnerabilities. Monetary policy normalisation could also result in unpredictable exchange rates and capital flows, particularly in emerging markets.

Goldman Sachs' global GDP forecast for CY 2018 is 4.0%. The strength in global growth is broad-based across both advanced and emerging economies with the US at 2.5%, Euro area at 2.2% and Japan at 1.6%. Growth in China is expected to slow down gradually to 6.5% in 2018. However, the growth rate of countries in emerging economies is expected to be robust.

Indian Economy:

India's economic achievements in recent years have ensured a place for South Asia in the fastest-growing regions of the world. According to International Monetary Fund (IMF), India has emerged as the fastest growing economy. While India is expected to be one of the top three economic powers of the world over the next 10-15 years, Indian economy grew at 6.75% in FY 2018 as compared to 7.1% in FY 2017. Thus FY 2018 (ending 31st March 2018) was a year of imperative transition for the Indian economy. FY 2018 came with lingering effects of demonetisation and implementation of the Goods and Services Tax (GST). Manufacturing witnessed a temporary slowdown, with an unexpected mid-year large scale pre-GST "inventory clearance sale" on many products at heavy price markdowns. However following this, GDP growth raced faster after September at 6.3% as companies shrugged off the inventory disruptions.

The World Bank has forecasted India's economy to grow 7.3% in FY 2019 and accelerate to 7.5% in FY 2020.

Indian Water Industry:

With rapid industrialisation and urbanisation, India faces the challenge of providing safe and clean water for domestic and commercial needs. Due to high pressure on resources clubbed with stringent legislation and government initiatives, waste water management will witness major growth in coming years.

The scale of the problem however remains enormous. There is a large gap between the waste generated and actually treated. For instance, it is estimated that less than 30% of domestic and less than 60% of industrial wastewater is treated. The scenario for solid waste management is even worse as most urban cities continue to face problems of huge amount of waste generation, inadequate collection, segregation and treatment.

Even though the water industry is highly disorganised and fragmented, increased importance of environmental protection, focus on circular economy and economic growth has enabled the industry to stay optimistic. Government regulations and stricter enforcement policies have led industries to adopt sustainable water, wastewater and solid waste treatment practices.

B. Highlights of Performance

Standalone

- Total Income: INR 1,024 Crore registering a growth of 4.38% annually
- EBITDA: INR 100 Crore registering a growth of 5.3% annually
- EBITDA Margin: 9.8%
- Net Profit: INR 48 Crore registering a growth of 2.1% annually
- PAT Margin: 4.7%
- Diluted EPS: INR: 39.78

Consolidated

- Total Income: INR 1,076 Crore registering a growth of 1.6% annually
- EBITDA: INR 98 Crore registering a growth of 19.5% annually
- EBITDA Margin: 9.1%
- Net Profit: INR 40 Crore registering a growth of 37.9% annually

- PAT Margin: 3.72%
- Diluted EPS: INR 34.46

C. Segment wise Operational Performance

The business of your company can be segmented into:

1. Engineering
2. Chemicals
3. Consumer Products

ENGINEERING

On a standalone basis, the Engineering segment achieved a higher turnover of INR 583 crores compared to INR 565 crores for the previous year.

Engineering continues to be one of the key business segments of the company and contributes to almost 60% of the revenues. In this segment, the company designs, builds and maintains medium and large sized water and waste water treatment plants which include seawater desalination, recycling and zero liquid discharge plants. The segment also includes new initiative to design, build and maintain solid waste management plants.

Your company is executing satisfactorily the USD 194 mn water supply project received from the Sri Lankan Water Board.

During the year your company inaugurated state-of-the-art Membrane Manufacturing facility at Goa to manufacture world class membranes. The project aims to reduce dependence on imported membranes thereby reducing the foreign exchange outgo and earing valuable foreign exchange through exports. These products are well accepted in the market and buoyed by its success, the Company is confident of achieving significant volume sales in its first full year of operation during financial year 2018-19.

A technologically advanced Sewage Treatment and Recycle Plant was demonstrated by your company in collaboration with Europe's leading research and technology institute VITO NV, Belgium at the sewage treatment facility of the Navi Mumbai Municipal Corporation. Your company also partnered with VITO and European technology provider Europem to launch and commission India's first ANDICOS Waste to Energy system at the Akshay Patra Foundation in Hyderabad, Telangana. These initiatives are likely to find favourable response in municipal sector, dovetailing with various government initiatives mentioned above.

Going forward, your company is strategically well positioned for growth, targeting projects in the infrastructure, industrial and municipal segments and capitalising on technology and application knowledge in seawater desalination, recycle, ZLD and waste-to-energy.

CHEMICALS

On Standalone basis, the segment achieved Sales turnover of INR 345 crores compared to INR 343 crores of the previous year.

During the year – Industrial Chemical Division registered moderate growth despite stiff competition and continued pricing pressure on raw material and overhead cost. Segments that contributed to its growth were Sugar & Refinery Processes, Chemicals, Textile, Food & Beverage and Automobiles.

During the year, Chemical Division developed several new products like Speciality defoamers, corrosion inhibitors, antiscalants and product substitutes to reduce cost.

Resin Division continued to contribute to the company's growth and profitability. Exports of resin to USA, Europe and other geographies registered good growth during the year. Demand of your company's range of products is growing and the overall higher demand augur well for company's future expansion plans.

New products and applications were developed in Chemical purifications & separations area. This will enhance the potential of speciality resin in near future.

CONSUMER PRODUCTS

On Standalone basis, the Consumer Products segment achieved a turnover of INR 108 crores during FY 2017-18, registering 5.9% growth over last year. The segment caters to needs of individual homes, institutions and commercial establishments.

The division launched two new products this year – the Zero-B Kitchenmate and the Zero-B AutoSand filter. It provides widest range of products for providing safe drinking water, waste treatment, recycle, swimming pool solutions backed by countrywide channel partners and service centres.

Turbulence during first quarter of this fiscal in the construction segment affected the business. We expect these business segments to offer us high growth in the next 2-3 years period due to various new opportunities arising out of government's focus on sectors like defence, healthcare, railway infrastructure & education besides, stringent implementation of policy guidelines by the Central Pollution Control Board. This will augur well for your company.

During the year under review your company worked on a number of key projects with Indian Navy, Military Engineering Services, healthcare projects & railways. Ion Exchange's INDION Water Vending Machines specially designed for the Indian Railways are now successfully installed at number of railway platforms across select cluster in South India generating steady but growing sales and service revenue. We are confident of increasing our presence across South India and also have plans to expand foot print in North India.

The division's strength is its efficient and strong dealer network. We continued to strengthen this network by adding new dealers especially in the 'smart cities' planned by the government.

Your company continues to provide cost-effective technologies that treat contaminated water and make clean drinking water available to rural communities affected by contaminants like iron, arsenic, nitrate, brackishness and microbiological contamination. It works closely with government, non-government and with the CSR wings of companies.

EXPORTS

Your company has posted increased turnover of Rs. 300 crores as compared to Rs. 257 crores of the previous year mainly driven by Engineering segment.

Your company consolidated its export business despite slow down in Middle East market where it has established good infrastructure and references. We executed two complex projects, one for a large offshore gas exploration in Abu Dhabi and other involving Total Water & Environment Management for one of the largest starch producer in the world in Saudi Arabia.

We have also strengthened our service portfolio and secured good, long-term operation & maintenance contracts in Middle East.

Our Chemicals, Resin and Membrane business grew steadily and will continue to bolster topline and profitability of our exports.

D. Risks, Threats, Concerns and Risk Mitigation

Pre-empting risk and activating a mitigation plan has been a priority on the management agenda. Our risk management framework apart from being simple and consistent is also aimed at managing risk and reporting to the board. The multi-layered risk management framework implemented by your company is aimed at achieving strategic objective of increasing the market share, optimal utilisation of the assets to increase productivity, comprehensive financial reporting and compliance to regulatory and social obligation.

In 2016 & 2017, the Global economy showed signs of rebounding and in 2017, 3% growth rate was the highest since 2011. Labour market indicators continue to improve in a broad spectrum of countries and roughly two – thirds of countries worldwide experienced stronger growth in 2017 than the previous year. Conditions for investment have generally improved with low financing cost and a more solid macroeconomic outlook. The rebound sprang pre-dominantly from stronger import demand from East Asia where imports of capital goods picked up. However, course adjustments in major trade relationships, such as United Kingdom of Great Britain and Northern Ireland's decision to withdraw from European Union and United States of America's

decisions to renegotiate the Northern American Free trade agreement and to reassess the terms of its other existing trade agreements, raised concerns over potential escalation of trade barriers and disputes. The US has scaled up the trade barrier and this has affected the policy decision in almost all parts of the world. Several countries that have been practicing localisation in different forms intensified this effort in order to protect their trade interest. Thus, business in these regions has been impacted due to the hardened stand by the Government of these countries. In addition, the year also saw oil prices soaring in the 3rd quarter and the upward trend continued in 4th quarter as well. Whereas, countries exporting oil benefitted and margins in the countries that are importers were under pressure.

On domestic front, the GOI went ahead with the roll out of GST. After the initial turbulence in the first 2 quarters and part of the 3rd quarter, the industry showed signs of rebounding on the growth path. There is still a need for streamlining and further clarification on some aspects of GST regulation and these are affecting the business of our customers and vendors. The turbulence created by GST implementation significantly impacted the business of your company during 2017-18. Your management has been vigilant about the mixed outlook on domestic as well global front and risks were partially mitigated by being proactive and conservative. However, inspite of the best effort of your management, Government Regulations and risk arising out of National and International policies, viz., localisation in global markets, the business was impacted. Adverse impact arising out of increasing international trade barriers and localisation policies are being addressed by starting distributed manufacturing and working through local partners wherever applicable. While there has been an impact of rising oil and commodity prices on the margins, the management of your company feel that this is a short term impact and they would be able to normalise the margin in a short time.

The management keeps a track of continuous changes in water treatment industry pre-dominantly to pre-empt risk and opportunities. Your company remains vigilant of its credibility, quality, services and technology vis-à-vis major Indian and global players. Regular efforts are made to shore up competitive prices. Your company continues to invest in research and development and is also always on the lookout for technology assimilation through partnership with respected and reliable international parties.

Regulatory policies and the changes in the law of the land, though completely beyond the control of the company, affect business operations. Many compliance regulations and governance practices are enacted to ensure that organisations operate fairly and ethically. Your company takes utmost care about meeting the legal and social compliances in the domestic as well as the global market.

Your company has implemented best practice and state-of-the-art systems to ensure complete regulatory compliance to the amendments to Companies Act.

E. Human Resources & Training

Employees are the pillars of strength for any organisation and Ion Exchange always believes and considers employees as its most valuable asset.

Your company has a well defined process in place for sourcing best available talent and developing them for future leadership role.

The process of identifying key talents and nurturing them for critical roles through various career development programmes is already in place. Your company has a well defined succession plan to ensure business continuity.

Your company continuously addresses various aspects of People Practices through well defined HR policies. This includes, Whistle blower policy, developing the employees through Executive Development Programs, Management Development Programs, Health and Wellness initiatives, safety of woman employees and a host of employee engagement initiatives.

The Human Resource function continuously strives to play a very important role in building a conducive and performance-driven work environment with a focus on fairness, transparency, accountability and providing equal opportunity to all, in making happy work place.

F. Internal controls

The Directors of your company carry the ultimate responsibility that the group maintains a robust internal control framework to provide them with reasonable assurance that all information within the business and available for external publication is correct and adequate. Maintaining robust internal control framework to provide reasonable assurance that all information within the business and, available for external publication is correct and adequate is one of the prime responsibility of the directors of your company. The existing governance and policy framework implemented by your company provides reasonable assurance of the efficacy of the internal control operating within the company.

The company has well qualified Internal Audit Department. The internal audits are planned from risk perspective. In preparing the annual audit plan reference is made to past audit experience, current economic and business environment, the groups risk matrix, inputs

sought from the senior management and audit committee members. Major observations are periodically highlighted to the audit committee members and are also reviewed by the statutory auditors.

G.

Social responsibility initiatives

Committed to the cause of Education, Health & Hygiene and the Environment, Ion Foundation continues to work towards improving the quality of lives of the economically disadvantaged sections of society.

The objective is to empower the people in this socio-economic strata to come-out of their vicious cycle of poverty.

To this end, we provide remedial education to first generation learners, sponsorship of fees to talented, needy students, school-related assistance, also teacher salaries, "Running for a Cause" at the Tata Mumbai Marathon, installation of drinking water treatment systems, construction and maintenance of sanitation facilities and tree plantation drives.

The impact of our support is evident from the increase in number of enrolments at schools, lesser absenteeism, better health condition and willingness of parents to send their children to school in a learning environment that is more collaborative than competitive.

It always remains our endeavour to support beneficiaries on a long term basis for sustainable and inclusive growth.

Cautionary Statement

The statements or explanations given in this report may contain some forward looking statements based on assumptions having regard to the government policies, economic conditions, etc. The management cannot guarantee the accuracy of the assumptions and expected performance of the Company in future. Hence, the actual results may substantially differ from those expressed or implied herein.

On behalf of the Board of Directors

Rajesh Sharma
Chairman & Managing Director

Mumbai

Date: 23rd May, 2018

CORPORATE GOVERNANCE REPORT 2018

1. Philosophy

The Company's philosophy on Corporate Governance is to observe highest level of ethics in all its dealings, to ensure the efficient conduct of the affairs of the Company to achieve its goal of maximising value for all its stakeholders.

The Company is in compliance with the requirements stipulated under Listing Regulation entered with the Bombay Stock Exchange with regard to Corporate Governance.

2. Board of Directors (The Board)

- Composition & Category of Directors [as on 31st March, 2018]

The Board comprises of ten directors, of whom seven directors are non-executive and six directors are independent. The Composition of Board is given below:

| Name | Category |
|----------------------|--|
| Mr. Rajesh Sharma | Executive - Chairman & Managing Director |
| Mr. Dinesh Sharma | Executive |
| Mr. Aankur Patni | Executive |
| Dr. V. N. Gupchup | Non-Executive, Independent |
| Mr. M. P. Patni | Non-Executive |
| Mr. T. M. M. Nambiar | Non-Executive, Independent |
| Mr. P. Sampath Kumar | Non-Executive, Independent |
| Mr. Abhiram Seth | Non-Executive, Independent |
| Mr. Shishir Tamotia | Non-Executive, Independent |
| Ms. K. J. Udeshi | Non-Executive, Independent |

The Company does not have a Nominee Director on the Board.

- Board Meetings, Annual General Meeting and Attendance of each Director

The Company held six Board Meetings on 23.05.2017, 26.07.2017, 15.09.2017, 26.10.2017, 24.01.2018 and 27.03.2018. At every board meeting, the matters specified under Schedule II (Part A) of Listing Regulation were placed and discussed.

The notice of each Board meeting is given in writing to each Director. The Agenda along with relevant notes and other material information are sent in advance separately to each Director and in exceptional cases tabled at the meeting. This ensures timely and informed decision by the Board. The Board reviews the performance of the Company vis a vis the budget/targets.

The previous Annual General Meeting (AGM) of the Company was held on 15th September, 2017 was attended by all ten Directors.

The attendance of directors at the Board meeting, their Directorships in other Companies and Membership/Chairmanship in the Committees constituted by other Companies are given below:

| Name | Number of Board Meetings attended | Directorships in other Company(s) as on (31/3/18) | Member/Chairman of committees of other company(s) (as on 31/3/18) |
|----------------------|-----------------------------------|---|---|
| Mr. Rajesh Sharma | 6 | 16 | 1 |
| Mr. Dinesh Sharma | 6 | 11 | 1(chairman) |
| Mr. Aankur Patni | 6 | 9 | 0 |
| Dr. V. N. Gupchup | 6 | 5 | 3 (including 1 chairmanship) |
| Mr. M. P. Patni | 6 | 10 | 1 |
| Mr. T. M. M. Nambiar | 6 | 3 | 2 (including 1 chairmanship) |
| Mr. P. Sampath Kumar | 6 | 0 | 0 |
| Mr. Abhiram Seth | 5 | 10 | 5 (including 1 chairmanship) |
| Mr. Shishir Tamotia | 6 | 1 | 0 |
| Ms. K. J. Udeshi | 6 | 9 | 5 |

iii. Inter-se relationship among Directors

- Mr. Rajesh Sharma & Mr. Dinesh Sharma are brothers
- Mr. M. P. Patni is the father of Mr. Aankur Patni

Except for the above, there are no Inter-se relationship among the other directors.

iv. Code of Conduct

The Board of Directors has laid down code of conduct for all Board members and senior Management of the Company. A copy of the code has been put on the Company's website www.ionindia.com.

A declaration signed by the Managing Director is given below:

I hereby confirm that:

The Company has obtained from all the members of the Board and Senior Management, affirmation that they have complied with the code of conduct in respect of the Financial Year 2017-18.

Rajesh Sharma
Chairman & Managing Director

3. Audit Committee

The Audit Committee regularly reviews and analyses the adequacy of internal control system, the financial and risk management policies of the Company and other matters as laid down under Regulation 18 (3) read with Part C of Schedule II of the Securities And Exchange Board of India (Listing Obligations And disclosure Requirements) Regulations, 2015. The Internal Auditor submits reports periodically to the Committee and suggestions are given for effective functioning of the internal control system.

The Committee held four meetings during the year on 23.05.2017, 26.07.2017, 26.10.2017 and 24.01.2018.

| Name | Number of the Audit Committee meetings attended |
|---------------------------------|---|
| Mr. T. M. M. Nambiar (Chairman) | 4 |
| Dr. V. N. Gupchup | 4 |
| Mr. Abhiram Seth | 4 |

4. Nomination and Remuneration Committee

The remuneration policy of the company determines the remuneration package of the directors (executive and non-executive) and statutory compensation payment. The Remuneration Committee is headed by Dr. V. N. Gupchup (Non-Executive & Independent) along with the members of the Committee which are Mr. Abhiram Seth (Non-Executive & Independent) and Mr. M. P. Patni (Non-Executive).

The Committee held one meeting during the year on 27.03.2018.

| Name | Number of the Nomination and Remuneration meetings attended |
|------------------------------|---|
| Dr. V. N. Gupchup (Chairman) | 1 |
| Mr. M. P. Patni | 1 |
| Mr. Abhiram Seth | 0 |

REMUNERATION POLICY

(I) Criteria for Determining Qualifications, Positive Attributes & Independence of Director:

1. Qualifications of Independent Director:

An Independent director shall possess appropriate skills, experience and knowledge in one or more fields of finance, law, management, sales, marketing, administration, research, corporate governance, operations or other disciplines related to the company's business.

2. Positive attributes of Independent Directors:

An independent director shall be a person of integrity, who possesses relevant expertise and experience and who shall uphold ethical standards of integrity and probity; act objectively and constructively; exercise his responsibilities in a bona-fide manner in the interest of the company; devote sufficient time and attention to his professional obligations for informed and balanced decision making; and assist the company in implementing the best corporate governance practices.

3. Independence of Independent Directors:

An Independent director should meet the requirements of the Companies Act, 2013 and perform the obligations as specified under Regulation 25 of Listing Regulation concerning independence of directors.

(II) Remuneration Policy for Directors, Key Managerial Personnel and other employees

A. NON-EXECUTIVE DIRECTORS (NEDs)

NEDs shall be paid a sitting fee of Rs. 50,000/- for every meeting of the board, Rs. 25,000 for other committees thereof and Rs. 10,000/- for Stakeholders Relationship Committee attended by them as member.

NEDs may be paid commission upto an aggregate amount not exceeding 1% of the net profits of the company for the year subject to availability of profits. The payment of commission shall be based on their attendance at the board and the committee meetings as member.

The company has no stock options plans and no payment by way of bonus, pension, incentives etc. shall be paid.

B. MANAGING DIRECTOR (MD's) & KEY MANAGERIAL PERSONNEL & OTHER EMPLOYEES

The objective of the policy is directed towards having a compensation philosophy and structure that will reward and retain talent.

The remuneration to Managing Director shall take into account the Company's overall performance, MD's contribution for the same & trends in the industry in general, in a manner which will ensure and support a high performance culture.

The remuneration to others will be such as to ensure that the relationship of remuneration to performance is clear and meets appropriate performance benchmarks.

Remuneration to Directors, Key Managerial Personnel and Senior Management will involve a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the Company and its goals.

The above criteria and policy are subject to review by the Nomination & Remuneration

committee & the Board of Directors of the Company.

The remuneration paid to Chairman & Managing Director, Mr. Rajesh Sharma and Executive Directors Mr. Dinesh Sharma and Mr. Aankur Patni during the financial year 2017- 2018 is given hereunder.

| Name | Tenure | Salary & Allowances (Rs.) | Contribution to Provident & other funds (Rs.) | Perquisites (Rs.) | Total (Rs.) |
|-------------------|---------|---------------------------|---|-------------------|-------------|
| Mr. Rajesh Sharma | 2017-18 | 30,303,112 | 6,012,090 | 766,421 | 37,081,623 |
| Mr. Dinesh Sharma | 2017-18 | 13,795,922 | 2,672,040 | 139,600 | 16,607,562 |
| Mr. Aankur Patni | 2017-18 | 14,109,404 | 2,672,040 | 11,139 | 16,792,583 |

During the year, the Company paid Rs. 3,305,000/- as sitting fees to the non-executive Directors for attending the Board and Committee Meetings. The details are given below:

| Name of Director | Commission (Rs.) | Sitting fees (Rs.) | Total Compensation (Rs.) | No. of shares held |
|----------------------|------------------|--------------------|--------------------------|--------------------|
| Dr. V. N. Gupchup | 1,000,000 | 820,000 | 1,820,000 | 108,234 |
| Mr. M. P. Patni | 1,000,000 | 325,000 | 1,325,000 | 711,747 |
| Mr. T. M. M. Nambiar | 1,000,000 | 425,000 | 1,425,000 | 56,200 |
| Mr. P. Sampath Kumar | 1,000,000 | 325,000 | 1,325,000 | 25,000 |
| Mr. Abhiram Seth | 1,000,000 | 350,000 | 1,350,000 | 78,750 |
| Mr. S.L. Tamotia | 1,000,000 | 325,000 | 1,325,000 | - |
| Ms. K.J. Udeshi | 1,000,000 | 735,000 | 1,735,000 | 350 |

5. Employee Stock Option Compensation Committee (ESOCC)

The Employee Stock Option Compensation Committee (ESOCC) of the company administers the Employee Stock Option Schemes. The ESOCC is headed by Mr. M. P. Patni (Non-Executive) along with the members of the Committee are, Dr. V. N. Gupchup, Mr. T. M. M. Nambiar and Mr. P. Sampath Kumar (independent).

6. Stakeholders' Relationship (Grievance) Committee

The members of the Committee are Dr. V. N. Gupchup (Non-executive and Independent), Mr. Rajesh Sharma and Ms. Kishori Udeshi. The Committee is headed by Dr. V. N. Gupchup and Company Secretary is the Compliance Officer. Number of Queries / Complaints / Requests received during the financial year from shareholders / investors:

| Sr. No | QUERIES / COMPLAINTS/ REQUESTS RELATED TO | TOTAL RECEIVED | TOTAL REPLIED |
|--------|---|----------------|---------------|
| 1 | Payments | | |
| a | Instruments found already paid / payment sent for electronic credit to Bank | 2 | 2 |

| | | | |
|---|--|-----|-----|
| b | Outdated, Duplicate Warrants and Changes on live warrants (where new instruments being issued) | 123 | 116 |
| c | Issue of new Drafts against unencashed Drafts/ Recovery Drafts | 13 | 13 |
| d | Non Receipt of warrants (where recon in progress) | 0 | 0 |
| e | Non Receipt of payments (where new Instruments already issued) | 18 | 18 |
| f | Unclaimed and Unpaid amounts transferred to ROC / IEPF | 1 | 1 |
| g | Miscellaneous | 26 | 26 |
| 2 | Annual Report | 0 | 0 |
| 3 | Bonus Issue | 0 | 0 |
| 4 | Change In Name / Status | 9 | 9 |

| | | | |
|----------------------|---|------------|------------|
| 5 | Communication received through SEBI and other statutory/ regulatory bodies | 2 | 2 |
| 6 | Conversion / Demerger - Scheme of Arrangement / Exchange/ Merger - Amalgamation of Cos/ Subdivision | 15 | 15 |
| 7 | Dematerialisation/ Rematerialisation of Securities | 6 | 6 |
| 8 | Document Registration | 13 | 13 |
| 9 | Legal Matters | 0 | 0 |
| 10 | Loss of Securities | 111 | 110 |
| 11 | Nomination | 0 | 0 |
| 12 | Tax Exemption | 0 | 0 |
| 13 | Transfer of Securities | 5 | 5 |
| 14 | Transmission of Securities | 14 | 11 |
| 15 | Other Queries | 92 | 92 |
| TOTAL | | 450 | 439 |
| Request For | | | |
| 1 | Change of Address | 54 | 54 |
| 2 | Change in Bank Details | 16 | 16 |
| 3 | Issue of New Certificates on Split/Consolidation/ Renewal | 18 | 18 |
| 4 | Nomination | 1 | 1 |
| 5 | Pan Updation | 0 | 0 |
| TOTAL | | 89 | 89 |
| GRAND TOTAL : | | | |
| | | 539 | 528 |

Share Transfer System

All activities relating to processing of share transfers in physical mode & dematerialisation activities are undertaken at the Company's Registrar & Transfer Agents, M/s. TSR Darashaw Ltd. The approval for transfers in physical mode and confirmation to the depositories on Demat requests are given within 10 days of receipt, provided the documents are clear in all respects. During the financial year 2017 - 2018 the Stakeholders' Relationship committee held 36 meetings. Dr. V. N. Gupchup (Non - Executive), Mr. Rajesh Sharma and Ms. Kishori Udeshi are the members of the Committee. The Company Secretary is the Compliance Officer.

7. Corporate Social Responsibility (CSR) Committee

The Board of Directors, at their meeting held on 28th May, 2014, constituted "Corporate Social Responsibility Committee" pursuant to the provisions of Section 135 of the Companies Act, 2013.

During the year 2017-18, the Committee met two times on 12.05.2017 and 15.11.2017. The composition and details of the meetings attended by the members are given below:

| Name | Number of the Corporate Social Responsibility (CSR) Committee meetings attended |
|------------------------------|---|
| Dr. V. N. Gupchup (Chairman) | 2 |
| Ms. K. J. Udeshi | 2 |
| Mr. M. P. Patni | - |
| Mr. Rajesh Sharma | 2 |

The Company Secretary acts as the Secretary to the Committee.

The brief Terms of Reference of the CSR Committee are as under:

- a) Formulate and recommend to the Board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the Company as specified in Schedule VII of Companies Act, 2013;
- b) Recommend the amount of expenditure to be incurred on the activities referred to in clause (a); and
- c) Monitor the Corporate Social Responsibility Policy of the Company from time to time.

Independent Directors' Meeting

During the year under review, the Independent Directors met once on March 27, 2018 inter alia, to discuss:

- Evaluation of the performance of Non Independent Directors and the Board of Directors as a whole;
- Evaluation of the performance of the Chairman of the Company, taking into account the views of the Executive and Non Executive Directors.
- Evaluation of the quality, content and timelines of flow of information between the Management and the Board that is necessary for the Board to effectively and reasonably perform its duties.

All the Independent Directors except for Mr. Abhiram Seth were present at the meeting.

The Company has familiarized the Independent Directors with the Company, their roles, responsibilities in the Company, nature of industry in which the Company operates, business model of the Company, etc. The details of the familiarisation programme is available on the website of the Company at <http://www.ionindia.com/pdf/ionindia/familiarization%20program %20independent%20directors.pdf>

9. Annual General Meetings

Location and Time where last three Annual General Meetings were held:

| Year | Date | Time | Location | Special Resolution Passed |
|-----------|------------|-----------|---|--|
| 2014-2015 | 16.09.2015 | 11.00 a.m | Ravindra Natya Mandir, P.L. Deshpande, Maharashtra Kala Academy, Near Siddhivinayak Temple, Sayani Raod, Prabhadevi, Mumbai – 400 025 | --- |
| 2015-2016 | 09.09.2016 | 11.00 a.m | Ravindra Natya Mandir, P.L. Deshpande, Maharashtra Kala Academy, Near Siddhivinayak Temple, Sayani Raod, Prabhadevi, Mumbai – 400 025 | To approve payment of commission to Non- Executive Directors. |
| 2016-2017 | 15.09.2017 | 11.00 a.m | Ravindra Natya Mandir, P.L. Deshpande, Maharashtra Kala Academy, Near Siddhivinayak Temple, Sayani Raod, Prabhadevi, Mumbai – 400 025 | To appoint Mr. Rajesh Sharma as Chairman & Managing Director. |

10. Postal Ballot:

No Postal Ballot was conducted during F.Y. ended 2017-18

11. Disclosures

- a. Transactions with related parties, as per requirements of Accounting Standard 18, are disclosed in notes to accounts annexed to the financial statements. The Policy intends to ensure that proper reporting, approval and disclosure processes are in place for all transactions between the Company and Related Parties. As required under Regulation 23 of Listing Regulations the Company has formulated a policy on dealing with Related Party Transaction. The policy is available on the website of the Company. (Weblink:<http://www.ionindia.com/pdf/ionindia/Related%20Party%20Policy%2031072015.pdf>)
- b. The Board of Directors of the Company has adopted the policy and procedures with regard to determination of Material Subsidiaries. The details of the Policy are available on the website of the Company at http://www.ionindia.com/pdf/ionindia/subsidiaries_policy.pdf
- c. The Company has not entered into any transaction of a material nature with the Promoters, Directors or Management, their subsidiaries or relatives, etc. that may have a potential conflict with the interests of the Company at large.
- d. With regard to matters related to capital markets, the Company has complied with all requirements of the Listing Regulation as well as SEBI regulations and guidelines. No penalties were imposed or strictures passed against the Company by the Stock Exchanges, SEBI or any other statutory authority during the last three years in this regard.

e. Disclosures have also been received from the senior management personnel relating to the financial and commercial transactions in which they or their relatives may have a personal interest. However, none of these transactions have potential conflict with the interests of the Company at large.

f. As required by Regulation 17(8) of Listing Regulations, the Compliance Certificate on the Financial Statements, the Cash Flow Statement and the Internal Control Systems for financial reporting has been obtained from Mr. Rajesh Sharma (Chairman & Managing Director) and Mr. N.M. Ranadive (Chief Financial Officer).

g. The Company has complied with the compliances as specified in regulation 17 to 27 and clauses (b) to (i) of sub-regulation (2) of regulation 46 of Listing Regulations.

12. Policy for Prevention, Detection and Investigation of Frauds and Protection of Whistleblowers (the Whistleblower Policy)

The Company is committed to provide an open, honest and transparent working environment and seeks to eliminate fraudulent activities in its operations. To maintain high level of legal, ethical and moral standards and to provide a gateway for employees to report unethical behavior and actual or suspected frauds, the Company has adopted the Whistleblower Policy as per Regulation 22 of Listing Regulations.

No personnel have been denied access to the Audit Committee.

The Whistleblower Policy broadly covers a detailed process for reporting, handling and investigation of fraudulent activities and providing necessary protection to the employees who report such fraudulent activities / unethical behaviour.

The details of the Policy are available on the website of the Company at <http://www.ionindia.com/pdf/ionindia/Whistle%20Blower%20Policy.pdf>.

13. Means of Communication

As per the requirements of Listing Agreement with The Stock Exchange, Mumbai, the quarterly, half yearly and annual financial results of the Company are faxed & sent to the Stock Exchange immediately after the same are approved by the Board. The same is published in English (Free press journal) and regional language (Navshakti) newspapers, within 48 hours of approval by the Board and uploaded on our company's website (www.ionindia.com).

Presentations made to the institutional investors/analysts are intimated to the Stock Exchanges within the prescribed time period under the Listing Regulations and are simultaneously uploaded on the website.

Annual report is circulated to all the shareholders and all others like auditors, equity analysts, etc.

The Management Discussion and Analysis forms part of this annual report.

14. Risks and concerns and their management

The Company has successfully implemented risk management framework to achieve the following objectives.

| | | |
|------------|---|--|
| Strategic | : | High – level goals, aligned with and supporting its mission. |
| Operations | : | Effective and efficient use of its resources |
| Reporting | : | Reliability of financial reporting. |
| Compliance | : | Compliance with applicable laws and regulations. |

Risk are assessed and ranked according to the likelihood and impact of them occurring. Existing controls are assessed and mitigation measures discussed.

15. Unpaid / Unclaimed Dividends

In accordance with the provisions of Sections 124 and 125 of Companies Act, 2013 and Investor Education and Protection Fund (Accounting, Audit, Transfer and Refund) Rules, 2016 (IEPF Rules) dividends not encashed / claimed within seven years from the date of declaration are to be transferred to the Investor Education and Protection Fund (IEPF) Authority. The IEPF Rules mandate companies to transfer shares of Members whose dividends remain unpaid / unclaimed for a continuous period of seven years to the demat account of IEPF Authority. The Members whose dividend / shares are transferred to the IEPF Authority can claim their shares / dividend from the Authority.

In accordance with the said IEPF Rules and its amendments, the Company had sent notices to all the Shareholders whose shares were due to be transferred to the IEPF Authority and simultaneously published newspaper advertisement. The Company has uploaded the details of unpaid and unclaimed amounts lying with the Company on the Company's website <https://www.ionindia.com/aboutUs/investorRelations.asp>

16. General Shareholder Information

i) Annual General Meeting

Date : Friday, 7th September, 2018
 Time : 11.00 a.m.
 Venue : Ravindra Natya Mandir, P.L. Deshpande Maharashtra Kala Academy, Near Siddhivinayak Temple, Sayani Raod, Prabhadevi, Mumbai – 400 025.

ii) Financial Year 2018-19

| | | |
|-----------------------------------|---|---|
| Financial year | : | 1 st April to 31 st March |
| Quarter ending June 30, 2018 | : | Last week of July, 2018 |
| Quarter ending September 30, 2018 | : | Last week of October, 2018 |
| Quarter ending December 31, 2018 | : | Last week of January, 2019 |
| Year ending March 31, 2019 | : | Last week of May, 2019 |

iii) Book closure date

The Register of Members and the Share Transfer Books of the Company will remain closed from Thursday, 30th August 2018 to Friday 7th September 2018 (both days inclusive) for determining the entitlement of shareholders to receive dividend for the year ended 31st March, 2018, if declared at the Annual General Meeting.

iv) Dividend payment date

Dividend, if declared shall be paid on or before 12th September, 2018.

v) Listing on Stock Exchange

The Company's equity shares are listed at The Stock Exchange, Mumbai. Annual listing fees for the Financial Year 2017-18 has been paid to BSE.

vi) Stock code and ISIN Number

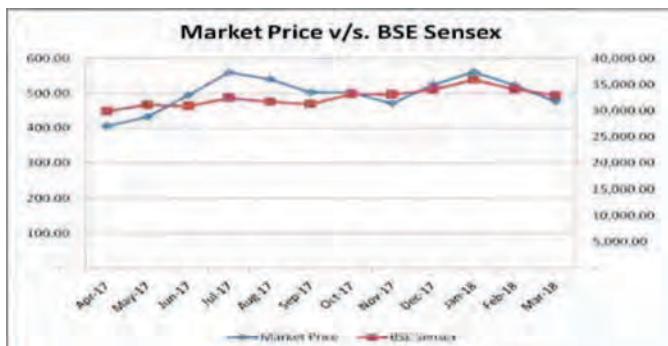
The Stock Exchange, Mumbai - 500214.

ISIN Number - INE570A01014

The Stock Exchange, Mumbai

Market Price Data: High/Low during each month of the Financial Year

| Month | High Price (Rs.) | Low Price (Rs.) |
|----------------|------------------|-----------------|
| April 2017 | 440 | 396 |
| May 2017 | 474 | 462 |
| June 2017 | 548 | 499 |
| July 2017 | 638 | 572 |
| August 2017 | 588 | 522 |
| September 2017 | 548 | 474 |
| October 2017 | 530 | 501 |
| November 2017 | 508 | 452 |
| December 2017 | 634 | 600 |
| January 2018 | 604 | 560 |
| February 2018 | 572 | 493 |
| March 2018 | 510 | 498 |



Market Price v/s. S & P BSE Sensex

DISTRIBUTION OF HOLDINGS AS ON 31/03/2018

| DESCRIPTION | NO. OF SHARES | % SHARES | NO. OF | % |
|--------------|-------------------|---------------|---------------|---------------|
| | | | HOLDERS | |
| 1 | 500 | 9.28 | 13,083 | 88.62 |
| 501 | - | 4.30 | 812 | 5.50 |
| 1001 | - | 4.13 | 408 | 2.76 |
| 2001 | - | 1.80 | 106 | 0.72 |
| 3001 | - | 1.18 | 49 | 0.33 |
| 4001 | - | 1.64 | 51 | 0.35 |
| 5001 | - | 5.78 | 117 | 0.79 |
| 10001 | - | 71.89 | 137 | 0.93 |
| TOTAL | 14,666,659 | 100.00 | 14,763 | 100.00 |

Shareholding Pattern as on 31st March 2018

| Category | Holdings | % |
|---|-------------------|---------------|
| Promoter & Promoter Group | 6,458,727 | 44.04 |
| Mutual Funds & UTI | 6,19,395 | 4.22 |
| Banks, Financial Institutions & Insurance Companies | 3,20,507 | 2.19 |
| FII's | 35,456 | 0.24 |
| Domestic Companies | 819,267 | 5.59 |
| Public | 6,200,129 | 42.27 |
| NRIs/OCBs | 213,178 | 1.45 |
| Total | 14,666,659 | 100.00 |

Dematerialisation of Shares and Liquidity

The Company's Equity Shares are in compulsory demat i.e. electronic mode and as on 31st March, 2018, 77.54% of the equity capital were held in dematerialised form.

GDR / ADR / Warrants - Not applicable as not issued.

Plant Locations:

| | |
|--|---|
| Resin manufacturing plant | : Unit II – 5811-12-13, GIDC Ankleshwar Industrial Estate Ankleshwar – 393 002 Bharuch, Gujarat |
| Assembly Centre for Local and Export of Water Treatment Plants | : R-14, TTC, MIDC Nr. Thane Belapur Road Rabale, Navi Mumbai - 400 701 |
| Manufacture & Assembly of Standard Plants | : 105, SIPCOT Industrial Complex, Dharmapuri, Tamil Nadu, Hosur - 635 126 |
| Water Treatment Chemicals, Sugar Treatment Chemicals, Polymer products | : 19/A, Phase II Industrial Development Area, Medak, Andhra Pradesh Patancheru - 502 319 |
| Consumer Products | : Plot Nos. L48 & L49 Verna Electronics City Phase II, Verna, Salcette Goa - 403 722 |
| Membranes Manufacturing Plant | : Plot Nos. U 05/4, Phase IV, Verna IDC, Verna, Goa - 403 722 |

Address for correspondence:

All investor related queries should be addressed to our Registrar & Transfer Agent.

M/s. TSR Darashaw Limited

(Formerly Known as M/s. Tata Share Registry Ltd.)

Unit : Ion Exchange (India) Ltd.

6-10, Haji Moosa Patrawala Industrial Estate,

20, Dr. E. Moses Road, Mahalaxmi,

Mumbai – 400 011

Tel No.: 6656 8484

Fax No.: 6656 8494

Email: csg-unit@tsrdarashaw.com

Website: www.tsrdarashaw.com

CORPORATE GOVERNANCE COMPLIANCE CERTIFICATE

To the Members of Ion Exchange (India) Limited.

We have examined the compliance of the conditions of Corporate Governance by Ion Exchange (India) Limited for the year ended 31st March, 2018, as per the relevant provisions of Securities And Exchange Board Of India (Listing Obligations And Disclosure Requirements) Regulations, 2015 as referred to in Regulation 15(2) of Listing Regulations for the period 1st April, 2017 to 31st March, 2018.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of the opinion on the financial statements of the company.

In our opinion and to the best of our information and explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above-mentioned Listing Agreement.

We state that no investor grievances are pending for a period exceeding one month against the Company as per the records maintained by the Company.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

V.V. CHAKRADEO & CO.
Company Secretaries

V. V. Chakradeo
Proprietor
(C.P. No.1705)

Place: Mumbai

Date: May 23, 2018

Independent Auditors' Report

To
The Members of
Ion Exchange (India) Limited

Report on the Audit of the Standalone Ind AS Financial Statements

We have audited the accompanying Standalone Ind AS financial statements of Ion Exchange (India) Limited ("the Company"), which comprise the Balance Sheet as at 31 March 2018, the Statement of Profit and Loss (including other comprehensive income), the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, and summary of the significant accounting policies and other explanatory information, in which are incorporated the return for the year ended on that date audited by the branch auditor of the Company's branch at Bengaluru and IEI Shareholding (Staff Welfare) Trusts (Sixty Trusts) audited by respective auditor of the Trusts (herein after referred to as "Standalone Ind AS financial statements").

Management's Responsibility for the Standalone Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134 (5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Standalone Ind AS financial statements that give a true and fair view of the state of affairs, profit/loss and other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards ("Ind AS") prescribed under Section 133 of the Act read with the Companies (Indian Accounting Standard) Rules, 2015 as amended.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these Standalone Ind AS financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit of the Standalone Ind AS financial statements in accordance with the Standards on Auditing specified under Section 143 (10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Standalone Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Standalone Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Standalone Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial controls relevant to the Company's preparation of the Standalone Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the Standalone Ind AS financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Standalone Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Standalone Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the state of affairs of the Company as at 31 March 2018, its profit, other comprehensive income, changes in equity and its cash flows for the year ended on that date.

Other matter

We did not audit the financial statements/information of one branch and sixty trusts included in the Standalone Ind AS financial statements of the Company whose financial statements / financial information reflect total assets of Rs 803,645,190 as at 31 March 2018, as well as total revenues is Rs 997,795,887, total profit after tax of Rs. 90,760,969 and total comprehensive income of Rs 91,769,716 for the year then ended on 31 March 2018, as considered in the Standalone Ind AS financial statements. The financial statements/information of this branch have been audited by the branch auditor whose reports have been furnished to us, and our opinion in so far as it relates to

the amounts included in respect of this branch and IEI Shareholding Trusts (Sixty Trusts), is based solely on the report of such branch auditor and auditor of Trusts.

Our opinion is not modified in respect of this matter.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government in terms of Section 143 (11) of the Act, we give in "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order.
 2. As required by Section 143 (3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - (c) The reports on the accounts of the branch office of the Company audited under Section 143 (8) of the Act by the branch auditor and report on accounts of the IEI Shareholding Trusts (Sixty Trusts) have been sent to us and have been properly dealt with by us in preparing this report.
 - (d) The Balance Sheet, the Statement of Profit and Loss (including other comprehensive income), the Statement of Changes in Equity and the Statement of Cash Flows dealt with by this Report are in agreement with the books of account.
 - (e) In our opinion, the aforesaid Standalone Ind AS financial statements comply with the Indian Accounting Standards prescribed under Section 133 of the Act read with the Companies (Indian Accounting Standard) Rules, 2015 as amended.
 - (f) On the basis of the written representations received from the directors as on 31 March 2018 taken on record by the Board of Directors, none of the directors are disqualified as on 31 March 2018 from being appointed as a director in terms of Section 164 (2) of the Act.
- (g) With respect to the adequacy of the internal financial controls with reference to financial statement of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B".
- (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
1. The Company has disclosed the impact of pending litigations on its financial position in its Standalone Ind AS financial statements – Refer Note 49 to the Standalone Ind AS financial statements.
 2. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 3. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.
 4. The disclosures in this Standalone Ind AS financial statements regarding details of specified bank notes held and transacted during 8 November 2016 to 30 December 2016 have not been made since the requirement does not pertain to financial year ended 31 March 2018.

For B S R & Co. LLP
Chartered Accountants
 Firm's Registration No: 101248W/W-100022

Mumbai
 23 May 2018

Bhavesh Dhupelia
Partner
 Membership No: 042070

Annexure A to the Independent Auditor's Report - 31 March 2018 on the Standalone Ind AS financial statements

(Referred to in our report of even date)

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The Company has a regular programme of physical verification of its fixed assets, by which all fixed assets are verified in a phased manner over a period of three years. In accordance with this programme, a portion of the fixed assets has been physically verified by the management during the year and no material discrepancies have been noticed on such verification. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets.
- (c) According to the information and explanations given to us, the title deeds of immovable properties, as disclosed in Note 2 to the Standalone Ind AS financial statements, are held in the name of the Company, except for the following:
- (Amount in Rupees)**
- | Particulars | Freehold Land | Buildings |
|---------------------------------|---------------|-----------|
| Gross block as at 31 March 2018 | 1,844,060 | Nil |
| Net block as at 31 March 2018 | 1,844,060 | Nil |
- (ii) The inventory, except goods-in-transit and stock lying with third parties, has been physically verified by the management at reasonable intervals during the year. In our opinion, the frequency of such verification is reasonable. In respect of inventory lying with third parties, these have substantially been confirmed by them. The discrepancies noticed on verification between the physical stocks and the book records were not material.
- (iii) The Company has granted unsecured loans to eleven companies covered in the register maintained under Section 189 of the Companies Act, 2013 ('the Act').
- a. In our opinion, the rate of interest and other terms and conditions on which the loans had been granted to the companies listed in the register maintained under Section 189 of the Act were not, *prima facie*, prejudicial to the interest of the Company.
- b. The loans granted are repayable on demand. We are informed that the Company has not demanded repayment of such loan from four such companies during the year and other companies has paid the loan as per demand, and thus, there has been no default on the part of the companies covered in the register maintained under section 189 of the Act. The payment of interest has not been regular in case of three subsidiaries.
- c. There are no overdue amounts in respect of the loan granted to companies listed in the register maintained under section 189 of the Act.
- (iv) In our opinion, and according to the information and explanations given to us, in respect of investments, loans, guarantee and security, the Company has complied with the provisions of Section 185 and 186 of the Act.
- (v) In our opinion, and according to the information and explanations given to us, during the year the Company has not accepted any new deposits. The Company has complied with the provisions of Section 73 to 76 of the Act or other relevant provisions of the Act and the rules framed thereunder/the directives issued by the Reserve Bank of India (as applicable) with regard to deposits accepted from the public. No order has been passed by the Company Law Board or National Company Law Tribunal (as applicable) or Reserve Bank of India or any Court or any other Tribunal.
- (vi) We have broadly reviewed the records maintained by the Company pursuant to the rules prescribed by Central Government for maintenance of cost records under Section 148 (1) of the Act and are of the opinion that *prima facie*, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of such records.
- (vii) (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is generally regular in depositing the undisputed statutory dues including provident fund, employees state insurance, income tax, sales tax, service tax, goods and services tax, duty of customs, duty of excise, value added tax, cess, professional tax and other material statutory dues, as applicable, with the appropriate authorities.
- According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees state insurance, income tax, sales tax, service tax, goods and services tax, duty of customs, duty of excise, value added tax, cess, professional tax and other material statutory dues were in arrears as at 31 March 2018 for a period of more than six months from the date they became payable.
- (b) According to the information and explanations given to us, there are no dues of Income tax, Sales tax, Value added tax, Service tax, goods

- and services tax, duty of customs, duty of excise which have not been deposited with the appropriate authorities on account of any dispute other than those mentioned in Annexure I to this report.
- (viii) According to the information and explanations given to us, the Company has not defaulted in repayments of loans or borrowings to financial institutions or banks. The Company neither have any loans or borrowings from Government nor has it issued any debentures, as at the balance sheet date.
- (ix) According to the information and explanations given to us, the term loans have been applied by the Company for the purpose for which they were obtained. The Company did not raise money by way of initial public offer or further public offer (including debt instruments) during the year.
- (x) According to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the year.
- (xi) According to the information and explanations given to us and based on our examination of the records, the Company has paid or provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.
- (xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi company. Accordingly, paragraph 3 (xii) of the Order is not applicable to the Company.
- (xiii) According to the information and explanations given to us, transactions with the related parties are in compliance with provisions of sections 177 and 188 of the Act, where applicable and the details have been disclosed in the Standalone Ind AS financial statements as required by the applicable Indian accounting standards.
- (xiv) According to the information and explanations given to us and based on our examination of the records, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, paragraph 3 (xiv) of the Order is not applicable to the Company.
- (xv) According to the information and explanations given to us and based on our examination of the records, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3 (xv) of the Order is not applicable to the Company.
- (xvi) According to the information and explanations given to us, the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, paragraph 3 (xvi) of the Order is not applicable to the Company.

For B S R & Co. LLP
Chartered Accountants
 Firm's Registration No: 101248W/W-100022

Mumbai
 23 May 2018

Bhavesh Dhupelia
Partner
 Membership No: 042070

Annexure B to the Independent Auditor's Report - 31 March 2018 on the Standalone Ind AS financial statements

(Referred to in our report of even date)

Report on the Internal Financial Controls under Section 143 (3) (i) of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls with reference to financial statement of Ion Exchange (India) Limited ("the Company") as of 31 March 2018 in conjunction with our audit of the Standalone Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal controls with reference to financial statements criteria established by the Company considering the essential components of internal controls stated in the Guidance Note on

Audit of Internal Financial Controls over Financial Reporting (the "Guidance note") issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statement based on our audit. We conducted our audit in accordance with

the Guidance Note and the Standards on Auditing, issued by ICAI and deemed to be prescribed under Section 143 (10) of the Act, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statement was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system with reference to financial statement and their operating effectiveness. Our audit of internal financial controls with reference to financial statement included obtaining an understanding of internal financial controls with reference to financial statement, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal controls based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Standalone Ind AS financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial control system with respect to financial statement.

Meaning of Internal Financial Controls with reference to financial statement

A company's internal financial controls with reference to financial statement is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Ind AS financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to financial statement includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls with reference to financial statement

Because of the inherent limitations of internal financial controls with reference to financial statement, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial reporting of to future periods are subject to the risk that the internal financial controls with respect to financial statement may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial control system with reference to financial statement and such internal financial controls with reference to financial statement were operating effectively as at 31 March 2018, based on the internal controls with reference to financial statement criteria established by the Company considering the essential components of internal controls stated in the Guidance Note issued by ICAI.

Other Matters

We did not audit the internal financial controls over financial reporting of the Company's branch at Bengaluru. The internal financial control over financial reporting of this branch have been audited by the branch auditor whose report have been furnished to us, and our opinion in so far as it relates to such internal financial controls with reference to financial statement included in respect of this branch, is based solely on the report of such branch auditor.

For B S R & Co. LLP
Chartered Accountants
Firm's Registration No:
101248W/W-100022

Mumbai
23 May 2018

Bhavesh Dhupelia
Partner
Membership No: 042070

Annexure I to the Independent Auditors' Report - 31 March 2018

(Referred to in our report of even date)

| Name of the Statute | Nature of the dues | Demand including interest in Rupees | Amount paid under protest in Rupees | Financial year to which the amount relates | Forum where dispute is pending |
|---|---|-------------------------------------|-------------------------------------|---|---|
| Central Excise Act, 1944 | Excise duty and penalty | 16,78,600 | - | 2004-2005 | Customs, Excise and Service Tax Appellate Tribunal |
| Sales Tax/CST/VAT Act for Maharashtra, Gujarat, Uttar Pradesh, Andhra Pradesh, Delhi and Goa states | Disallowance on account of non-submission of required forms | 12,040,964 | 2,400,000 | 1993-1994 1995-1996 2006-2007 2009-2010 | Joint Commissioner Appeals |
| | | 24,362,659 | 2,782,028 | 2001-2003 2004-2005 2006-2008 2009-2010 2011-2014 | Assistant Commissioner Appeals |
| | | 6,248,241 | - | 2010-2011 | Commercial tax appeals |
| | | 16,679,413 | 60,000 | 2010-2011 | Objection Hearing Authority |
| | | 8,173,216 | 3,777,883 | 2008-2009 2010-2013 | Deputy Commissioner of Commercial Taxes |
| | | 14,655,854 | 929,852 | 2008-2009 2010-2012 2013-2014 2014-2015 | Deputy Commissioner of Sales Tax, Appeals |
| | | 420,427 | - | 2008-2009 | Additional Commissioner of Commercial Taxes |
| | | 2,478,901 | 500,000 | 2004-2005 2007-2008 | Senior Joint Commissioner of Commercial Tax, Appeal |
| Finance Act, 1994 – Service Tax | Disallowance of service tax taken on input services | 1,278,596 | 4,48,114 | 2006-2013 | Assistant Commissioner of Central Excise |
| The Customs Act, 1962 | Liability on account of additional duty, interest and difference in valuation (to the extent ascertainable) | 2,258,117 | - | 2003-2004 | Joint Director General of Foreign Trade |
| Income Tax act, 1961 | Income Tax Demand | 26,107,302 | - | 2008-2009 2010-2011 | Income Tax Appellate Tribunal |
| Income Tax act, 1961 | Income Tax Demand | 38,036,866 | 1,990,550 | 2009-2010 2012-2013 to 2014-2015 | Commissioner of Income Tax (Appeal) |
| Income Tax act, 1961 | Income Tax Demand | 9,735,030 | - | 2015-2016 | Deputy Commissioner of Income Tax |

BALANCE SHEET as at 31st March 2018

| | Notes | As at 31st March 2018 INR in Lacs | As at 31st March 2017 INR in Lacs | As at 1st April 2016 INR in Lacs |
|---|-------|---|---|--|
| ASSETS | | | | |
| Non-current assets | | | | |
| (a) Property, plant and equipment | 2 | 13,473.63 | 8,869.11 | 7,897.97 |
| (b) Capital work-in-progress | | 657.76 | 3,355.43 | 189.59 |
| (c) Other intangible assets | 3 | 128.49 | 130.53 | 121.05 |
| (d) Financial assets | | | | |
| (i) Investments | 4 | 5,754.37 | 5,650.57 | 5,650.57 |
| (ii) Trade receivables | 5 | 358.09 | 358.09 | 582.78 |
| (iii) Loans | 6 | 3,992.41 | 3,619.67 | 3,011.09 |
| (e) Deferred tax assets (Net) | 7 | - | 110.98 | 76.23 |
| (f) Other non current assets | 8 | 561.82 | 791.40 | 1,388.36 |
| (g) Non current tax assets (Net) | 9 | 28.28 | 28.28 | 400.99 |
| Total non-current assets | | 24,954.85 | 22,914.06 | 19,318.63 |
| Current assets | | | | |
| (a) Inventories | 10 | 7,709.18 | 10,394.25 | 7,437.83 |
| (b) Financial assets | | | | |
| (i) Investments | 11 | 39.82 | 32.00 | 20.74 |
| (ii) Trade receivables | 5 | 42,969.51 | 39,100.44 | 30,889.40 |
| (iii) Cash and cash equivalents | 12 | 6,061.57 | 10,822.45 | 1,011.62 |
| (iv) Bank balances other than (iii) above | 13 | 19,024.16 | 4,375.70 | 1,006.93 |
| (v) Loans | 6 | 5,536.92 | 5,572.78 | 3,498.22 |
| (vi) Other financial assets | 14 | 754.47 | 76.00 | 50.39 |
| (c) Other current assets | 8 | 3,762.65 | 4,941.40 | 3,749.84 |
| Total current assets | | 85,858.28 | 75,315.02 | 47,664.97 |
| Total assets | | 110,813.13 | 98,229.08 | 66,983.60 |
| EQUITY AND LIABILITIES | | | | |
| Equity | | | | |
| (a) Equity share capital | 15 | 1,466.67 | 1,466.67 | 1,455.72 |
| (b) Other equity | 16 | 29,872.01 | 25,621.66 | 21,396.38 |
| Total equity | | 31,338.68 | 27,088.33 | 22,852.10 |
| Liabilities | | | | |
| Non-current liabilities | | | | |
| (a) Financial liabilities | | | | |
| (i) Borrowings | 17 | 3,308.19 | 2,746.92 | 1,524.85 |
| (ii) Other financial liabilities | 18 | 885.96 | 850.77 | 817.44 |
| (b) Provisions | 19 | 1,013.65 | 908.15 | 670.73 |
| (c) Deferred tax liabilities (Net) | 7 | 193.09 | - | - |
| (d) Other non-current liabilities | 20 | - | 6.54 | 17.75 |
| (e) Non current tax liabilities (Net) | 21 | 174.20 | 174.20 | 515.93 |
| Total non-current liabilities | | 5,575.09 | 4,686.58 | 3,546.70 |
| Current liabilities | | | | |
| (a) Financial liabilities | | | | |
| (i) Borrowings | 22 | 8,861.50 | 4,842.02 | 4,765.65 |
| (ii) Trade payables | 23 | | | |
| - Due to micro and small enterprises | | 147.36 | 218.49 | 243.86 |
| - Due to others | | 33,912.07 | 34,340.99 | 28,029.03 |
| (iii) Other financial liabilities | 24 | 3,582.30 | 2,678.53 | 1,836.99 |
| (b) Other current liabilities | 25 | 25,864.33 | 22,448.84 | 4,224.54 |
| (c) Provisions | 19 | 392.73 | 312.66 | 252.09 |
| (d) Liabilities for current tax (Net) | 21 | 1,139.07 | 1,612.64 | 1,232.64 |
| Total current liabilities | | 73,899.36 | 66,454.17 | 40,584.80 |
| Total liabilities | | 79,474.45 | 71,140.75 | 44,131.50 |
| Total equity and liabilities | | 110,813.13 | 98,229.08 | 66,983.60 |
| Significant accounting policies | 1 | | | |

The accompanying notes are an integral part of the financial statements

As per our report of even date

For B S R & Co. LLP
Chartered Accountants
Firm's Registration No.: 101248W/W-100022

For and on behalf of the board of directors of
ION EXCHANGE (INDIA) LIMITED
CIN - L74999MH1964PLC014258

BHAVESH DHUPELIA
Partner
Membership no.: 042070

RAJESH SHARMA
Chairman & Managing Director
DIN - 00515486

M. P. PATNI
Director
DIN - 00515553

MILIND PURANIK
Company Secretary

Place : Mumbai
Date : 23rd May 2018

N. M. RANADIVE
Executive Vice President - Finance

Place : Mumbai
Date : 23rd May 2018

STATEMENT OF PROFIT AND LOSS for the year ended 31st March 2018

| | Notes | Year ended 31st March 2018 INR in Lacs | Year ended 31st March 2017 INR in Lacs |
|--|-------|--|--|
| Income | | | |
| Revenue from operations | 26 | 99,425.39 | 96,263.47 |
| Other income | 27 | 3,000.67 | 1,845.75 |
| Total Income (I) | | 102,426.06 | 98,109.22 |
| Expenses | | | |
| Cost of materials and components consumed | 28 | 59,783.68 | 59,525.49 |
| Purchases of stock-in-trade | 29 | 4,185.95 | 3,889.72 |
| Change in inventories of finished goods, work-in-progress and stock-in-trade | 30 | 2,205.31 | (2,509.88) |
| Employee benefits expenses | 31 | 11,549.25 | 10,038.86 |
| Finance costs | 32 | 1,572.63 | 1,279.31 |
| Depreciation and amortization expenses | 33 | 1,193.30 | 1,077.26 |
| Other expenses | 34 | 14,653.04 | 17,678.43 |
| Total expenses (II) | | 95,143.16 | 90,979.19 |
| Profit before tax (I - II) | | 7,282.90 | 7,130.03 |
| Tax expense | 35 | | |
| Current tax | | 2,195.00 | 2,445.41 |
| Deferred tax | 7 | 313.41 | (15.37) |
| Total tax expense | | 2,508.41 | 2,430.04 |
| Profit after tax (III) | | 4,774.49 | 4,699.99 |
| Other comprehensive income | 36 | | |
| Items that will not be reclassified to profit or loss | | | |
| (a) Remeasurement benefit of defined benefit plans | | (26.99) | (56.00) |
| (b) Income tax expense on remeasurement benefit of defined benefit plans | | 9.34 | 19.38 |
| Total other comprehensive income (IV) | | (17.65) | (36.62) |
| Total comprehensive income (III + IV) | | 4,756.84 | 4,663.37 |
| Earnings per equity share: | | | |
| [Nominal value of shares INR 10 (2016-17: INR 10)] (Refer note 37) | | | |
| Basic (in INR) | | 39.78 | 39.21 |
| Diluted (in INR) | | 39.78 | 39.21 |
| Significant accounting policies | 1 | | |

The accompanying notes are an integral part of the financial statements

As per our report of even date

For B S R & Co. LLP
Chartered Accountants
Firm's Registration No.: 101248W/W-100022

For and on behalf of the board of directors of
ION EXCHANGE (INDIA) LIMITED
CIN - L74999MH1964PLC014258

BHAVESH DHUPELIA
Partner
Membership no.: 042070

RAJESH SHARMA
Chairman & Managing Director
DIN - 00515486

M. P. PATNI
Director
DIN - 00515553

MILIND PURANIK
Company Secretary

Place : Mumbai
Date : 23rd May 2018

N. M. RANADIVE
Executive Vice President - Finance

Place : Mumbai
Date : 23rd May 2018

STATEMENT OF CHANGES IN EQUITY for the year ended 31st March 2018

A. Equity share capital

| | 2017-18 | | 2016-17 | |
|---|------------------|-------------|------------------|-------------|
| | Number of shares | INR in Lacs | Number of shares | INR in Lacs |
| Issued, subscribed and fully paid up equity shares outstanding at the beginning of the year | 14,666,659 | 1,466.67 | 14,557,159 | 1,455.72 |
| Add: Shares issued on exercise of employee stock options during the year | - | - | 109,500 | 10.95 |
| Issued, subscribed and fully paid up equity shares outstanding at the end of the year | 14,666,659 | 1,466.67 | 14,666,659 | 1,466.67 |

B. Other equity

| | Reserves and Surplus | | | | | Treasury shares (Refer note 16) | Total other equity |
|--|--------------------------|------------------------------------|-----------------|-----------------|-------------------|------------------------------------|--------------------|
| | Security premium account | Employee stock options outstanding | Special reserve | General reserve | Retained earnings | | |
| | INR in Lacs | INR in Lacs | INR in Lacs | INR in Lacs | INR in Lacs | INR in Lacs | INR in Lacs |
| Balance as at 1st April 2016 | 8,150.06 | 147.10 | 16.00 | 2,644.66 | 13,435.55 | (2,996.99) | 21,396.38 |
| Profit for the year (a) | - | - | - | - | 4,699.99 | - | 4,699.99 |
| Other Comprehensive Income (b) | - | - | - | - | (36.62) | - | (36.62) |
| Total comprehensive income for the year (a+b) | - | - | - | - | 4,663.37 | - | 4,663.37 |
| Issue of equity shares | 126.03 | - | - | - | - | - | 126.03 |
| Gross compensation granted during the year | - | 91.98 | - | - | - | - | 91.98 |
| Transferred to securities premium account on exercise of options | - | (126.03) | - | - | - | - | (126.03) |
| Transferred to employee compensation expenses | - | (113.05) | - | - | - | - | (113.05) |
| Dividend paid | - | - | - | - | (360.12) | - | (360.12) |
| Tax on Dividend paid | - | - | - | - | (56.90) | - | (56.90) |
| Balance as at 31st March 2017 | 8,276.09 | - | 16.00 | 2,644.66 | 17,681.90 | (2,996.99) | 25,621.66 |
| Profit for the year (c) | - | - | - | - | 4,774.49 | - | 4,774.49 |
| Other Comprehensive Income (d) | - | - | - | - | (17.65) | - | (17.65) |
| Total comprehensive income for the year (c+d) | - | - | - | - | 4,756.84 | - | 4,756.84 |
| Dividend paid | - | - | - | - | (420.13) | - | (420.13) |
| Tax on Dividend paid | - | - | - | - | (86.36) | - | (86.36) |
| Balance as at 31st March 2018 | 8,276.09 | - | 16.00 | 2,644.66 | 21,932.25 | (2,996.99) | 29,872.01 |

As per our report of even date

For B S R & Co. LLP
Chartered Accountants
Firm's Registration No.: 101248W/W-100022

For and on behalf of the board of directors of
ION EXCHANGE (INDIA) LIMITED
CIN - L74999MH1964PLC014258

BHAVESH DHUPELIA
Partner
Membership no.: 042070

RAJESH SHARMA
Chairman & Managing Director
DIN - 00515486

M. P. PATNI
Director
DIN - 00515553

MILIND PURANIK
Company Secretary

Place : Mumbai
Date : 23rd May 2018

N. M. RANADIVE
Executive Vice President - Finance

Place : Mumbai
Date : 23rd May 2018

CASH FLOW STATEMENT for the year ended 31st March 2018

| | Year ended 31st March 2018 INR in Lacs | Year ended 31st March 2017 INR in Lacs |
|---|--|--|
| A. Cash flow from operating activities: | | |
| Profit before tax | 7,282.90 | 7,130.03 |
| Adjustment to reconcile profit before tax to net cash flows: | | |
| Depreciation and amortization expense | 1,193.30 | 1,077.26 |
| (Profit) / Loss on assets sold / discarded (Net) | (0.25) | 0.97 |
| Employee compensation expenses | - | (113.05) |
| Finance cost | 1,572.63 | 1,279.31 |
| Dividend received | (87.01) | (98.42) |
| Interest received | (2,355.84) | (1,455.47) |
| Bad debts written off | 83.49 | 116.40 |
| Backcharges on contracts | 15.26 | 51.36 |
| Amount set aside for liabilities, no longer required, written back | (243.70) | - |
| Change in fair value of investments | (7.82) | (11.26) |
| Guarantee commission | (86.40) | (97.63) |
| Remeasurement benefit of defined benefit plans | (26.99) | (56.00) |
| Unrealised exchange loss / (gain) | (184.79) | 629.26 |
| Operating profit before working capital changes | 7,154.78 | 8,452.76 |
| Movements in working capital: | | |
| (Increase) / Decrease in inventories | 2,685.07 | (2,956.42) |
| (Increase) / Decrease in trade receivables | (3,668.56) | (8,589.21) |
| (Increase) / Decrease in loans | (336.65) | (2,690.61) |
| (Increase) / Decrease in other current assets | 1,302.48 | (1,372.04) |
| (Decrease) / Increase in trade payables | (278.09) | 6,461.46 |
| (Decrease) / Increase in other financial liabilities | 227.60 | 169.33 |
| (Decrease) / Increase in other current liabilities | 3,416.55 | 18,310.72 |
| (Decrease) / Increase in provisions | 185.57 | 297.99 |
| Cash generated from operations | 10,688.75 | 18,083.98 |
| Taxes paid | (2,816.10) | (2,239.43) |
| Net cash generated from operating activities | (A) | 7,872.65 |
| | 15,844.55 | |
| B. Cash flow from investing activities: | | |
| Purchase of property, plant and equipment | (2,896.59) | (4,262.93) |
| Proceeds from sale of property, plant and equipment | 0.25 | 6.82 |
| Investments made in others | (25.00) | - |
| Bank deposit made during the year (with maturity more than three months) | (15,629.50) | (3,756.50) |
| Bank deposit matured during the year (with maturity more than three months) | 986.44 | 391.47 |
| Dividend received | 87.01 | 98.42 |
| Interest received | 1,677.37 | 1,429.86 |
| Net cash used in investing activities | (B) | (15,800.02) |
| | | (6,092.86) |

Cash Flow Statement for the year ended 31st March 2018 (Contd.)

| | | Year ended 31st March 2018 INR in Lacs | Year ended 31st March 2017 INR in Lacs |
|---|--------------------|--|--|
| C. Cash flow from financing activities: | | | |
| Proceeds from issuance of share capital on exercise of options | | - | 102.93 |
| Repayment of borrowings | | (5,584.99) | (4,831.66) |
| Proceeds from borrowings | | 10,770.39 | 6,640.37 |
| Dividend paid | | (420.13) | (360.12) |
| Dividend tax paid | | (86.36) | (56.90) |
| Finance cost | | (1,419.46) | (1,073.92) |
| Net cash generated / (used) in financing activities | (C) | 3,259.45 | 420.70 |
| Net Increase / (Decrease) in cash and cash equivalents | (A)+(B)+(C) | (4,667.92) | 10,172.39 |
| Effect of exchange difference on cash and cash equivalent held in foreign currency | | (92.96) | (361.56) |
| Cash and cash equivalents as at the beginning of the year | | 10,822.45 | 1,011.62 |
| Cash and cash equivalents as at the end of the year | | 6,061.57 | 10,822.45 |

Notes:

- 1 The above cash flow statement has been prepared under the "Indirect Method" as set out in the Indian Accounting Standard (Ind AS-7) - Statement of Cash Flow prescribed under the Companies Act (Indian Accounting Standard) Rules, 2015 under the Companies Act, 2013.
- 2 Purchase of property, plant and equipment represents additions to property, plant and equipment, and other intangible assets adjusted for movement of capital-work-in-progress for property, plant and equipment.
- 3 Cash and cash equivalents excludes the following balances with bank:

| | Year ended 31st March 2018 INR in Lacs | Year ended 31st March 2017 INR in Lacs |
|---|--|--|
| Cash and cash equivalents disclosed under current assets [Note 12] | 6,061.57 | 10,822.45 |
| Other bank balances disclosed under current assets [Note 13] | 19,024.16 | 4,375.70 |
| Total cash and cash equivalents as per Balance Sheet | 25,085.73 | 15,198.15 |
| Less: Other bank balances disclosed under current assets | | |
| On unclaimed dividend accounts | 41.46 | 35.55 |
| On unclaimed interest on fixed deposits | 2.19 | 2.70 |
| On deposit account | 5,001.69 | 27.69 |
| On margin money account | 13,978.82 | 4,309.76 |
| | 19,024.16 | 4,375.70 |
| Total cash and cash equivalents as per Statement of Cash Flows | 6,061.57 | 10,822.45 |

As per our report of even date

For B S R & Co. LLP
Chartered Accountants
Firm's Registration No.: 101248W/W-100022

For and on behalf of the board of directors of
ION EXCHANGE (INDIA) LIMITED
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BHAVESH DHUPELIA
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Membership no.: 042070

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Place : Mumbai
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N. M. RANADIVE
Executive Vice President - Finance

Place : Mumbai
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NOTES TO FINANCIAL STATEMENTS for the year ended 31st March 2018

Overview of the company

Ion Exchange (India) Limited (the 'company') offers 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 etc. The company is also engaged in manufacturing resins, specialty chemicals for water and waste water treatment as well as non-water applications. The company's water and environment management solutions extend beyond the industrial sector to homes, hotels, spas, educational institutions, hospitals, laboratories, realty sector and defense establishments providing safe drinking water and a clean environment.

The company is a public limited company incorporated and domiciled in India. It is listed on BSE Limited (BSE).

1. Significant accounting policies

1.1 Statement of compliance

These financial statements are prepared and presented in accordance with the Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 as amended by the Companies (Indian Accounting Standards) (Amendment) Rules, 2016 notified under section 133 of the Companies Act, 2013, the relevant provisions of the Companies Act, 2013 ("the Act") and guidelines issued by the Securities and Exchange Board of India (SEBI), as applicable

These standalone financial statements are the first standalone financial statements prepared in accordance with Ind AS. For all periods upto and including the year ended 31st March 2017, the Company reported its financial statements in accordance with the accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (hereinafter referred to as 'previous GAAP'). The financial statements for the year ended 31st March 2017 and the opening Balance Sheet as at 1st April 2016 have been restated in accordance with Ind AS for comparative information. Reconciliations and explanations of the effect of the transition from previous GAAP to Ind AS on the company's balance sheet, statement of profit and loss and statement of cash flows are provided in note 41.

1.2 Basis of preparation

The standalone financial statements have been prepared on the going concern basis and at historical cost, on the accrual basis of accounting except for certain financial assets and financial liabilities that are measured at fair values at the end of each reporting period, as stated in the accounting policies set out below. The accounting policies have been applied consistently over all the periods presented in these financial statements.

The standalone financial statements have been approved for issue by the Board of Directors at their meeting held on 23rd May 2018.

The operating cycle in case of projects division comprising of turnkey projects which forms a part of engineering segment is determined for each project separately based on the expected execution period of the contract. In case of the other divisions the company has ascertained its operating cycle as twelve months.

1.3 Functional and presentation currency

The standalone financial statements are presented in Indian rupees, which is also the company's functional currency. All amounts have been rounded off to two decimal places to the nearest lacs, unless otherwise indicated.

1.4 Basis of measurement

The standalone financial statements have been prepared on a historical cost convention, except for the following:

- certain financial assets and liabilities (including derivative instruments) that are measured at fair value; and
- net defined benefit (asset)/ liability that are measured at fair value of plan assets less present value of defined benefit obligations.

1.5 Use of estimates

The preparation of the standalone financial statements in accordance with Ind AS requires use of judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively. Assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ended 31st March 2018 are as follows:

a) Evaluation of percentage completion

Determination of revenues under the percentage of completion method necessarily involves making estimates, some of which are technical in nature, concerning, where relevant, the percentage of completion, costs to completion, expected revenues from the project or activity and the foreseeable losses to completion. Estimates of project income, as well as project costs, are reviewed periodically. The effect of changes, if any, to estimates is recognized in the financial statements for the period in which such changes are determined.

NOTES TO FINANCIAL STATEMENTS for the year ended 31st March 2018 (contd...)**1.5 Use of estimates (contd...)****b) Useful life of property, plant and equipment**

Determination of the estimated useful lives of tangible assets and the assessment as to which components of the cost may be capitalised. Useful lives of tangible assets are based on the life prescribed in Schedule II of the Act. In cases, where the useful lives are different from that prescribed in Schedule II, they are based on technical advice, taking into account the nature of the asset, the estimated usage of the asset, the operating conditions of the asset, past history of replacement, anticipated technological changes, manufacturers' warranties and maintenance support.

c) Recognition and measurement of defined benefit obligations

The obligation arising from defined benefit plan is determined on the basis of actuarial assumptions. Key actuarial assumptions include discount rate, trends in salary escalation, actuarial rates and life expectancy. The discount rate is determined by reference to market yields at the end of the reporting period on government bonds. The period to maturity of the underlying bonds correspond to the probable maturity of the post-employment benefit obligations.

1.6 Measurement of fair values

The Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Company has an established control framework with respect to the measurement of fair values, which includes overseeing all significant fair value measurements, including Level 3 fair values by the management. The management regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the management assesses the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of Ind AS, including the level in the fair value hierarchy in which such valuations should be classified.

When measuring the fair value of a financial asset or a financial liability, the Company uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. The company recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

1.7 Summary of significant accounting policies**a) Property, plant and equipment and depreciation**

Items of property, plant and equipment are measured at cost, which includes capitalised borrowing costs, less accumulated depreciation and accumulated impairment losses, if any. Cost includes taxes, duties, freight and other incidental expenses directly related to acquisition/construction and installation of the assets. Any trade discounts and rebates are deducted in arriving at the purchase price.

Depreciation is provided on straight line basis based on life assigned to each asset in accordance with Schedule II of the Act or as per life estimated by the Management, whichever is lower, as stated below.

| Assets | Useful lives |
|---|---------------|
| Road | 10 years |
| Building - Other than factory buildings | 30 – 60 years |
| - Factory buildings | 20 – 30 years |
| Plant and machinery | 10 – 15 years |
| Site equipments | 3 years |
| Furniture and fixtures | 10 years |
| Vehicles | 4 – 8 years |
| Office equipments | 3 – 5 years |

NOTES TO FINANCIAL STATEMENTS for the year ended 31st March 2018 (contd...)

1.7 Summary of significant accounting policies (contd...)

a) Property, plant and equipment and depreciation (contd...)

Leasehold assets are depreciated over the period of lease.

In case of certain class of assets, the Company uses different useful life than those prescribed in Schedule II of the Companies Act, 2013. The useful life has been assessed based on technical advice, taking into account the nature of the asset, the estimated usage of the asset on the basis of the management's best estimation of getting economic benefits from those class of assets. The Company uses its technical expertise along with historical and industry trends for arriving the economic life of an asset.

Depreciation method, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

An item of property, plant and equipment is eliminated from the financial statements on disposal or when no further benefit is expected from its use and disposal. Gains / losses arising from disposal are recognised in the Statement of Profit and Loss.

The Company has elected to continue with the carrying value of all its property, plant and equipment as recognized in the standalone financial statements as at the date of transition to Ind AS, measured as per the previous GAAP and use that as the deemed cost as at the transition date pursuant to the exemption under Ind AS 101.

b) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost and are carried at cost less accumulated amortization and impairment.

Intangible assets are amortized on a straight-line basis over the estimated useful economic life. The amortization period and the amortization method are reviewed at each financial year end. If the expected useful life of the asset is significantly different from previous estimates, the amortization period is changed accordingly.

Computer software is amortized on a straight-line basis over the period of 5 years.

An intangible asset is eliminated from the financial statements on disposal or when no further benefit is expected from its use and disposal. Gains / losses arising from disposal are recognised in the statement of profit and loss.

The company has elected to continue with the carrying value of all its intangible assets as recognized in the standalone financial statements as at the date of transition to Ind AS, measured as per the previous GAAP and use that as the deemed cost as at the transition date pursuant to the exemption under Ind AS 101.

c) Impairment

Impairment loss, if any, is provided to the extent the carrying amount of assets exceeds their recoverable amount. Recoverable amount is the higher of an asset's net selling price and its value in use. Carrying amounts of assets are reviewed at each balance sheet date for any indication of impairment based on internal/external factors. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at end of its useful life. In assessing value in use, the present value is discounted using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset. Net selling price is the amount obtainable from sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

d) Foreign currency transactions

Transactions in foreign currencies are recognized at exchange rates prevailing on the transaction dates. Exchange differences arising on the settlement of monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognized as income or as expenses in the year in which they arise. Foreign currency monetary items are reported at the year-end rates. Exchange differences arising on reinstatement of foreign currency monetary items are recognized as income or expense in the statement of profit and loss. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction.

e) Inventories

Inventories are valued at lower of cost and net realizable value.

Cost of raw materials, components, stores and spares are computed on a weighted average basis. However, materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost.

Cost of work-in-progress includes cost of raw material and components, cost of conversion and other costs incurred in bringing the inventories to their present location and condition. Cost is computed on weighted average basis.

Contract cost that has been incurred and relates to the future activity of the contract are recognized as contract work-in-progress as it is probable that it will be recovered from the customer.

NOTES TO FINANCIAL STATEMENTS for the year ended 31st March 2018 (contd...)

1.7 Summary of significant accounting policies

e) Inventories (contd...)

Cost of finished goods includes cost of raw material and components, cost of conversion, other costs including manufacturing overheads incurred in bringing the inventories to their present location/ condition. Cost is computed on weighted average basis.

Costs of traded goods are computed on first-in-first-out basis. Cost includes cost of purchases and other costs incurred in bringing the inventories to their present location and condition.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

f) Research and development

Capital expenditure on research and development is treated in the same manner as property, plant and equipment. Research costs are expensed as incurred. Development expenditure incurred on an individual project is carried forward when its future recoverability can reasonably be regarded as assured.

g) Financial instruments

Financial assets and financial liabilities are recognised in the balance sheet when the company becomes a party to the contractual provisions of the instrument. The company determines the classification of its financial assets and financial liabilities at initial recognition based on its nature and characteristics.

A. Financial assets

(i) Initial recognition and measurement

Financial assets are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets (other than financial assets at fair value through profit or loss) are added to the fair value measured on initial recognition of financial asset.

The financial assets include debt instruments, equity investments, trade and other receivables, loans, cash and bank balances and derivative financial instruments.

(ii) Classification and subsequent measurement

For the purpose of subsequent measurement, financial assets are classified in the following categories:

a) At amortised cost,

A financial asset is measured at amortised cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

b) At fair value through other comprehensive income (FVTOCI)

A financial asset is measured at FVTOCI if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

c) At fair value through profit or loss (FVTPL).

A financial asset which is not classified in any of the above categories are measured at FVTPL.

(iii) Equity investments

All equity investments in the scope of Ind AS 109 are measured at fair value except in case of investment in subsidiaries, associates and joint venture carried at deemed cost. Deemed cost is the carrying amount under the previous GAAP as at the transition date i.e. 1st April 2016.

Equity instruments included within the FVTPL category, if any, are measured at fair value with all changes recognized in profit or loss. The company may make an irrevocable election to present in OCI subsequent changes in the fair value. The company makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the company decides to classify an equity instrument at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in OCI. There is no recycling of the amounts from OCI to profit or loss, even on sale of investment.

However, the company may transfer the cumulative gain or loss within equity.

NOTES TO FINANCIAL STATEMENTS for the year ended 31st March 2018 (contd...)

1.7 Summary of significant accounting policies

g) Financial instruments (contd...)

(iv) Impairment of financial assets

All financial assets are reviewed for impairment at least at each reporting date to identify whether there is any objective evidence that a financial asset or a group of financial assets is impaired.

(v) De-recognition of financial assets

The company de-recognises a financial asset only when the contractual rights to the cash flows from the asset expires or it transfers the financial asset and substantially all the risks and rewards of ownership of the assets.

B. Financial liabilities

(i) Initial recognition and measurement

Financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial liabilities (other than financial liabilities at fair value through profit or loss) are deducted from the fair value measured on initial recognition of financial liabilities.

The financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, derivative financial instruments, etc.

(ii) Classification and subsequent measurement

For the purpose of subsequent measurement, Financial liabilities are classified in two categories:

- a) Financial liabilities excluding derivative financial instruments at amortised cost, and
- b) Derivative financial instruments at fair value through profit or loss (FVTPL).

- Financial liabilities excluding derivative financial instruments at amortised cost

After initial recognition, financial liabilities are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are de-recognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the Statement of Profit and Loss.

- Derivative financial instruments

The Company uses derivative financial instruments, such as forward currency contracts. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value at each reporting period. Any changes therein are generally recognised in the profit and loss account.

(iii) De-recognition

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires. The difference between the carrying amount of the financial liability de-recognised and the consideration paid and payable is recognised in the statement of profit and loss.

h) Financial guarantees

Where guarantees in relation to loans of group companies are provided for no compensation, the fair value are accounted for as contribution and recognized as part of cost of investment.

i) Retirement and other employee benefits

- (i) Retirement benefit in the form of provident fund managed by Government Authorities and Superannuation Fund are defined contribution scheme and the contribution is charged to the statement of profit and loss of the year when the contribution to the respective fund is due. There is no other obligation other than the contribution payable.
- (ii) Provident Fund scheme managed by trust set up by the company is a defined benefit plan. Employee benefits, in form of contribution to provident fund managed by such trust, is charged to the statement of profit and loss as and when the related services are rendered. The deficit, if any, in the accumulated corpus of the trust is recognised in the statement of profit and loss based on actuarial valuation.
- (iii) Gratuity liability is defined benefit obligation and is provided for on the basis of an actuarial valuation on Projected Unit Credit method made at the end of each financial year. Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised in Other Comprehensive Income (OCI).

NOTES TO FINANCIAL STATEMENTS for the year ended 31st March 2018 (contd...)

1.7 Summary of significant accounting policies

i) Retirement and other employee benefits (contd...)

- (iv) Short term employee benefits are charged off at the undiscounted amount in the year in which the related service is rendered.
- (v) Long term compensated absences are provided for based on actuarial valuation. The actuarial valuation is done as per Projected Unit Credit method made at the end of each financial year. The company presents the leave liability as non-current in the balance sheet, to the extent it has an unconditional right to defer its settlement for a period beyond 12 months, balance amount is presented as current.

j) Employee stock compensation cost

Equity-settled plans are accounted at fair value as at the grant date. The fair value of the share-based option is determined at the grant date using a market-based option valuation model (Black Scholes Option Valuation Model). The fair value of the option is recorded as compensation expense amortized over the vesting period of the options, with a corresponding increase in Reserves and Surplus under the head "Employee Stock Option Outstanding". On exercise of the option, the proceeds are recorded as share capital and security premium account.

The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Company's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to the Statement of Profit and Loss for a period represents the movement in cumulative expense recognized as at the beginning and end of that period and is recognized in employee benefits expense.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the company's best estimate of the number of equity instruments that will ultimately vest.

k) Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured.

Sales are accounted for inclusive of excise duty but excluding sales tax, VAT & GST. Sale of goods is recognized when the property and all significant risks and reward of ownership is transferred to the buyer and no significant uncertainty exists regarding the amount of consideration that is derived from the sale of goods.

Contract revenue and contract costs in respect of construction contracts, execution of which is spread over different accounting periods, is recognized as revenue and expense respectively by reference to the basis of percentage of completion method of the project at the balance sheet date.

Determination of revenues under the percentage of completion method by the company is based on estimates (some of which are technical in nature) concerning the percentage of completion, costs to completion, contracted revenue from the contract and the foreseeable losses of completion. Foreseeable losses, if any, which are based on technical estimates, are provided in the accounts irrespective of the work done. The company does not have outflow on account of warranty given to customers as substantially all the outsourced work has a back to back guarantee.

Income from services:

Revenue from maintenance contracts are recognized pro-rata over the period of the contract as and when services are rendered. Income from management fees is recognized on completion of services. The company collects service tax and GST on behalf of the government and therefore, it is not an economic benefit flowing to the company. Hence, Service tax and GST is excluded from revenue.

Interest:

Revenue is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable. For all financial instruments measured at amortised cost, interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instruments or a shorter period, where appropriate, to the gross carrying amount of the financial assets or to the amortised cost of a financial liability. Interest income is included in finance income in the statement of profit and loss.

Dividends:

Revenue is recognized when the shareholder's right to receive payment is established by the balance sheet date.

NOTES TO FINANCIAL STATEMENTS for the year ended 31st March 2018 (contd...)

1.7 Summary of significant accounting policies

k) Revenue recognition (contd...)

Export incentive:

An export incentive is recognized in the statement of profit and loss when the right to receive credit as per the terms of the scheme is established in respect of export made, and there is no uncertainty as to its receipt.

l) Taxation

(i) Provision for current taxation has been made in accordance with the Indian Income tax laws prevailing for the relevant assessment years.

(ii) Deferred tax is recognized, subject to the consideration of prudence, on timing differences being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax is measured on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Un-recognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax relating to items recognised outside profit or loss are recognised in correlation to the underlying transaction either in Other Comprehensive Income (OCI) or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation.

m) Provisions and contingent liabilities

A provision is recognised if, as a result of a past event, the company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but will probably not, require an outflow of resources. When there is a possible obligation of a present obligation in respect of which the likelihood of outflow of resources is remote, no provision disclosure is made.

n) Earnings per share

Basic earnings per equity share are calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting attributable taxes) by the weighted average number of equity shares outstanding during the period.

For calculating the weighted average number of equity shares outstanding, 2,662,914 equity shares is being excluded on consolidation of equity shares held by IEI Shareholding (Staff Welfare) Trusts and is shown under treasury shares.

For the purpose of calculating diluted earnings per equity share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

o) Segment reporting policies

Identification of segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker (CODM). The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Chairman and Managing Director who makes strategic decisions.

Inter-segment Transfers

The Company accounts for inter-segment sales and transfers at cost plus appropriate margin.

NOTES TO FINANCIAL STATEMENTS for the year ended 31st March 2018 (contd...)

1.7 Summary of significant accounting policies

o) Segment reporting policies (contd...)

Allocation of common costs

Common allocable costs are allocated to each segment according to the turnover of the respective segments.

Unallocated costs

The unallocated segment includes general corporate income and expense items which are not allocated to any business segment.

Segment policies

The Company prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the financial statements of the company as a whole.

p) Cash and cash equivalents

Cash and cash equivalents in the cash flow statement comprise cash at bank and in hand and short-term investments with an original maturity of three months or less.

q) Leases

Where the company is the lessor

Leases in which the company does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases. Assets given on operating leases by the company are included in property, plant and equipment. Lease income is recognized in the statement of profit and loss on a straight-line basis over the lease term. Costs, including depreciation, are recognized as an expense in the statement of profit and loss. Initial direct costs such as legal costs, brokerage costs, etc. are recognized immediately in the statement of profit and loss.

Where the company is the lessee

Finance leases, which effectively transfer to the company substantially all the risks and benefits incidental to ownership of the leased item, are capitalized at the inception of the lease term at the lower of the fair value of the leased property and present value of minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized as finance costs in the statement of profit and loss. However, finance charges pertaining to the period up to date of commissioning of assets are capitalised. Lease management fees, legal charges and other initial direct costs of lease are capitalized.

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item, are classified as operating leases. Operating lease payments are recognized as an expense in the statement of profit and loss on a straight-line basis over the lease term.

In case of profit on sale and lease back arrangements resulting in operating leases, where the sale price is above fair value, the excess over the fair value is deferred and amortized over the period for which the asset is expected to be used.

r) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective asset till such time that it is required to complete and prepare the assets to get ready for its intended use. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

s) Dividend payable

Final dividend on shares are recorded as a liability on the date of approval by the shareholders and interim dividend are recorded as a liability on the date of declaration by the company's board of directors. A corresponding amount is recognised directly in equity.

NOTES TO FINANCIAL STATEMENTS for the year ended 31st March 2018 (contd...)

2. Property, plant and equipment

| | Land (Freehold) (Refer note b) | Land (Leasehold)* | Road | Building on freehold land (Refer note c, d, e and f) | Building on leasehold land | Plant and machinery (Refer note g) | Furniture and fixtures | Vehicles | Office equipments (Refer note h) | INR in Lacs |
|---|--------------------------------------|----------------------|--------------|--|----------------------------------|--|------------------------------|---------------|---|------------------|
| Gross block | | | | | | | | | | |
| As at 1st April 2017 | 204.29 | 353.79 | 47.58 | 2,093.14 | 1,525.42 | 4,910.75 | 207.61 | 115.09 | 441.67 | 9,899.34 |
| Addition during the year | - | 6.34 | 40.88 | 53.89 | 1,397.73 | 3,597.68 | 233.41 | 157.10 | 265.55 | 5,752.58 |
| Disposal during the year | - | - | - | - | - | - | - | - | 2.49 | 2.49 |
| As at 31st March 2018 | 204.29 | 360.13 | 88.46 | 2,147.03 | 2,923.15 | 8,508.43 | 441.02 | 272.19 | 704.73 | 15,649.43 |
| Depreciation / Amortisation | | | | | | | | | | |
| As at 1st April 2017 | - | 5.11 | 7.69 | 53.47 | 81.22 | 664.12 | 44.37 | 37.75 | 136.50 | 1,030.23 |
| Depreciation during the year | - | 9.55 | 7.69 | 54.91 | 82.73 | 768.78 | 40.03 | 35.86 | 148.51 | 1,148.06 |
| Deduction during the year | - | - | - | - | - | - | - | - | 2.49 | 2.49 |
| As at 31st March 2018 | - | 14.66 | 15.38 | 108.38 | 163.95 | 1,432.90 | 84.40 | 73.61 | 282.52 | 2,175.80 |
| Net carrying value as at 31st March 2018 | 204.29 | 345.47 | 73.08 | 2,038.65 | 2,759.20 | 7,075.53 | 356.62 | 198.58 | 422.21 | 13,473.63 |
| Gross block | | | | | | | | | | |
| As at 1st April 2016 | 204.29 | 166.38 | 47.58 | 2,086.72 | 1,486.98 | 3,355.35 | 185.36 | 92.55 | 272.76 | 7,897.97 |
| Addition during the year | - | 187.41 | - | 6.42 | 38.44 | 1,565.42 | 22.35 | 22.54 | 168.94 | 2,011.52 |
| Disposal during the year | - | - | - | - | - | 10.02 | 0.10 | - | 0.03 | 10.15 |
| As at 31st March 2017 | 204.29 | 353.79 | 47.58 | 2,093.14 | 1,525.42 | 4,910.75 | 207.61 | 115.09 | 441.67 | 9,899.34 |
| Depreciation / Amortisation | | | | | | | | | | |
| As at 1st April 2016 | - | - | - | - | - | - | - | - | - | - |
| Depreciation during the year | - | 5.11 | 7.69 | 53.47 | 81.22 | 666.40 | 44.42 | 37.75 | 136.52 | 1,032.58 |
| Deduction during the year | - | - | - | - | - | 2.28 | 0.05 | - | 0.02 | 2.35 |
| As at 31st March 2017 | - | 5.11 | 7.69 | 53.47 | 81.22 | 664.12 | 44.37 | 37.75 | 136.50 | 1,030.23 |
| Net carrying value as at 31st March 2017 | 204.29 | 348.68 | 39.89 | 2,039.67 | 1,444.20 | 4,246.63 | 163.24 | 77.34 | 305.17 | 8,869.11 |
| Net carrying value as at 1st April 2016 | 204.29 | 166.38 | 47.58 | 2,086.72 | 1,486.98 | 3,355.35 | 185.36 | 92.55 | 272.76 | 7,897.97 |

* The leasehold land under finance lease is recognised under PPE as substantially all the significant risk and rewards incidental to ownership of land under lease have been transferred to the Company.

Notes

- a) The Company has availed the deemed cost exemption in relation to the property plant and equipment on the date of transition and hence the net block carrying amount has been considered as the gross block carrying amount on that date. Refer note below for the gross block value and the accumulated depreciation on 1st April 2016 under the previous GAAP

| | Land (Freehold) | Land (Leasehold) | Road | Building on freehold land | Building on leasehold land | Plant and machinery | Furniture and fixtures | Vehicles | Office equipments | Total |
|-----------------------------|--------------------|---------------------|-------|---------------------------------|----------------------------------|------------------------|------------------------------|----------|----------------------|-----------|
| Gross block | 204.29 | 239.84 | 72.26 | 2,660.83 | 2,765.48 | 9,556.50 | 1,066.95 | 343.79 | 2,099.05 | 19,008.99 |
| Accumulated depreciation | - | 73.46 | 24.68 | 574.11 | 1,278.50 | 6,201.15 | 881.59 | 251.24 | 1,826.29 | 11,111.02 |
| Net Block | 204.29 | 166.38 | 47.58 | 2,086.72 | 1,486.98 | 3,355.35 | 185.36 | 92.55 | 272.76 | 7,897.97 |

NOTES TO FINANCIAL STATEMENTS for the year ended 31st March 2018 (contd...)**2. Property, plant and equipment (contd...)**

- b) Freehold land includes land at Pune, the title deeds of which are in the name of the nominees of the company.
 Deemed gross book value INR 18.44 Lacs (2016-17: INR 18.44 Lacs)
- c) Buildings on freehold land includes residential flats, the cost of which includes:
- INR 250 (2016-17: INR 250) being the value of 5 Shares (unquoted) of INR 50 each, fully paid up in Sunrise Co-operative Housing Society Limited.
 - INR 3,500 (2016-17: INR 3,500) being the value of 70 Shares (unquoted) of INR 50 each, fully paid up in Usha Milan Co-operative Society Limited.
- d) Buildings on freehold land includes residential flats acquired at Mumbai, the society formation of which is in progress.
 Deemed gross book value INR 41.15 Lacs (2016-17: INR 41.15 Lacs)
 Net book value INR 39.07 Lacs (2016-17: INR 40.11 Lacs)
- e) Buildings on freehold land includes residential flats comprising of 2 LIG flats (Nos. B-16 and B-17) and 1 MIG flat (No. B-14) at Hosur, the title deeds of which are awaited from authorities.
 Deemed gross book value INR Nil (2016-17: INR Nil)
 Net book value INR Nil (2016-17: INR Nil)
- f) Buildings on freehold land includes office premises given on operating lease :
 Deemed gross book value INR 128.72 Lacs (2016-17: INR 128.72 Lacs)
 Accumulated depreciation INR 11.21 Lacs (2016-17: INR 5.18 Lacs)
 Depreciation for the year INR 6.03 Lacs (2016-17: INR 5.18 Lacs)
 Net book value INR 122.29 Lacs (2016-17: INR 123.54 Lacs)
- g) Plant and machinery includes items taken on finance lease:
 Deemed gross book value INR 1,396.81 Lacs (2016-17: INR 1,057.93 Lacs)
 Accumulated depreciation INR 287.00 Lacs (2016-17: INR 102.03 Lacs)
 Depreciation for the year INR 187.97 Lacs (2016-17: INR 102.03 Lacs)
 Net book value INR 1,109.81 Lacs (2016-17: INR 955.90 Lacs)
- h) Office equipment includes data processing items taken on finance lease:
 Deemed gross book value INR 93.35 Lacs (2016-17: INR 82.45 Lacs)
 Accumulated depreciation INR 50.62 Lacs (2016-17: INR 33.30 Lacs)
 Depreciation for the year INR 17.32 Lacs (2016-17: INR 33.30 Lacs)
 Net book value INR 42.73 Lacs (2016-17: INR 49.15 Lacs)
- i) Addition to Property, plant and equipment includes amount of INR 71.69 Lacs (2016-17: INR 110.41 Lacs) pertaining to research and development.
- j) Addition during the year and capital work-in-progress include INR 310.53 Lacs (2016-17: INR 184.84 Lacs) being borrowing cost capitalised in accordance with Indian Accounting Standard (Ind AS) 23 on "Borrowing Costs". Asset wise break-up of borrowing costs capitalised is as follows:

| | Year ended 31st March 2018 INR in Lacs | Year ended 31st March 2017 INR in Lacs |
|----------------------------|--|--|
| Road | 2.83 | - |
| Building on leasehold land | 90.44 | - |
| Plant and machinery | 204.39 | - |
| Furniture and fixtures | 7.47 | - |
| Office equipments | 5.40 | - |
| Capital work-in-progress | - | 184.84 |
| | 310.53 | 184.84 |

NOTES TO FINANCIAL STATEMENTS for the year ended 31st March 2018 (contd...)

3. Intangible assets

| | INR in Lacs | Total |
|---|-------------------|---------------|
| | Computer Software | Total |
| Gross block | | |
| As at 1st April 2017 | 175.20 | 175.20 |
| Addition during the year | 43.20 | 43.20 |
| Disposal during the year | - | - |
| As at 31st March 2018 | 218.40 | 218.40 |
| Amortisation | | |
| As at 1st April 2017 | 44.67 | 44.67 |
| Amortised during the year | 45.24 | 45.24 |
| Deduction during the year | - | - |
| As at 31st March 2018 | 89.91 | 89.91 |
| Net carrying value as at 31st March 2018 | 128.49 | 128.49 |
| Gross block | | |
| As at 1st April 2016 | 121.05 | 121.05 |
| Addition during the year | 54.15 | 54.15 |
| Disposal during the year | - | - |
| As at 31st March 2017 | 175.20 | 175.20 |
| Amortisation | | |
| As at 1st April 2016 | - | - |
| Amortised during the year | 44.67 | 44.67 |
| Deduction during the year | - | - |
| As at 31st March 2017 | 44.67 | 44.67 |
| Net carrying value as at 31st March 2017 | 130.53 | 130.53 |
| Net carrying value as at 1st April 2016 | 121.05 | 121.05 |

Note

The Company has availed the deemed cost exemption in relation to the Intangible assets on the date of transition and hence the net block carrying amount has been considered as the gross block carrying amount on that date. Refer note below for the gross block value and the accumulated depreciation on 1st April 2016 under the previous GAAP.

| | INR in Lacs | |
|--------------------------|-------------------|---------------|
| | Computer Software | Total |
| Gross block | | |
| Gross block | 497.05 | 497.05 |
| Accumulated amortisation | 376.00 | 376.00 |
| Net Block | 121.05 | 121.05 |

NOTES TO FINANCIAL STATEMENTS for the year ended 31st March 2018 (contd...)**4. Non-current investments**

| | As at 31st March 2018 | | As at 31st March 2017 | | As at 1st April 2016 | |
|---|-----------------------|-------------|-----------------------|-------------|----------------------|-------------|
| | Units | INR in Lacs | Units | INR in Lacs | Units | INR in Lacs |
| Measured at cost in equity shares of subsidiaries | | | | | | |
| Unquoted, fully paid-up | | | | | | |
| Aqua Investments (India) Limited of INR 10 each | 1,760,000 | 176.00 | 1,760,000 | 176.00 | 1,760,000 | 176.00 |
| Watercare Investments (India) Limited of INR 10 each | 1,770,000 | 177.00 | 1,770,000 | 177.00 | 1,770,000 | 177.00 |
| Ion Exchange Enviro Farms Limited of INR 10 each | 547,000 | 54.70 | 547,000 | 54.70 | 547,000 | 54.70 |
| Ion Exchange Asia Pacific Pte. Ltd. of SGD 1 each | 2,603,211 | 1,108.73 | 2,603,211 | 1,094.92 | 2,603,211 | 1,094.92 |
| IEI Environmental Management (M) Sdn. Bhd. of MYR 1 each | 250,000 | 18.10 | 250,000 | 18.10 | 150,000 | 18.10 |
| Ion Exchange LLC of USD 1 each | 700,000 | 372.01 | 700,000 | 372.01 | 700,000 | 372.01 |
| Ion Exchange And Company LLC, OMR 1 each | 153,000 | 180.85 | 153,000 | 180.85 | 153,000 | 180.85 |
| Ion Exchange Environment Management (BD) Limited of BDT 100 each | 55,862 | 37.06 | 55,862 | 36.40 | 55,862 | 36.40 |
| Ion Exchange WTS (Bangladesh) Limited of BDT 100 each | 27,469 | 2.45 | 27,469 | 2.45 | 27,469 | 2.45 |
| Ion Exchange Infrastructure Limited of INR 10 each * | - | - | - | - | 3,120,000 | 317.66 |
| Global Composite And Structural Limited of INR 10 each | 2,170,000 | 245.00 | 2,170,000 | 227.00 | 2,170,000 | 227.00 |
| Ion Exchange Projects And Engineering Limited of INR 10 each * | 13,968,634 | 1,388.64 | 13,968,634 | 1,359.20 | 10,000,000 | 1,041.54 |
| Ion Exchange Safic Pty Ltd. of ZAR 1 each | 600 | 52.51 | 600 | 46.62 | 600 | 46.62 |
| Total Water Management Services (India) Limited of INR 10 each** | 65,618 | 18.00 | 49,993 | 5.00 | 49,993 | 5.00 |
| Ion Exchange Purified Drinking Water Private Limited of INR 10 each | 10,000 | 39.01 | 10,000 | 39.01 | 10,000 | 39.01 |
| (A) | 3,870.06 | | 3,789.26 | | 3,789.26 | |
| Measured at cost in equity shares of joint venture | | | | | | |
| Unquoted, fully paid-up | | | | | | |
| Ion Exchange Waterloo Limited of INR 10 each | 2,499,500 | 251.23 | 2,499,500 | 251.23 | 2,499,500 | 251.23 |
| (B) | 251.23 | | 251.23 | | 251.23 | |

NOTES TO FINANCIAL STATEMENTS for the year ended 31st March 2018 (contd...)

4. Non-current investments

| | As at 31st March 2018 | | As at 31st March 2017 | | As at 1st April 2016 | |
|--|-----------------------|-----------------|-----------------------|-----------------|----------------------|-----------------|
| | Units | INR in Lacs | Units | INR in Lacs | Units | INR in Lacs |
| Measured at cost in equity shares of associates | | | | | | |
| Unquoted, fully paid-up | | | | | | |
| Aquanomics Systems Limited of INR 10 each | 460,000 | 68.00 | 460,000 | 57.00 | 460,000 | 57.00 |
| Astha Technical Services Limited of INR 10 each ** | - | - | 130,000 | 13.00 | 130,000 | 13.00 |
| (C) | | 68.00 | | 70.00 | | 70.00 |
| Measured at fair value through profit and loss in equity shares of others | | | | | | |
| Unquoted, fully paid-up | | | | | | |
| IEK Plastics Limited of INR 10 each | 6,000 | - | 6,000 | - | 6,000 | - |
| Patancheru Enviro-tech Limited of INR 10 each | 113 | 0.01 | 113 | 0.01 | 113 | 0.01 |
| Bharuch Enviro Infrastructure Limited of INR 10 each | 10,500 | 1.05 | 10,500 | 1.05 | 10,500 | 1.05 |
| Bharuch Eco-Aqua Infrastructure Limited of INR 10 each | 352,500 | 35.25 | 352,500 | 35.25 | 352,500 | 35.25 |
| Global Procurement Consultants Limited of INR 10 each | 71,518 | 27.46 | 21,518 | 2.46 | 21,518 | 2.46 |
| Ion Foundation of INR 10 each | 1,000 | 0.10 | 1,000 | 0.10 | 1,000 | 0.10 |
| Water Quality India Association of INR 10 each | 7,143 | 0.71 | 7,143 | 0.71 | 7,143 | 0.71 |
| (D) | | 64.58 | | 39.58 | | 39.58 |
| Measured at amortised cost in preference shares of others | | | | | | |
| Unquoted, fully paid-up | | | | | | |
| HMG Industries Limited, 14.25% preference shares of INR 100 each | 75,000 | 0.50 | 75,000 | 0.50 | 75,000 | 0.50 |
| (E) | | 0.50 | | 0.50 | | 0.50 |
| Measured at amortised cost in debenture of subsidiaries | | | | | | |
| Ion Exchange Enviro Farms Limited, 7% secured redeemable non-convertible debenture of INR 100 each | 1,500,000 | 1,500.00 | 1,500,000 | 1,500.00 | 1,500,000 | 1,500.00 |
| (F) | | 1,500.00 | | 1,500.00 | | 1,500.00 |
| Total non current investments(A+B+C+D+E+F) | | 5,754.37 | | 5,650.57 | | 5,650.57 |
| Aggregate amount of quoted Investments | | - | | - | | - |
| Aggregate amount of unquoted Investments | | 5,754.37 | | 5,650.57 | | 5,650.57 |

* Ion Exchange Infrastructure Limited, a subsidiary of Ion Exchange (India) Limited was amalgamated with Ion Exchange Projects and Engineering Limited w.e.f. 1st April 2014 as per order of Bombay High Court, which became operational from 17th December 2015. As per the scheme, 3,968,634 shares were issued by Ion Exchange Projects and Engineering Limited on 24th May 2016 in lieu of shares held in Ion Exchange Infrastructure Limited.

** Astha Technical Services Limited, an associate of Ion Exchange (India) Limited was amalgamated with Total Water Management Services (India) Limited, a subsidiary of Ion Exchange (India) Limited w.e.f. 1st April 2017 as per order dated 24th August 2017 received from The National Company Law Tribunal, Mumbai Bench. As per the scheme, 15,625 shares were issued by Total Water Management Services (India) Limited on 24th January 2018 in lieu of shares held in Astha Technical Services Limited.

NOTES TO FINANCIAL STATEMENTS for the year ended 31st March 2018 (contd...)**5. Trade receivables**

| | Non-current | | | Current | | |
|--|-----------------------------|-----------------------------|----------------------------|-----------------------------|-----------------------------|----------------------------|
| | As at 31st March 2018 | As at 31st March 2017 | As at 1st April 2016 | As at 31st March 2018 | As at 31st March 2017 | As at 1st April 2016 |
| | INR in Lacs | INR in Lacs | INR in Lacs | INR in Lacs | INR in Lacs | INR in Lacs |
| Trade receivables | | | | | | |
| (a) Unsecured, considered good | 358.09 | 358.09 | 582.78 | 42,969.51 | 39,100.44 | 30,889.40 |
| (b) Unsecured, considered doubtful | 59.62 | 59.62 | 59.62 | - | - | - |
| | 417.71 | 417.71 | 642.40 | 42,969.51 | 39,100.44 | 30,889.40 |
| Less: Provision for unsecured doubtful debts | 59.62 | 59.62 | 59.62 | - | - | - |
| | 358.09 | 358.09 | 582.78 | 42,969.51 | 39,100.44 | 30,889.40 |

6. Loans

| | Non-current | | | Current | | |
|--|-----------------------------|-----------------------------|----------------------------|-----------------------------|-----------------------------|----------------------------|
| | As at 31st March 2018 | As at 31st March 2017 | As at 1st April 2016 | As at 31st March 2018 | As at 31st March 2017 | As at 1st April 2016 |
| | INR in Lacs | INR in Lacs | INR in Lacs | INR in Lacs | INR in Lacs | INR in Lacs |
| Tender, security and other deposits | | | | | | |
| (a) Unsecured, considered good | 666.92 | 611.33 | 525.36 | 36.65 | 86.58 | 90.11 |
| (b) Unsecured, considered doubtful | 10.99 | 8.49 | 8.49 | - | - | - |
| | 677.91 | 619.82 | 533.85 | 36.65 | 86.58 | 90.11 |
| Less: Provision for doubtful deposits | 10.99 | 8.49 | 8.49 | - | - | - |
| (A) | 666.92 | 611.33 | 525.36 | 36.65 | 86.58 | 90.11 |
| Loans and advances to related parties (Refer note 44) | | | | | | |
| (a) Unsecured, considered good | 3,325.49 | 3,008.34 | 2,485.73 | 5,000.77 | 5,174.42 | 3,200.67 |
| (b) Unsecured, considered doubtful | 22.25 | 24.75 | 24.75 | - | - | - |
| | 3,347.74 | 3,033.09 | 2,510.48 | 5,000.77 | 5,174.42 | 3,200.67 |
| Less: Provision for doubtful advances | 22.25 | 24.75 | 24.75 | - | - | - |
| (B) | 3,325.49 | 3,008.34 | 2,485.73 | 5,000.77 | 5,174.42 | 3,200.67 |
| Claims receivables | (C) | - | - | - | 443.64 | 231.88 |
| Loans and advance to employees | (D) | - | - | - | 55.86 | 79.90 |
| Rent receivable (unsecured, considered doubtful) | 17.05 | 17.05 | 17.05 | - | - | - |
| Less: Provision | 17.05 | 17.05 | 17.05 | - | - | - |
| (E) | - | - | - | - | - | - |
| (A+B+C+D+E) | 3,992.41 | 3,619.67 | 3,011.09 | 5,536.92 | 5,572.78 | 3,498.22 |

NOTES TO FINANCIAL STATEMENTS for the year ended 31st March 2018 (contd...)

7. Deferred tax assets (Net)

As at 31st March 2018

| Particulars | Opening balance | Recognised in profit or loss | Recognised in other comprehensive income | Closing balance | Deferred tax asset | Deferred tax liabilities |
|---|-----------------|------------------------------|--|-----------------|--------------------|--------------------------|
| Deferred tax assets/ (liabilities) | | | | | | |
| Property, plant and equipment | (945.01) | (225.12) | - | (1,170.13) | - | (1,170.13) |
| Trade receivables | 299.39 | (161.15) | - | 138.24 | 138.24 | - |
| Loans and borrowings | 56.75 | 1.14 | - | 57.89 | 57.89 | - |
| Retention money | 153.90 | 29.66 | - | 183.56 | 183.56 | - |
| Other items | 545.95 | 42.06 | 9.34 | 597.35 | 597.35 | - |
| Tax assets/(liabilities) | 110.98 | (313.41) | 9.34 | (193.09) | 977.04 | (1,170.13) |

As at 31st March 2017

| Particulars | Opening balance | Recognised in profit or loss | Recognised in other comprehensive income | Closing balance | Deferred tax asset | Deferred tax liabilities |
|---|-----------------|------------------------------|--|-----------------|--------------------|--------------------------|
| Deferred tax assets/ (liabilities) | | | | | | |
| Property, plant and equipment | (867.30) | (77.71) | - | (945.01) | - | (945.01) |
| Trade receivables | 243.74 | 55.65 | - | 299.39 | 299.39 | - |
| Loans and borrowings | 56.50 | 0.25 | - | 56.75 | 56.75 | - |
| Retention money | 183.52 | (29.62) | - | 153.90 | 153.90 | - |
| Other items | 459.77 | 66.80 | 19.38 | 545.95 | 545.95 | - |
| Tax assets/(liabilities) | 76.23 | 15.37 | 19.38 | 110.98 | 1,055.99 | (945.01) |

The company offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

Significant management judgement is required in determining provision for deferred income tax assets and liabilities and recoverability of deferred income tax assets. The recoverability of deferred income tax assets is based on estimates of taxable income and the period over which deferred income tax assets will be recovered.

NOTES TO FINANCIAL STATEMENTS for the year ended 31st March 2018 (contd...)**8. Other assets**

| | Non-current | | | Current | | |
|--|--|--|---|--|--|---|
| | As at 31st March 2018 INR in Lacs | As at 31st March 2017 INR in Lacs | As at 1st April 2016 INR in Lacs | As at 31st March 2018 INR in Lacs | As at 31st March 2017 INR in Lacs | As at 1st April 2016 INR in Lacs |
| Capital advances | 76.75 | 182.60 | 960.04 | - | - | - |
| Balance with statutory authorities | 485.07 | 608.80 | 428.32 | 2,014.65 | 1,565.42 | 1,731.92 |
| Advance to suppliers | | | | | | |
| Unsecured, considered good | - | - | - | 446.92 | 1,078.73 | 643.18 |
| Unsecured, considered good - related parties [Refer note 44] | - | - | - | 882.70 | 1,252.74 | 916.55 |
| Unsecured, considered doubtful | 14.20 | 14.20 | 14.20 | - | - | - |
| | 14.20 | 14.20 | 14.20 | 1,329.62 | 2,331.47 | 1,559.73 |
| Less: Provision for doubtful advances | 14.20 | 14.20 | 14.20 | - | - | - |
| | - | - | - | 1,329.62 | 2,331.47 | 1,559.73 |
| Prepaid expenses | - | - | - | 418.38 | 1,044.51 | 458.19 |
| | 561.82 | 791.40 | 1,388.36 | 3,762.65 | 4,941.40 | 3,749.84 |

9. Tax assets

| | Non-current | | | Current | | |
|-----------------------|--|--|---|--|--|---|
| | As at 31st March 2018 INR in Lacs | As at 31st March 2017 INR in Lacs | As at 1st April 2016 INR in Lacs | As at 31st March 2018 INR in Lacs | As at 31st March 2017 INR in Lacs | As at 1st April 2016 INR in Lacs |
| Income tax paid (Net) | 28.28 | 28.28 | 400.99 | - | - | - |
| | 28.28 | 28.28 | 400.99 | - | - | - |

10. Inventories

(valued at lower of cost and net realizable value)

| | As at 31st March 2018 INR in Lacs | As at 31st March 2017 INR in Lacs | As at 1st April 2016 INR in Lacs |
|---|---|---|--|
| Raw materials and components (includes in transit INR 244.78 Lacs, 31st March 2017: INR 265.58 Lacs, 1st April 2016: INR 155.19 Lacs) | 2,798.11 | 3,392.24 | 2,804.09 |
| Work-in-progress | 544.84 | 717.52 | 290.36 |
| Finished goods (includes in transit INR 27.70 Lacs, 31st March 2017: INR 54.01 Lacs, 1st April 2016: INR 47.63 Lacs) | 2,618.60 | 3,234.18 | 2,800.14 |
| Traded goods | 654.91 | 580.95 | 507.80 |
| Stores and spares | 624.24 | 509.87 | 651.48 |
| Contract work-in-progress | 468.48 | 1,959.49 | 383.96 |
| | 7,709.18 | 10,394.25 | 7,437.83 |

NOTES TO FINANCIAL STATEMENTS for the year ended 31st March 2018 (contd...)

11. Investments

| | As at 31st March 2018 | | As at 31st March 2017 | | As at 1st April 2016 | |
|---|-----------------------|--------------|-----------------------|--------------|----------------------|--------------|
| | Units | INR in Lacs | Units | INR in Lacs | Units | INR in Lacs |
| Investments measured at fair value through profit and loss | | | | | | |
| Quoted, fully paid-up | | | | | | |
| Equity shares of Sterlite Technologies Limited of INR 2 each | 5,875 | 18.34 | 5,875 | 7.39 | 5,875 | 5.32 |
| Equity shares of Jain Irrigation Systems Limited of INR 2 each | 70 | 0.08 | 70 | 0.07 | 70 | 0.04 |
| Equity shares of Canara Bank of INR 10 each | 8,100 | 21.40 | 8,100 | 24.54 | 8,100 | 15.38 |
| | | 39.82 | | 32.00 | | 20.74 |
| Aggregate amount of quoted investments | | 39.82 | | 32.00 | | 20.74 |
| Aggregate amount of unquoted investments | | - | | - | | - |

12. Cash and cash equivalents

| | As at 31st March 2018 INR in Lacs | As at 31st March 2017 INR in Lacs | As at 1st April 2016 INR in Lacs |
|--|--|--|--|
| | | | |
| Balances with banks | | | |
| On current accounts [Refer note below] | 6,005.33 | 10,715.86 | 869.98 |
| On Exchange Earner's Foreign Currency accounts | 14.71 | 14.91 | 75.87 |
| Cash on hand | 41.53 | 91.68 | 65.77 |
| | 6,061.57 | 10,822.45 | 1,011.62 |

Note

Includes balance of Rs. 3,579.32 Lacs (31st March 2017: Rs. 9,881.58 Lacs, 1st April 2016: Rs. Nil) in escrow accounts, for utilisation in the execution of a specific EPC contract.

13. Bank balances other than cash and cash equivalents

| | As at 31st March 2018 INR in Lacs | As at 31st March 2017 INR in Lacs | As at 1st April 2016 INR in Lacs |
|--|--|--|--|
| | | | |
| Balances with banks | | | |
| On Unclaimed dividend account | 41.46 | 35.55 | 31.19 |
| On Unclaimed interest on fixed deposits | 2.19 | 2.70 | 3.32 |
| Other bank balances: | | | |
| On deposit account | 5,001.69 | 27.69 | 25.45 |
| On margin money account [Refer note below] | 13,978.82 | 4,309.76 | 946.97 |
| | 19,024.16 | 4,375.70 | 1,006.93 |

Note

Margin money deposits with a carrying amount of Rs. 13,978.82 Lacs (31st March 2017: Rs. 4,309.76 Lacs , 1st April 2016: Rs. 946.97 Lacs) are subject to first charge to secure bank guarantees issued by banks on our behalf.

NOTES TO FINANCIAL STATEMENTS for the year ended 31st March 2018 (contd...)

14. Other financial assets

| | As at 31st March 2018 INR in Lacs | As at 31st March 2017 INR in Lacs | As at 1st April 2016 INR in Lacs |
|----------------------------------|---|---|--|
| Interest accrued on margin money | 754.47 | 76.00 | 50.39 |
| | 754.47 | 76.00 | 50.39 |

15. Equity share capital

| | As at 31st March 2018 | | As at 31st March 2017 | | As at 1st April 2016 | |
|---|-----------------------|-------------|-----------------------|-------------|----------------------|-------------|
| | No of shares | INR in Lacs | No of shares | INR in Lacs | No of shares | INR in Lacs |
| Authorised capital | | | | | | |
| Equity shares of INR 10 each. | 17,000,000 | 1,700.00 | 17,000,000 | 1,700.00 | 17,000,000 | 1,700.00 |
| Issued, subscribed and fully paid-up capital | | | | | | |
| Equity shares of INR 10 each. | 14,666,659 | 1,466.67 | 14,666,659 | 1,466.67 | 14,557,159 | 1,455.72 |
| | 1,466.67 | | 1,466.67 | | 1,455.72 | |

(a) Reconciliation of the shares outstanding at the beginning and at the end of the year

| | As at 31st March 2018 | | As at 31st March 2017 | |
|--|-----------------------|-----------------|-----------------------|-----------------|
| | No of shares | INR in Lacs | No of shares | INR in Lacs |
| At the beginning of the year | 14,666,659 | 1,466.67 | 14,557,159 | 1,455.72 |
| Add: Issued during the year - ESOS (Refer note 39) | - | - | 109,500 | 10.95 |
| At the end of the year | 14,666,659 | 1,466.67 | 14,666,659 | 1,466.67 |

(b) Terms/rights attached to equity shares

The company has only one class of equity shares having a par value of INR 10 per share. Each holder of equity shares is entitled to one vote per share. The company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company after distribution of preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

(c) Details of shareholders holding more than 5% shares in the company *

| | As at 31st March 2018 | | As at 31st March 2017 | | As at 1st April 2016 | |
|-------------------------|-----------------------|-----------|-----------------------|-----------|----------------------|-----------|
| | No of shares | % holding | No of shares | % holding | No of shares | % holding |
| Mr. Rakesh Jhunjhunwala | 800,000 | 5.45% | 800,000 | 5.45% | 800,000 | 5.49% |
| Mr. Rajesh Sharma | 781,218 | 5.33% | 781,218 | 5.33% | 781,218 | 5.37% |

* As per records of the company, including its register of shareholders/members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownership of shares.

(d) Aggregate number of share issued for consideration other than cash during the period of five years immediately preceding the reporting date.

The aggregate number of equity shares issued pursuant to scheme of amalgamation, without payment being received in cash in immediately preceding last five years ended on 31st March 2018: 1,180,256 shares (Previous period of five years ended 31st March 2017: 1,180,256 shares)

The aggregate number of equity shares issued pursuant to exercise of options granted under the Employee Stock Option Scheme (ESOS) wherein part consideration was received in form of employee services preceding last five years ended on 31st March 2018: 182,300 shares (Previous period of five years ended 31st March 2017: 211,600 shares)

(e) Shares reserved for issued under ESOS

For details of shares allotted under various Employee Stock Option Schemes (ESOS) and shares reserved for issue under the Employees Stock Option Scheme (ESOS) of the company please refer note 39.

NOTES TO FINANCIAL STATEMENTS for the year ended 31st March 2018 (contd...)

16. Other equity

| | As at 31st March 2018 INR in Lacs | As at 31st March 2017 INR in Lacs | As at 1st April 2016 INR in Lacs |
|--|---|---|--|
| Security premium account | | | |
| Balance as at 1st April | 8,276.09 | 8,150.06 | 8,150.06 |
| Transferred from employee stock option outstanding | - | 126.03 | - |
| (A) | 8,276.09 | 8,276.09 | 8,150.06 |
| Employee stock options outstanding (Refer note 39) | | | |
| Balance as at 1st April | - | 147.10 | 147.10 |
| Gross compensation for options granted during the year | - | 91.98 | - |
| Transferred to securities premium account on exercise of options | - | (126.03) | - |
| Transferred to employee compensation expenses | - | (113.05) | - |
| (B) | - | - | 147.10 |
| Special reserve | | | |
| Balance as at 1st April | 16.00 | 16.00 | 16.00 |
| (As per section 45 - IC of the Reserve Bank of India Act, 1934) | | | |
| (C) | 16.00 | 16.00 | 16.00 |
| General reserve | | | |
| Balance as at 1st April | 2,644.66 | 2,644.66 | 2,644.66 |
| (D) | 2,644.66 | 2,644.66 | 2,644.66 |
| Retained earnings | | | |
| Balance as at 1st April | 17,681.90 | 13,435.55 | 13,435.55 |
| Profit for the year | 4,774.49 | 4,699.99 | - |
| Other comprehensive income | (17.65) | (36.62) | - |
| Appropriations | | | |
| - Dividend | (420.13) | (360.12) | - |
| - Tax on dividend | (86.36) | (56.90) | - |
| (E) | 21,932.25 | 17,681.90 | 13,435.55 |
| Treasury shares | | | |
| Balance as at 1st April | (2,996.99) | (2,996.99) | (2,996.99) |
| (F) | (2,996.99) | (2,996.99) | (2,996.99) |
| (A+B+C+D+E+F) | 29,872.01 | 25,621.66 | 21,396.38 |

Notes

a) Description of nature and purpose of each reserve

Security premium account: Securities premium account is used to record the premium on issue of shares. Securities premium also includes the difference between the face value of the equity shares and the consideration received in respect of shares issued pursuant to employee stock options scheme. The reserve is utilised in accordance with the provisions of the Act.

Employee stock options outstanding: The employee stock options account is used to record the value of equity-settled share based payment transactions with employees. The amounts recorded in the share options outstanding account are transferred to securities premium reserve upon exercise of stock options by employees

NOTES TO FINANCIAL STATEMENTS for the year ended 31st March 2018 (contd...)**16. Other equity (contd...)**

Special reserve: Special reserve is created by the company in past as per provision of section 45 - IC of the Reserve Bank of India Act, 1934 for repayment of fixed deposit holders.

General reserve: The company created a General Reserve in earlier years pursuant to the provisions of the Companies Act wherein certain percentage of profits were required to be transferred to General Reserve before declaring dividends. As per Companies Act 2013, the requirement to transfer profits to General Reserve is not mandatory. General reserve represents appropriation of retained earnings and are available for distribution to shareholders.

Treasury shares: Treasury shares represents equity shares of the company held by IEI Shareholding (Staff Welfare) Trusts

b) Dividends

The following were declared and paid by the company during the year

| | 31st March 2018 INR in Lacs | 31st March 2017 INR in Lacs |
|---|-----------------------------------|-----------------------------------|
| INR 3.50 per equity shares (31st March 2017 INR 3.00 per equity shares) | 513.33 | 440.00 |
| Less: Dividend on treasury shares | (93.20) | (79.88) |
| Dividend distribution tax | 86.36 | 56.90 |
| | 506.49 | 417.02 |

After the reporting dates the following dividends were proposed by the directors subject to the approval at the annual general meeting. Dividends would attract dividend distribution tax when declared or paid. The dividends and dividend distribution tax has not been recognised as liabilities.

| | 31st March 2018 INR in Lacs | 31st March 2017 INR in Lacs |
|---|-----------------------------------|-----------------------------------|
| INR 3.50 per equity shares (31st March 2017 INR 3.50 per equity shares) | 513.33 | 513.33 |
| Less: Dividend on treasury shares | (93.20) | (93.20) |
| Dividend distribution tax | 86.36 | 86.36 |
| | 506.49 | 506.49 |

NOTES TO FINANCIAL STATEMENTS for the year ended 31st March 2018 (contd...)

17. Borrowings

| | Non-current | | | Current | | |
|---|--|--|---|--|--|---|
| | As at 31st March 2018 INR in Lacs | As at 31st March 2017 INR in Lacs | As at 1st April 2016 INR in Lacs | As at 31st March 2018 INR in Lacs | As at 31st March 2017 INR in Lacs | As at 1st April 2016 INR in Lacs |
| Term loans (Secured) | | | | | | |
| Indian rupee loan from finance company [Refer note (a) below] | - | - | 469.98 | - | - | 316.95 |
| Indian rupee loan from financial institution [Refer note (b) below] | 1,556.92 | 1,763.01 | 682.40 | 313.83 | 104.61 | - |
| Indian rupee loan from a bank [Refer note (c) and (d) below] | 1,106.01 | 576.58 | - | 773.85 | 580.23 | - |
| Indian rupee vehicle loan from banks and finance companies [Refer note (e) below] | 147.20 | 47.98 | 58.97 | 46.20 | 30.25 | 27.05 |
| Other loans and advances | | | | | | |
| Finance lease obligation (Secured) [Refer note (f) below] | 498.06 | 359.35 | 313.50 | 558.32 | 370.21 | 177.62 |
| Deposits (Unsecured) [Refer note (g) below] | - | - | - | - | - | - |
| Deposit from shareholders | - | - | - | - | - | - |
| Deposit from public | - | - | - | - | - | 49.24 |
| | 3,308.19 | 2,746.92 | 1,524.85 | 1,692.20 | 1,085.30 | 570.86 |
| The above amount includes | | | | | | |
| Secured borrowings | 3,308.19 | 2,746.92 | 1,524.85 | 1,692.20 | 1,085.30 | 521.62 |
| Unsecured borrowings | - | - | - | - | - | 49.24 |
| Amount included under the head "Other financial liabilities" | - | - | - | (1,692.20) | (1,085.30) | (570.86) |
| | 3,308.19 | 2,746.92 | 1,524.85 | - | - | - |

- a) Indian rupees loan from finance company for capital expenditure carries interest @ 13.00% p.a. Loan is repayable within 48 months from the month of first disbursement being 01.10.2014. The loan is secured by exclusive first charge on residential properties of the company situated at Mumbai and Thane. The Loan has been repaid during the year 2016-17.
- b) Indian rupees loan from financial institution for capital expenditure carries interest @ 11.00 to 11.70% p.a. The loan is secured by first charge on movable and immovable fixed assets pertaining to a new manufacturing facility at Goa and is repayable in 54 months with moratorium of 6 months from the date of actual commercial operation date.
- c) Indian rupee loan from a bank for capital expenditure disbursed in two tranches of Rs. 683.22 Lacs and Rs. 816.78 Lacs. Loan is repayable in 26 months and 37 months respectively from the date of first disbursement and carries interest rate of 10.50% p.a. The loan is secured by exclusive first charge on three residential properties of the company situated at Mumbai and one residential property of the company situated at Thane.
- d) Indian rupees loan of Rs. 1,300.00 Lacs from a bank for capital expenditure. Loan is repayable in 48 months from the date of the first disbursement and carries interest rate of 9.50% p.a. The loan is secured by exclusive first charge on three residential properties of the company situated at Mumbai and one residential property of the company situated at Thane.
- e) Indian rupee vehicle loans from banks and finance companies carries interest @ 9.35% to 13.50% p.a. The loans are repayable within a period of 36 to 60 months in equal monthly installments along with interest, from the various dates of disbursements. The loans are secured by hypothecation of under lying vehicles.
- f) Finance lease obligations are secured by hypothecation of under lying plant and machinery and equipment's taken on lease. Lease obligations are discharged by monthly / quarterly lease rental payments. The lease terms are for 3 to 4 years.
- g) Deposits from shareholders and public carry interest @7.00% to 8.00% p.a. for deposits repayable after 1 year to 3 years from the respective dates of deposits.

NOTES TO FINANCIAL STATEMENTS for the year ended 31st March 2018 (contd....)

18. Other financial liabilities - Non Current

| | As at 31st March 2018 INR in Lacs | As at 31st March 2017 INR in Lacs | As at 1st April 2016 INR in Lacs |
|----------|--|--|---|
| Deposits | 885.96 | 850.77 | 817.44 |
| | 885.96 | 850.77 | 817.44 |

19. Provisions

| | Non-current | | | Current | | |
|--|--|--|---|--|--|---|
| | As at 31st March 2018 INR in Lacs | As at 31st March 2017 INR in Lacs | As at 1st April 2016 INR in Lacs | As at 31st March 2018 INR in Lacs | As at 31st March 2017 INR in Lacs | As at 1st April 2016 INR in Lacs |
| Provision for employee benefits (Refer note 38) | 1,013.65 | 908.15 | 670.73 | 369.09 | 286.79 | 231.12 |
| Provision for warranties | - | - | - | 23.64 | 25.87 | 20.97 |
| | 1,013.65 | 908.15 | 670.73 | 392.73 | 312.66 | 252.09 |

Provision for warranties

A provision is recognised for expected warranty claims on Consumer Product Division's products sold during last one year, based on past experience of the level of repairs and returns.

| | Year ended 31st March 2018 INR in Lacs | Year ended 31st March 2017 INR in Lacs |
|------------------------------|---|---|
| At the beginning of the year | 25.87 | 20.97 |
| Arising during the year | 23.64 | 25.87 |
| Utilised during the year | 25.87 | 20.97 |
| Unused amounts reversed | - | - |
| At the end of the year | 23.64 | 25.87 |

20. Other non-current liabilities

| | As at 31st March 2018 INR in Lacs | As at 31st March 2017 INR in Lacs | As at 1st April 2016 INR in Lacs |
|------------------|--|--|---|
| Deferred revenue | - | 6.54 | 17.75 |
| | - | 6.54 | 17.75 |

21. Tax Liabilities

| | Non-current | | | Current | | |
|--|--|--|---|--|--|---|
| | As at 31st March 2018 INR in Lacs | As at 31st March 2017 INR in Lacs | As at 1st April 2016 INR in Lacs | As at 31st March 2018 INR in Lacs | As at 31st March 2017 INR in Lacs | As at 1st April 2016 INR in Lacs |
| Provision for income tax (Net of advance tax) | 174.20 | 174.20 | 515.93 | 1,139.07 | 1,612.64 | 1,232.64 |
| | 174.20 | 174.20 | 515.93 | 1,139.07 | 1,612.64 | 1,232.64 |

NOTES TO FINANCIAL STATEMENTS for the year ended 31st March 2018 (contd...)

22. Borrowings - Current

| | As at 31st March 2018 INR in Lacs | As at 31st March 2017 INR in Lacs | As at 1st April 2016 INR in Lacs |
|---|---|---|--|
| Working capital loan from banks (Secured) [Refer note (a) below] | 4,906.46 | 3,424.93 | 1,627.39 |
| Working capital loan from a bank (Unsecured) [Refer note (b) below] | 2,500.00 | - | 2,113.00 |
| MSME Finance Scheme (Unsecured) [Refer note (c)] | 722.79 | 759.84 | 663.01 |
| Inter-corporate deposits (Unsecured) [Refer note (d) below] | | | |
| - from related parties | 82.25 | 107.25 | 82.25 |
| - from others | 650.00 | 550.00 | 280.00 |
| | 8,861.50 | 4,842.02 | 4,765.65 |
| The above amount includes | | | |
| Secured borrowings | 4,906.46 | 3,424.93 | 1,627.39 |
| Unsecured borrowings | 3,955.04 | 1,417.09 | 3,138.26 |
| | 8,861.50 | 4,842.02 | 4,765.65 |

- (a) The working capital loan is secured by joint hypothecation of book debts and stocks and collateral security by way of pari passu first charge on all fixed assets situated at Hosur and Patancheru, pari passu second charge on fixed assets situated at Mumbai (Office Premises), Vashi, Goa and pari passu second charge on moveable and immovable properties situated at Ankleshwar. The working capital loan is repayable on demand and carries interest @ 11.00% to 12.65% p.a.
- (b) The unsecured working capital loan is repayable within 180 days from disbursement date and carries interest @ 11.50% p.a.
- (c) MSME Finance Scheme is MSME vendor bills discounting facility with a financial institution and carries interest @ 11.25% p.a
- (d) Inter corporate deposit are for a period from 90 to 365 days and carried interest @ 9.50% to 12.25%. p.a.

23. Trade payables

| | As at 31st March 2018 INR in Lacs | As at 31st March 2017 INR in Lacs | As at 1st April 2016 INR in Lacs |
|--|---|---|--|
| Trade payables (including acceptances) | | | |
| - Due to micro and small enterprises (Refer note 50) | 147.36 | 218.49 | 243.86 |
| - Due to others | 33,912.07 | 34,340.99 | 28,029.03 |
| | 34,059.43 | 34,559.48 | 28,272.89 |

24. Other financial liabilities - Current

| | As at 31st March 2018 INR in Lacs | As at 31st March 2017 INR in Lacs | As at 1st April 2016 INR in Lacs |
|--|---|---|--|
| Current maturities of long term borrowings (Refer note 17) | 1,692.20 | 1,085.30 | 570.86 |
| Interest accrued but not due | 38.35 | 32.71 | 32.32 |
| Employee benefits payable | 1,337.89 | 1,145.48 | 1,009.48 |
| Creditors for capital goods | 461.91 | 366.24 | 175.10 |
| Investor Education and Protection Fund will be credited by following amounts (as and when due) | | | |
| - Unpaid dividend | 41.46 | 35.55 | 31.19 |
| - Unclaimed interest on fixed deposit | 2.19 | 2.70 | 3.32 |
| - Unclaimed matured deposit | 8.30 | 10.55 | 14.72 |
| | 3,582.30 | 2,678.53 | 1,836.99 |

NOTES TO FINANCIAL STATEMENTS for the year ended 31st March 2018 (contd...)**25. Other current liabilities**

| | As at 31st March 2018 INR in Lacs | As at 31st March 2017 INR in Lacs | As at 1st April 2016 INR in Lacs |
|----------------------------------|---|---|--|
| Advance from customers | 24,969.80 | 21,492.30 | 3,328.52 |
| Unearned revenue on AMC services | 321.48 | 334.12 | 308.45 |
| Statutory dues | 557.86 | 550.86 | 419.02 |
| Others liabilities | 6.54 | 55.31 | 54.66 |
| Unearned income | 8.65 | 16.25 | 113.89 |
| | 25,864.33 | 22,448.84 | 4,224.54 |

26. Revenue from operations

| | Year ended 31st March 2018 INR in Lacs | Year ended 31st March 2017 INR in Lacs |
|---|--|--|
| Sale of products (Refer note 55) | | |
| Finished goods | 80,872.92 | 79,895.25 |
| Traded goods | 6,210.05 | 5,985.63 |
| Sale of services | 11,605.57 | 9,661.18 |
| Others operating revenue | | |
| Scrap sale | 211.42 | 200.72 |
| Management fees | 66.35 | 72.10 |
| Other operating income | 459.08 | 448.59 |
| | 99,425.39 | 96,263.47 |

27. Other income

| | Year ended 31st March 2018 INR in Lacs | Year ended 31st March 2017 INR in Lacs |
|---|--|--|
| Interest income on financial instruments measured at amortised cost | | |
| - From banks | 951.60 | 131.87 |
| - From subsidiaries | 1,070.35 | 832.65 |
| - From joint venture | 165.75 | 160.94 |
| - From others | 168.14 | 330.01 |
| Guarantee commission | 86.40 | 97.63 |
| Rent | 179.24 | 179.78 |
| Dividend income on | | |
| - Investment in subsidiaries | 76.61 | 89.13 |
| - Current investments | 0.13 | 0.09 |
| - Long-term investments | 10.27 | 9.20 |
| Amount set aside for liabilities, no longer required, written back | 243.70 | - |
| Exchange gain (Net) | 31.07 | - |
| Profit on fixed assets sold/discharged (Net) | 0.25 | - |
| Other non operating Income | 9.34 | 3.19 |
| Change in fair value of investments | | |
| - Investments classified at FVTPL | 7.82 | 11.26 |
| | 3,000.67 | 1,845.75 |

NOTES TO FINANCIAL STATEMENTS for the year ended 31st March 2018 (contd...)

28. Cost of raw material and components consumed

| | Year ended 31st March 2018 INR in Lacs | Year ended 31st March 2017 INR in Lacs |
|--|--|--|
| Inventory at the beginning of the year | 3,392.24 | 2,804.09 |
| Add: Purchases* | 59,189.55 | 60,113.64 |
| Less: Inventory at the end of the year | 2,798.11 | 3,392.24 |
| Cost of raw material and components consumed ** | 59,783.68 | 59,525.49 |

* Includes direct expenses incurred on contracts INR 5,088.95 Lacs (2016-17: INR 3,888.18 Lacs)

** The value of raw materials consumed have been arrived at on basis of opening stocks plus purchases less closing stock. The consumption therefore includes adjustments for materials sold, shortage/ excess and obsolescence.

29. Purchase of Stock-in-trade

| | Year ended 31st March 2018 INR in Lacs | Year ended 31st March 2017 INR in Lacs |
|-------------------|--|--|
| Consumer products | 3,112.27 | 2,855.58 |
| Spares | 191.04 | 261.54 |
| Others | 882.64 | 772.60 |
| | 4,185.95 | 3,889.72 |

30. Changes in inventories of finished goods, stock-in-trade and work-in-progress

| | Year ended 31st March 2018 INR in Lacs | Year ended 31st March 2017 INR in Lacs |
|---|--|--|
| Inventories at the end of the year | | |
| Traded goods | 654.91 | 580.95 |
| Work-in-progress | 544.84 | 717.52 |
| Finished goods | 2,618.60 | 3,234.18 |
| Contract work-in-progress | 468.48 | 1,959.49 |
| | (A) | 4,286.83 |
| | 6,492.14 | 6,492.14 |
| Inventories at the beginning of the year | | |
| Traded goods | 580.95 | 507.80 |
| Work-in-progress | 717.52 | 290.36 |
| Finished goods | 3,234.18 | 2,800.14 |
| Contract work-in-progress | 1,959.49 | 383.96 |
| | (B) | 6,492.14 |
| | 3,982.26 | (2,509.88) |
| | (B-A) | 2,205.31 |

NOTES TO FINANCIAL STATEMENTS for the year ended 31st March 2018 (contd...)**31. Employee benefits expense**

| | Year ended 31st March 2018 INR in Lacs | Year ended 31st March 2017 INR in Lacs |
|---|--|--|
| Salaries, wages and bonus | 10,292.05 | 9,020.43 |
| Contribution to provident and other funds (Refer note 38) | 677.68 | 678.32 |
| Employee compensation expense | - | (113.05) |
| Staff welfare expense | 579.52 | 453.16 |
| | 11,549.25 | 10,038.86 |

32. Finance costs

| | Year ended 31st March 2018 INR in Lacs | Year ended 31st March 2017 INR in Lacs |
|--|--|--|
| Interest expense on financial liabilities measured at amortised cost | 1,314.87 | 1,144.12 |
| Other borrowing costs | 257.76 | 135.19 |
| | 1,572.63 | 1,279.31 |

33. Depreciation and amortisation expense

| | Year ended 31st March 2018 INR in Lacs | Year ended 31st March 2017 INR in Lacs |
|--|--|--|
| Depreciation of property, plant and equipment (Refer note 2) | 1,148.06 | 1,032.58 |
| Amortization of intangible assets (Refer note 3) | 45.24 | 44.68 |
| | 1,193.30 | 1,077.26 |

NOTES TO FINANCIAL STATEMENTS for the year ended 31st March 2018 (contd...)

34. Other expenses

| | Year ended 31st March 2018 INR in Lacs | Year ended 31st March 2017 INR in Lacs |
|--|--|--|
| Stores and spare parts consumed | 57.63 | 58.86 |
| Power and fuel | 1,224.93 | 1,142.71 |
| Repairs and Maintenance - Buildings | 53.71 | 145.19 |
| - Plant and machinery | 362.88 | 337.95 |
| - Others | 218.16 | 236.41 |
| Rent (Net of recoveries) | 522.85 | 475.28 |
| Rates and taxes | 374.54 | 454.02 |
| Insurance (Net of recoveries) | 88.07 | 79.91 |
| Travelling and conveyance | 2,571.33 | 2,494.35 |
| Excise Duty | 831.90 | 3,616.37 |
| Freight (Net of recoveries) | 2,025.45 | 1,860.32 |
| Packing (Net of recoveries) | 1,596.93 | 1,612.50 |
| Advertisement and publicity | 744.66 | 653.09 |
| Commission | 60.16 | 93.38 |
| Legal and professional charges | 862.39 | 867.35 |
| Telephone and telex | 200.78 | 214.12 |
| Bad debts written off | 83.49 | 116.40 |
| Auditors' remuneration (Refer note 34.1) | 37.50 | 36.95 |
| Directors' fees (Refer note 44) | 33.05 | 35.75 |
| Directors' commission | 62.00 | 77.00 |
| Bank charges | 248.88 | 189.98 |
| Exchange loss (Net) | - | 553.14 |
| Loss on fixed assets sold/discharged (Net) | - | 0.97 |
| Backcharges on contracts (Refer note 51) | 15.26 | 51.36 |
| Establishment and other miscellaneous expenses | 2,376.49 | 2,275.07 |
| | 14,653.04 | 17,678.43 |

NOTES TO FINANCIAL STATEMENTS for the year ended 31st March 2018 (contd...)**34.1 Auditors' remuneration (excluding taxes)**

| | Year ended 31st March 2018 INR in Lacs | Year ended 31st March 2017 INR in Lacs |
|---------------------------------------|--|--|
| As auditor: | | |
| - Audit fees | 14.75 | 14.75 |
| - Tax audit fees | 3.00 | 3.00 |
| - Limited review | 5.25 | 5.25 |
| In other capacity: | | |
| - Other services (Certification fees) | 8.50 | 9.05 |
| Reimbursement of expenses | 2.12 | 2.00 |
| Branch auditor | | |
| - Audit fees | 2.50 | 2.50 |
| - Other services (Certification fees) | 1.00 | - |
| - Reimbursement of expenses | 0.38 | 0.40 |
| | 37.50 | 36.95 |

35. Tax expense

| | Year ended 31st March 2018 INR in Lacs | Year ended 31st March 2017 INR in Lacs |
|--------------|--|--|
| Current tax | 2,195.00 | 2,445.41 |
| Deferred tax | 313.41 | (15.37) |
| | 2,508.41 | 2,430.04 |

Reconciliation of Tax Expense

| | | |
|--|-----------------------|-----------------|
| Profit before tax | 7,282.90 | 7,130.03 |
| Applicable tax rate | 34.608% | 34.608% |
| Computed tax expense | (A) 2,520.47 | 2,467.56 |
| Adjustments for: | | |
| Non-deductible tax expenses | 1.58 | 7.96 |
| Tax-exempt income | (3.60) | (3.21) |
| Corporate social responsibility expenditure | 34.12 | 25.68 |
| Incremental deduction allowed for research and development costs | (128.37) | (243.85) |
| Deduction under house property | (10.57) | (11.44) |
| Income taxed at different rate | (13.25) | (15.43) |
| Others | 108.03 | 202.77 |
| Net adjustments | (B) (12.06) | (37.52) |
| Tax expense | (A+B) 2,508.41 | 2,430.04 |

36. Other comprehensive income

| | Year ended 31st March 2018 INR in Lacs | Year ended 31st March 2017 INR in Lacs |
|--|--|--|
| Items that will not be reclassified to profit or loss | | |
| Re-measurements of defined benefit plans | (26.99) | (56.00) |
| Income tax relating to items that will not be reclassified to profit or loss | 9.34 | 19.38 |
| | (17.65) | (36.62) |

NOTES TO FINANCIAL STATEMENTS for the year ended 31st March 2018 (contd...)

37. Earnings per share (EPS)

| | | Particulars | 31st March 2018 | 31st March 2017 |
|------------|----|--|------------------------|------------------------|
| I | | Profit computation for both basic and diluted earnings per share of INR 10 each | | |
| | | Net profit as per the statement of profit and loss available for equity shareholders (INR in Lacs) | 4,774.49 | 4,699.99 |
| II | | Weighted average number of equity shares for earnings per share computation | | |
| | A) | For basic earnings per share | | |
| | | No. of shares | 14,666,659 | 14,650,759 |
| | | Less: Treasury shares held by IEI Shareholding (Staff Welfare) Trusts | 2,662,914 | 2,662,914 |
| | | No. of shares for basic earnings per share | 12,003,745 | 11,987,845 |
| | B) | For diluted earnings per share | | |
| | | No. of shares for basic EPS | 12,003,745 | 11,987,845 |
| | | Add: Weighted average outstanding employee stock options deemed to be issued for no consideration | - | - |
| | | No. of shares for diluted earnings per share | 12,003,745 | 11,987,845 |
| III | | Earnings per share in Rupees | | |
| | | Basic (INR) | 39.78 | 39.21 |
| | | Diluted (INR) | 39.78 | 39.21 |

38. Employee benefits

A. The Company has a defined benefit gratuity plan. Every employee who has completed five years or more of service gets a gratuity on departure at 15 days salary (last drawn basic salary) for each completed year of service. The scheme is funded to a separate trust duly recognized by Income tax authorities.

The following table summarises the components of net benefit expense recognized in the statement of profit and loss and the funded status and amounts recognized in the balance sheet for the gratuity plan.

INR in Lacs

| | | Particulars | 2017-18 | 2016-17 |
|----------|---|--------------------|----------------|----------------|
| I | Change in defined benefit obligation | | | |
| | Defined benefit obligation, Beginning of period | | 1,454.95 | 1,165.00 |
| | Interest cost | | 114.19 | 208.60 |
| | Service cost | | 97.66 | 77.00 |
| | Liability transferred in / acquisitions | | 2.06 | - |
| | Actual plan participants' contributions | | - | - |
| | Total actuarial (gains)/losses | | 51.25 | 57.26 |
| | a. Effect of change in financial assumptions | | (24.13) | 37.59 |
| | b. Effect of change in demographic assumptions | | - | 1.06 |
| | c. Experience (gains) / losses | | 75.38 | 18.61 |
| | Changes in foreign currency exchange rates | | - | - |
| | Acquisition / Business combination/divestiture | | - | - |
| | Benefits paid | | (67.45) | (52.91) |
| | Past service cost | | 5.49 | - |
| | Losses / (gains) on curtailments / settlements | | - | - |
| | Defined benefit obligation, end of period | | 1,658.15 | 1,454.95 |

NOTES TO FINANCIAL STATEMENTS for the year ended 31st March 2018 (contd...)**38. Employee benefits (contd...)**

INR in Lacs

| | Particulars | 2017-18 | 2016-17 |
|-----|---|----------|----------|
| II | Change in the fair value of plan assets | | |
| | Fair value of plan assets at the beginning of the period | 1,329.74 | 1,179.19 |
| | Interest income | 92.62 | 92.32 |
| | Contributions by the employer | 102.74 | 109.93 |
| | Expected contributions by the employees | - | - |
| | Assets transferred in / acquisitions | 2.06 | - |
| | (Assets transferred out / divestments) | - | - |
| | (Benefit paid from the fund) | (52.71) | (52.87) |
| | (Assets distributed on settlements) | - | - |
| | Effects of asset ceiling | - | - |
| | The effect of changes in foreign exchange rates | - | - |
| | Return on plan assets, excluding interest income | 24.25 | 1.17 |
| | Fair value of plan assets at the end of the period | 1,498.70 | 1,329.74 |
| III | Expenses recognized in the statement of profit or loss for current period | | |
| | Current service cost | 113.08 | 193.82 |
| | Net interest cost | 6.15 | (0.55) |
| | Past service cost | 5.49 | - |
| | (Expected contributions by the employees) | - | - |
| | (Gains) / Losses on curtailments and settlements | - | - |
| | Net effect of changes in foreign exchange rates | - | - |
| | Expenses recognized | 124.72 | 193.27 |
| IV | Expenses recognized in the other comprehensive income (OCI) for current period | | |
| | Actuarial (gains) / losses on obligation for the period | 51.24 | 57.17 |
| | Return on plan assets, excluding interest income | (24.25) | (1.17) |
| | Change in asset ceiling | - | - |
| | Net (income) / expense for the period recognized in OCI | 26.99 | 56.00 |
| V | Maturity analysis of the benefit payments | | |
| | Projected benefits payable in future years from the date of reporting | | |
| | 1st following year | 426.11 | 316.84 |
| | 2nd following year | 241.57 | 240.05 |
| | 3rd following year | 227.47 | 218.93 |
| | 4th following year | 180.86 | 178.16 |
| | 5th following year | 360.36 | 129.00 |
| | Sum of years 6 to 10 | 429.99 | 555.87 |
| | Sum of years 11 and above | 165.12 | 155.44 |

NOTES TO FINANCIAL STATEMENTS for the year ended 31st March 2018 (contd...)

38. Employee benefits (contd...)

INR in Lacs

| Particulars | | 2017-18 (Gratuity) | 2016-17 (Gratuity) |
|-------------|---|-----------------------|-----------------------|
| VI | Sensitivity analysis | | |
| | Projected benefit obligation on current assumptions | 1,658.15 | 1,454.95 |
| | Delta effect of +0.5% change in rate of discounting | (30.82) | (31.95) |
| | Delta effect of -0.5% change in rate of discounting | 32.15 | 33.64 |
| | Delta effect of +0.5% change in rate of salary increase | 31.28 | 33.51 |
| | Delta effect of -0.5% change in rate of salary increase | (30.07) | (11.52) |
| | Delta effect of +0.5% change in rate of employee turnover | (1.02) | (1.36) |
| | Delta effect of -0.5% change in rate of employee turnover | 1.04 | 1.39 |

The company expects to contribute INR 82.06 Lacs (2017-18, INR 100.38 Lacs) to gratuity in 2018-19.

The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:

| Sr. No. | Categories of Assets | % of holding(Gratuity) | |
|---------|------------------------------------|------------------------|---------|
| | | 2017-18 | 2016-17 |
| 1 | Central and state government bonds | 2% | 5% |
| 2 | Public sector undertaking | - | - |
| 3 | Insurance policy | 98% | 95% |
| 4 | Special deposit scheme 1975 | - | - |
| 5 | Other assets | - | - |

The expected rate of return on assets is determined based on the market prices prevailing on that date, applicable to the period over which the obligation is to be settled.

Notes:

Amounts recognized as an expense and included in note 31:

Gratuity in "Contribution to provident and other funds" INR 124.72 Lacs (2016-17: INR 193.27 Lacs).

B. Provident fund

The company's provident fund schemes which are administered through Government of India are defined contribution plan. The group's contribution paid / payable under the scheme is recognized as expense in the statement of profit and loss during the year in which the employee renders the related services. There are no other obligations other than the contribution payable to the respective fund.

The company's provident fund scheme which is managed by trust set up by the company, the contribution to the Provident Fund is remitted to a separate trust established for this purpose based on a fixed percentage of the eligible employees' salary and charged to Statement of profit and loss. Shortfall, if any, in the fund assets, based on the government specified minimum rate of return, will be made good by the company and charged to statement of profit and loss. The actual return earned by the fund has mostly been higher than the Government specified minimum rate of return in the past years. There is no shortfall in the fund as on 31st March 2018, 31st March 2017 and 1st April 2016.

The details of fund obligations are given below:

INR in Lacs

| Particulars | As at 31st March 2018 | As at 31st March 2017 | As at 1st April 2016 |
|---|--------------------------|--------------------------|-------------------------|
| Present value of benefit obligation at period end | 4,534.89 | 3,912.32 | 3,423.36 |

NOTES TO FINANCIAL STATEMENTS for the year ended 31st March 2018 (contd...)**38. Employee benefits (contd...)****C. Defined contribution plan**

Amount recognized as an expense and included in the note 31 – “Contribution to provident and other funds” of the statement of profit and loss INR 389.97 Lacs (2016-17 : INR 339.44 Lacs).

D. Other employee benefits

Amounts recognized as an expense and included in note 31:

Leave encashment in “Salaries, wages and bonus” INR 218.40 Lacs (2016-17: INR 233.21 Lacs)

E. The net provision for leave encashment liability upto 31st March 2018 is INR 1,209.99 Lacs (31st March 2017: INR 1,065.76 Lacs, 1st April 2016: INR 901.85 Lacs)

39. Employee stock option scheme (ESOS)**ESOS 2001**

The employee stock compensation committee in its meeting held on 5th June 2007, granted 3,00,000 options to directors and other employees at a price of INR 94.00 per share, which constituted a discount of approximately 25% to the price as calculated on the basis of average of weekly closing price on the stock exchange, Mumbai for 13 weeks prior to the date of the grant. As in the case of first and second grant, 25% of these options shall vest and become exercisable in June every year. Pursuant to this, fourth 25% of the options vested in June 2012. The vested options were exercisable up to 5th June 2016.

ESOS 2003

The employee stock compensation committee in its meeting held on 5th June 2007, granted 3,50,000 options to directors and other employees at a price of INR 94.00 per share, which constituted a discount of approximately 25% to the price as calculated on the basis of average of weekly closing price on the stock exchange, Mumbai for 13 weeks prior to the date of the grant. As in the case of first grant, 25% of these options shall vest and become exercisable in June every year. Pursuant to this, the fourth 25% of the options vested in June 2012. The vested options were exercisable up to 5th June 2016.

The method of settlement of the above options is equity settled.

Details of options granted are as follows:

| Particulars | ESOS Schemes | | |
|---|-----------------------------|-----------------------------|------------|
| | 2001(3 rd Grant) | 2003(2 nd Grant) | Total |
| Options outstanding as at 31st March 2017 | - | - | - |
| | (2,08,000) | (2,65,000) | (4,73,000) |
| Granted during the year | - | - | - |
| | (-) | (-) | (-) |
| Lapsed during the year | - | - | - |
| | (1,38,500) | (2,25,000) | (3,63,500) |
| Exercised/ Allotted during the year | - | - | - |
| | (69,500) | (40,000) | (1,09,500) |
| Outstanding as at 31st March 2018 | - | - | - |
| | (-) | (-) | (-) |
| Exercisable as at 31st March 2018 | - | - | - |

Figures in bracket denote previous year figures.

As at 31st March 2018, the company has received commitment deposit of INR Nil (2016-2017: Nil) from its directors and employees under ESOS 2001 and ESOS 2003.

Nil (2016-17: 1,09,500) shares were exercised during the year. Weighted average share price at exercise date for the 2016-17 was INR 345.47

The ESOS schemes were exercisable up to 5th June 2016. There are no outstanding ESOS exercisable shares as on 31st March 2018, hence there is no dilutive potential on earning per share.

NOTES TO FINANCIAL STATEMENTS for the year ended 31st March 2018 (contd...)

40. Financial instruments

Financial instruments – Fair values and risk management

A. Accounting classification and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels. It does not include the fair value information for current financial assets and current financial liabilities not measured at fair value if their carrying amount is a reasonable approximation of fair value

INR in Lacs

| | As at 31st March 2018 | | | As at 31st March 2017 | | | As at 1st April 2016 | | | | |
|--|-----------------------|------------------------|----------|-----------------------|------------------------|----------|----------------------|------------------------|----------|--|--|
| | Carrying amount | Fair value | | Carrying amount | Fair value | | Carrying amount | Fair value | | | |
| | | Level of input used in | | | Level of input used in | | | Level of input used in | | | |
| | | Level 1 | Level 2 | | Level 1 | Level 2 | | Level 1 | Level 2 | | |
| Financial assets - Non-current | | | | | | | | | | | |
| At amortised cost | | | | | | | | | | | |
| Trade receivables | 358.09 | - | 358.09 | 358.09 | - | 358.09 | 582.78 | - | 582.78 | | |
| Loans | 3,992.41 | - | 3,992.41 | 3,619.67 | - | 3,619.67 | 3,011.09 | - | 3,011.09 | | |
| Investments | 1,500.50 | - | 1,500.50 | 1,500.50 | - | 1,500.50 | 1,500.50 | - | 1,500.50 | | |
| At FVTPL | | | | | | | | | | | |
| Investments * | 64.58 | - | 64.58 | 39.58 | - | 39.58 | 39.58 | - | 39.58 | | |
| Financial assets - Current ** | | | | | | | | | | | |
| At amortised cost | | | | | | | | | | | |
| Trade receivables | 42,969.51 | | | 39,100.44 | | | 30,889.40 | | | | |
| Cash and cash equivalents | 6,061.57 | | | 10,822.45 | | | 1,011.62 | | | | |
| Bank balances other than above | 19,024.16 | | | 4,375.70 | | | 1,006.93 | | | | |
| Loans | 5,536.92 | | | 5,572.78 | | | 3,498.22 | | | | |
| Others | 754.47 | | | 76.00 | | | 50.39 | | | | |
| At FVTPL | | | | | | | | | | | |
| Investments | 39.82 | 39.82 | - | 32.00 | 32.00 | - | 20.74 | 20.74 | - | | |
| Financial liabilities - Non-current | | | | | | | | | | | |
| At amortised cost | | | | | | | | | | | |
| Borrowings | 3,308.19 | - | 3,308.19 | 2,746.92 | - | 2,746.92 | 1,524.85 | - | 1,524.85 | | |
| Other financial liabilities | 885.96 | - | 885.96 | 850.77 | - | 850.77 | 817.44 | - | 817.44 | | |
| Financial liabilities - Current ** | | | | | | | | | | | |
| Borrowings | 8,861.50 | | | 4,842.02 | | | 4,765.65 | | | | |
| Trade payables | 34,059.43 | | | 34,559.48 | | | 28,272.89 | | | | |
| Other financial liabilities | 3,582.30 | | | 2,678.53 | | | 1,836.99 | | | | |

* Excludes investments measured at cost

** The Company has not disclosed the fair value of current financial instruments such as trade receivables, cash and cash equivalent, bank balances - others, loans, others, borrowings, trade payables and other financial liabilities because their carrying amounts are a reasonable approximation of fair value.

NOTES TO FINANCIAL STATEMENTS for the year ended 31st March 2018 (contd...)**40. Financial instruments (contd...)****B. Measurement of fair values**

Valuation techniques and significant unobservable inputs

The following tables show the valuation techniques used in measuring Level 2 and Level 3 fair values, as well as the significant unobservable inputs used.

Financial instruments measured at fair value

| Type | Valuation technique |
|---|---|
| Forward contracts for foreign exchange contracts | Forward pricing: The fair value is determined using quoted forward exchange rates at the reporting date and present value calculations based on high credit quality yield curves in the respective currencies |
| Non current financial assets and liabilities measured at amortised cost | Discounted cash flow technique: The valuation model considers present value of expected payments discounted using an appropriate discounting rate. |
| Investments in unquoted preference shares and debentures | Discounted cash flow: The fair value is estimated considering net present value calculated using long term growth rate and discount rate. |
| Investments in unquoted equity shres | Discounted cash flow: Using long terms growth rate |

C. Financial risk management

The Company has exposure to the following risks arising from financial instruments:

- Credit risk;
- Liquidity risk; and
- Market risk

(i) Risk management framework

The Company's board of directors has overall responsibility for the establishment and oversight of the Company's risk management framework.

The Company's risk management policies are established to identify and analyses the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

The audit committee oversees how management monitors compliance with the company's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The audit committee is assisted in its oversight role by internal audit. Internal audit undertakes both regular and adhoc reviews of risk management controls and procedures, the major observation are periodically reported to the audit committee.

(ii) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Company's receivables from customers.

Trade receivables

Credit risk is managed through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of customers to which the Company grants credit terms in the normal course of business. In respect of trade receivables, the company is not exposed to any significant credit risk exposure to any single counter party or any group of counterparties having similar characteristics. Trade receivables consist of a large number of customers in various geographical areas. The company assesses the credit quality of the trade receivables based on market intelligence, customers payment history and defaults.

Cash and cash equivalents

The Company held cash and cash equivalents of INR 6,061.57 Lacs as at 31st March 2018 (as at 31st March 2017: INR 10,822.45 Lacs, as at 1st April 2016: INR 1,011.62 Lacs). The cash and cash equivalents are held with banks with good credit ratings.

NOTES TO FINANCIAL STATEMENTS for the year ended 31st March 2018 (contd...)

40. Financial instruments (contd...)

Other bank balances

The Company held other bank balances equivalents of INR 19,024.16 Lacs as at 31st March 2018 (as at 31st March 2017: INR 4,375.70 Lacs, as at 1st April 2016: INR 1,006.93 Lacs). The other bank balances are mainly surplus fund invested in bank fixed deposits and margin money against bank guarantees issued by bank on our behalf.

Investments

The Company has invested an insignificant amount in listed securities. The Company does not expect any losses.

Other financial assets

Other financial assets mainly comprise of tender deposits and security deposits which are given to customers or governmental agencies in relation to contracts executed and are assessed by the Company for credit risk on a continuous basis.

(iii) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company has obtained fund and non-fund based working capital limits from various banks. The Company invests its surplus funds in bank fixed deposit.

Exposure to liquidity risk

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted and include estimated interest payments and exclude the impact of netting agreements.

As at 31st March 2018

INR in Lacs

| | Carrying amount | Contractual cash flows * | | | | |
|---|------------------|--------------------------|------------------|-----------------|-----------------|-------------------|
| | | Total | Upto 1 year | 1-3 years | 3-5 years | More than 5 years |
| Non-derivative financial liabilities | | | | | | |
| (i) Borrowings ** | 5,000.39 | 6,118.28 | 2,173.08 | 2,642.72 | 1,302.48 | - |
| (ii) Other Non current financial liabilities | 885.96 | 885.96 | - | - | - | 885.96 |
| (iii) Issued financial guarantee contract on behalf of related parties*** | - | - | - | - | - | - |
| Current Financial liabilities | | | | | | |
| (i) Short term borrowings | 8,861.50 | 8,861.50 | 8,861.50 | - | - | - |
| (ii) Trade payables | 34,059.43 | 34,059.43 | 34,059.43 | - | - | - |
| (iii) Other financial liabilities | 1,890.10 | 1,890.10 | 1,890.10 | - | - | - |
| | 50,697.38 | 51,815.27 | 46,984.11 | 2,642.72 | 1,302.48 | 885.96 |

As at 31st March 2017

INR in Lacs

| | Carrying amount | Contractual cash flows * | | | | |
|---|------------------|--------------------------|------------------|-----------------|-----------------|-------------------|
| | | Total | Upto 1 year | 1-3 years | 3-5 years | More than 5 years |
| Non-derivative financial liabilities | | | | | | |
| (i) Borrowings ** | 3,832.22 | 4,901.04 | 1,333.90 | 2,213.47 | 1,028.26 | 325.41 |
| (ii) Other Non current financial liabilities | 850.77 | 850.77 | - | - | - | 850.77 |
| (iii) Issued financial guarantee contract on behalf of related parties*** | - | - | - | - | - | - |
| Current Financial liabilities | | | | | | |
| (i) Short term borrowings | 4,842.02 | 4,842.02 | 4,842.02 | - | - | - |
| (ii) Trade payables | 34,559.48 | 34,559.48 | 34,559.48 | - | - | - |
| (iii) Other financial liabilities | 1,593.23 | 1,593.23 | 1,593.23 | - | - | - |
| | 45,677.72 | 46,746.54 | 42,328.63 | 2,213.47 | 1,028.26 | 1,176.18 |

NOTES TO FINANCIAL STATEMENTS for the year ended 31st March 2018 (contd...)**40. Financial instruments (contd...)**

As at 1st April 2016

INR in Lacs

| | Carrying amount | Contractual cash flows * | | | | |
|---|------------------|--------------------------|------------------|-----------------|---------------|-------------------|
| | | Total | Upto 1 year | 1-3 years | 3-5 years | More than 5 years |
| Non-derivative financial liabilities | | | | | | |
| (i) Borrowings ** | 2,095.71 | 2,763.33 | 771.88 | 1,224.67 | 469.15 | 297.63 |
| (ii) Other Non-current financial liabilities | 817.44 | 817.44 | - | - | - | 817.44 |
| (iii) Issued financial guarantee contract on behalf of related parties*** | - | - | - | - | - | - |
| Current Financial liabilities | | | | | | |
| (i) Short term borrowings | 4,765.65 | 4,765.65 | 4,765.65 | - | - | - |
| (ii) Trade payables | 28,272.89 | 28,272.89 | 28,272.89 | - | - | - |
| (iii) Other financial liabilities | 1,266.13 | 1,266.13 | 1,266.13 | - | - | - |
| | 37,217.82 | 37,885.44 | 35,076.55 | 1,224.67 | 469.15 | 1,115.07 |

* Contractual cash flows includes interest payout in the respective years on borrowings.

** Including current maturity of long term borrowings

*** Guarantees issued by the company on behalf of subsidiaries/joint ventures and associates are with respect to working capital facilities raised by the respective subsidiaries/joint ventures and associates. These amounts will be payable on default by the concerned parties. As of the reporting date, none of the subsidiaries/joint ventures and associates have defaulted and hence, the Company does not have any present obligation to third parties in relation to such guarantees (Refer note 44).

Interest rate risk:

Interest rate risk can be either fair value interest rate risk or cash flow interest rate risk. Fair value interest rate risk is the risk of changes in fair values of fixed interest bearing investments because of fluctuations in the interest rates, in cases where the borrowings are measured at fair value through profit or loss. Cash flow interest rate risk is the risk that the future cash flows of floating interest bearing investments will fluctuate because of fluctuations in the interest rates.

Exposure to interest rate risk:

Company's interest rate risk arises primarily from borrowings. The interest rate profile of the Company's interest-bearing financial instruments is as follows.

| | As at 31st March 2018 INR in Lacs | As at 31st March 2017 INR in Lacs | As at 1st April 2016 INR in Lacs |
|---|---|---|--|
| Fixed rate instruments | | | |
| Financial assets - measured at amortised cost | | | |
| Loans to related parties | 8,326.26 | 8,182.77 | 5,686.40 |
| Other bank balances - On deposit account | 5,001.69 | 27.69 | 25.45 |
| Other bank balances - On margin money account | 13,978.82 | 4,309.76 | 946.97 |
| | 27,306.77 | 12,520.22 | 6,658.82 |
| Financial liabilities - measured at amortised cost | | | |
| Long term borrowings* | 3,129.64 | 1,964.60 | 1,413.31 |
| Short term borrowings | 1,455.04 | 1,417.09 | 1,025.26 |
| | 4,584.68 | 3,381.69 | 2,438.57 |
| Variable rate loan | | | |
| Financial liabilities - measured at amortised cost | | | |
| Long term borrowings* | 1,870.75 | 1,867.62 | 682.40 |
| Short term borrowings | 7,406.46 | 3,424.93 | 3,740.39 |
| | 9,277.21 | 5,292.55 | 4,422.79 |

* including current maturity of long terms borrowings

NOTES TO FINANCIAL STATEMENTS for the year ended 31st March 2018 (contd...)

40. Financial instruments (contd...)

Fair value sensitivity analysis for fixed-rate instruments:

The Company does not account for any fixed-rate borrowings at fair value through profit or loss. Therefore, a change in interest rates at the reporting date would not affect profit or loss.

Cash flow sensitivity analysis for variable-rate instruments:

A reasonably possible change of 100 basis points in interest rates at the reporting date would have increased (decreased) equity and profit or loss by the amount shown below. This analysis assumes that all other variables remain constant.

| | 31st March 2018 | | 31st March 2017 | |
|-------------|-----------------|-------------|-----------------|-------------|
| | Increase | Decrease | Increase | Decrease |
| | (-) | + | (-) | + |
| | INR in Lacs | INR in Lacs | INR in Lacs | INR in Lacs |
| 1% Movement | (92.77) | 92.77 | (52.93) | 52.93 |

The risk estimates provided assume a change of 100 basis points interest rate for the interest rate benchmark as applicable to the borrowings summarised above. This calculation also assumes that the change occurs at the balance sheet date and has been calculated based on risk exposures outstanding as at that date. The period end balances are not necessarily representative of the average debt outstanding during the period.

(iv) Market risk

The Company is exposed to market risk through its use of financial instruments and specifically to currency risk, interest rate risk and certain other price risks, which result from both its operating and investing activities.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates to the floating rate debt obligations.

Foreign currency risk

The Company is exposed to currency risk on account of its revenue generating and operating activities in foreign currency. The functional currency of the Company is Indian Rupee. The exchange rate between the Indian rupee and foreign currencies has changed substantially in recent periods and may continue to fluctuate substantially in the future.

Exposure to currency risk:

The currency profile of financial assets and financial liabilities as at March 31, 2018, March 31, 2017 and April 1, 2016 are as below:

As at 31st March 2018

| | USD | EUR | SAR | AED | INR in Lacs |
|---|------------------|----------------|-----------------|---------------|---------------|
| Financial assets | | | | | |
| Loans to subsidiaries | 257.82 | - | - | - | - |
| Cash and cash equivalents | 3,572.67 | - | - | 160.01 | 40.36 |
| Trade and other receivables | 15,444.28 | 59.69 | 1,141.21 | 720.60 | 529.66 |
| | 19,274.77 | 59.69 | 1,141.21 | 880.61 | 570.02 |
| Financial liabilities | | | | | |
| Trade and other payables | 3,830.68 | 88.16 | 26.77 | 51.80 | 335.17 |
| | 3,830.68 | 88.16 | 26.77 | 51.80 | 335.17 |
| Net statement of financial position exposure | 15,444.09 | (28.47) | 1,114.44 | 828.81 | 234.85 |
| Forward exchange contracts | - | - | - | - | - |
| Net exposure | 15,444.09 | (28.47) | 1,114.44 | 828.81 | 234.85 |

NOTES TO FINANCIAL STATEMENTS for the year ended 31st March 2018 (contd...)

40. Financial instruments (contd...)

As at 31st March 2017

| | USD | EUR | SAR | AED | INR in Lacs |
|---|------------------|-------------------|---------------|---------------|--------------|
| Financial assets | | | | | |
| Loans to subsidiaries | 229.09 | - | - | - | - |
| Cash and cash equivalents | 10,020.40 | - | - | 44.78 | 26.90 |
| Trade and other receivables | 15,971.91 | 20.25 | 994.01 | 582.83 | 64.04 |
| | 26,221.40 | 20.25 | 994.01 | 627.61 | 90.94 |
| Financial liabilities | | | | | |
| Trade and other payables | 2,795.94 | 718.37 | 17.98 | 52.59 | 3.97 |
| | 2,795.94 | 718.37 | 17.98 | 52.59 | 3.97 |
| Net statement of financial position exposure | 23,425.46 | (698.12) | 976.03 | 575.02 | 86.97 |
| Forward exchange contracts | (349.52) | (355.37) | - | - | - |
| Net exposure | 23,075.94 | (1,053.49) | 976.03 | 575.02 | 86.97 |

As at 1st April 2016

| | USD | EUR | SAR | AED | INR in Lacs |
|---|-----------------|---------------|-----------------|-----------------|---------------|
| Financial assets | | | | | |
| Loans to subsidiaries | 125.63 | - | - | - | - |
| Cash and cash equivalents | 88.19 | 4.17 | - | 187.02 | 89.13 |
| Trade and other receivables | 7,175.85 | 15.26 | 1,182.23 | 1,117.12 | 590.71 |
| | 7,389.67 | 19.43 | 1,182.23 | 1,304.14 | 679.84 |
| Financial liabilities | | | | | |
| Trade and other payables | 2,216.82 | 24.02 | 18.39 | 52.80 | 12.45 |
| | 2,216.82 | 24.02 | 18.39 | 52.80 | 12.45 |
| Net statement of financial position exposure | 5,172.85 | (4.59) | 1,163.84 | 1,251.34 | 667.39 |
| Forward exchange contracts | (474.67) | - | - | - | - |
| Net exposure | 4,698.18 | (4.59) | 1,163.84 | 1,251.34 | 667.39 |

Sensitivity analysis:

A reasonably possible strengthening (weakening) of the Indian Rupee against foreign currency at March 31 would have affected the measurement of financial instruments denominated in US dollars and affected equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases.

INR in Lacs

| | Profit or loss | | | |
|--------------------|-----------------|-----------------|-----------------|-----------------|
| | 31st March 2018 | | 31st March 2017 | |
| | Strengthening | Weakening | Strengthening | Weakening |
| 1% movement | | | | |
| USD | 154.44 | (154.44) | 230.76 | (230.76) |
| EUR | (0.28) | 0.28 | (10.54) | 10.54 |
| SAR | 11.14 | (11.14) | 9.76 | (9.76) |
| AED | 8.29 | (8.29) | 5.75 | (5.75) |
| Others | 2.35 | (2.35) | 0.87 | (0.87) |
| | 175.94 | (175.94) | 236.60 | (236.60) |

NOTES TO FINANCIAL STATEMENTS for the year ended 31st March 2018 (contd...)

41. First Time Adoption of Ind AS

For the purposes of reporting as set out in note 1.1, the company has transitioned our basis of accounting from Indian generally accepted accounting principles ("previous GAAP") to Ind AS. The accounting policies set out in note 1.1 have been applied in preparing the financial statements for the year ended 31st March 2018, the comparative information presented in these financial statements for the year ended 31st March 2017 and in the preparation of an opening Ind AS balance sheet at 1st April 2016 (the "transition date").

In preparing opening Ind AS balance sheet, the company has adjusted amounts reported in financial statements prepared in accordance with previous GAAP. An explanation of how the transition from previous GAAP to Ind AS has affected the financial performance, cash flows and financial position is set out in the following tables and the notes that accompany the tables. On transition, the company did not revise estimates previously made under previous GAAP except where required by Ind AS.

Explanation of transition to Ind AS

In preparing the financial statement, the company has applied the below mentioned optional exemptions and mandatory exceptions.

Property, plant and equipment and intangible assets exemption:

The company has elected to use the exemption available under Ind AS 101 to continue the carrying value for all of its property, plant and equipment, and intangible assets as recognised in the financial statements as at the date of transition to Ind ASs, measured as per the previous GAAP and use that as its deemed cost as at the date of transition (1st April 2016).

Investment in Subsidiaries, Joint Ventures and Associates

The company has elected to use the exemption to measure all investments in subsidiaries, joint ventures and associates as recognised in the financial statements as at the date of transition to Ind AS, measured as per the previous GAAP and use that as its deemed cost as at the date of transition (1st April 2016).

Derecognition of financial assets and financial liabilities

The company has elected to use the exemption for derecognition of financial assets and liabilities prospectively i.e. after 1st April 2016.

Classification and measurement of financial assets

Ind AS 101 requires an entity to assess classification of financial assets on the basis of facts and circumstances existing as on the date of transition. Further, the standard permits measurement of financial assets accounted at amortised cost based on facts and circumstances existing at the date of transition if retrospective application is impracticable.

Accordingly, the company has determined the classification of financial assets based on facts and circumstances that exist on the date of transition. Measurement of financial assets accounted at amortised cost has been done retrospectively except where the same is impracticable.

Leases

Appendix C to Ind AS 17 requires an entity to assess whether a contract or arrangement contains a lease. In accordance with Ind AS 17, this assessment should be carried out at the inception of the contract or arrangement. Ind AS 101 provides an option to make this assessment on the basis of facts and circumstances existing at the date of transition to Ind AS, except where the effect is expected to be not material.

NOTES TO FINANCIAL STATEMENTS for the year ended 31st March 2018 (contd...)**41. First Time Adoption of Ind AS (contd...)**

Reconciliation of Comprehensive income for the year ended on 31st March 2017

| Particulars | Footnote reference | As on 31 March 2017 (Net of deferred tax) INR in Lacs |
|--|--------------------|---|
| Profit under previous GAAP | | 4,594.80 |
| Summary of Ind AS adjustments | | |
| Timing of revenue recognition | (g) | (105.16) |
| Arrangement fees amortised on EIR basis | (d) | (0.47) |
| Current Investments measured at fair value | (a) | 11.26 |
| Notional income from corporate guarantees in favor of subsidiaries/associates and Joint ventures | (f) | 97.63 |
| Discounting of retention money | (h) | 55.96 |
| Re-measurement cost of net defined benefit liability | (b) | 36.62 |
| Consolidation of IEI Shareholding (Staff Welfare) Trusts | (i) | (30.85) |
| Others | (j) | 33.91 |
| Deferred tax asset on indexation benefit of land | (e) | 6.29 |
| Total Ind AS adjustments | | 105.19 |
| Comprehensive income under Ind AS | | 4,699.99 |

Reconciliation of equity as at 31st March 2017 and 1st April 2016

| Particulars | Footnote reference | As on 1 April 2016 (Net of deferred tax) INR in Lacs | As on 31 March 2017 (Net of deferred tax) INR in Lacs |
|---|--------------------|--|---|
| Net worth under previous GAAP | | 25,010.17 | 29,590.90 |
| Summary of Ind AS adjustments | | | |
| Timing of revenue recognition | (g) | (422.26) | (527.42) |
| Arrangement fees amortised on EIR basis | (d) | 3.56 | 3.09 |
| Current Investments measured at fair value | (a) | 15.82 | 27.08 |
| De-recognition of proposed dividend and tax thereon | (c) | 492.95 | - |
| Discounting of retention money | (h) | (346.76) | (290.80) |
| Notional income from corporate guarantees in favor of subsidiaries/ associates and Joint ventures | (f) | 14.15 | 111.79 |
| Consolidation of IEI Shareholding (Staff Welfare Trusts) | (i) | (2,027.49) | (1,978.49) |
| Others | (j) | 4.51 | 38.44 |
| Deferred tax asset on indexation benefit of land | (e) | 107.45 | 113.74 |
| Total Ind AS adjustments | | (2,158.07) | (2,502.57) |
| Net worth under Ind AS | | 22,852.10 | 27,088.33 |

There were no material differences between the Statement of Cash Flows presented under Ind AS and the previous GAAP

Notes to reconciliations

(a) FVTPL financial assets:

Under previous GAAP, the Company accounted for investments in unquoted and quoted equity shares as investment measured at cost less provision for other than temporary diminution in the value of investments. Ind-AS requires FVTPL investments to be measured at fair value. At the date of transition to Ind AS, difference between the fair value of the instruments and its Previous GAAP carrying amount has been recognised in retained earnings.

NOTES TO FINANCIAL STATEMENTS for the year ended 31st March 2018 (contd...)

41. First Time Adoption of Ind AS (contd...)

(b) Employee benefits:

Both under previous GAAP and Ind-AS, the Company recognised costs related to its post-employment defined benefit plan on an actuarial basis. Under previous GAAP, the entire cost, including actuarial gains and losses, are charged to profit or loss. Under Ind-AS, re-measurements comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets excluding amounts included in net interest on the net defined benefit liability are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI.

(c) Proposed dividend:

Under previous GAAP, proposed dividends are recognised as a liability in the period to which they relate, irrespective of when they are declared. Under Ind-AS, a proposed dividend is recognised as a liability in the period in which it is declared by the company (usually when approved by shareholders in a general meeting) or paid.

(d) Interest bearing loans and borrowings:

Under previous GAAP, transaction costs incurred in connection with interest bearing loans and borrowings are amortised upfront and charged to profit or loss for the period. Under Ind-AS, transaction costs are included in the initial recognition amount of financial liability and charged to profit or loss using the effective interest method.

(e) Deferred tax assets (net):

Previous GAAP requires deferred tax accounting using the income statement approach, which focuses on differences between taxable profits and accounting profits for the period. Ind-AS 12 requires entities to account for deferred taxes using the balance sheet approach, which focuses on temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base. The application of Ind-AS 12 approach has resulted in recognition of deferred tax on new temporary differences which was not required under previous GAAP.

(f) Notional income from corporate guarantees in favor of subsidiaries/associates and Joint ventures:

The Company has given financial guarantees on behalf of subsidiaries/associates and joint ventures which were disclosed as contingent liabilities under previous GAAP. Under Ind AS, financial guarantee contracts are accounted as investment in subsidiaries/associates and joint venture and measured initially at fair value. Subsequently, the guarantee income is recognised over the period of the guarantee on a straight line basis.

(g) Timing of revenue recognition:

Impact pertains to the difference in timing of revenue recognition on account of transition to Ind AS.

(h) Discounting of retention money:

Under Ind AS, revenue is measured at fair value of the consideration received or receivable. Accordingly, retention money has been recognised at its present value under Ind AS

(i) Consolidation of IEI Shareholding (Staff Welfare Trusts)

It includes adjustment on account of consolidation of employee benefit trusts

(j) Other impacts:

It includes adjustment on account of capitalisation of general borrowing costs pertaining to Capital-Work-in-progress and interest cost recognized on vendor bills discounting facility.

42. Contracts in progress (CIP):

INR in Lacs

| Sr. No. | Particulars | 2017-18 | 2016-17 |
|---------|---|------------|------------|
| A. | Aggregate amount recognized as contract revenue | 34,425.91 | 31,217.85 |
| B. | In respect of contracts in progress as on 31st March: | | |
| | 1) Aggregate amount of costs incurred and recognized profits (less recognized losses) | 125,962.69 | 134,193.06 |
| | 2) Amount of customer advance | 22,652.02 | 19,739.64 |
| | 3) Amount of retentions | 4,351.57 | 6,081.49 |
| C. | Gross amount due from customers for contract work | 156.72 | 1,869.29 |

I. Information about business segments

| | INR in Lacs | | | | |
|---|------------------|------------|-------------------|-------------|-------------------|
| | Engineering | Chemicals | Consumer Products | Unallocated | Total |
| | 31.03.2018 | 31.03.2017 | 31.03.2018 | 31.03.2017 | 31.03.2018 |
| Revenue | | | | | |
| External Sales | 55,507.11 | 53,307.10 | 33,021.83 | 32,656.83 | 10,829.80 |
| Inter-segmental Sales | 2,805.61 | 3,152.96 | 1,463.66 | 1,600.54 | - |
| Other Income | 261.81 | 61.91 | 1.50 | 11.76 | 8.31 |
| Total Revenue | 58,574.53 | 56,521.97 | 34,486.99 | 34,269.13 | 10,838.11 |
| Less: Eliminations | | | | | |
| Add : Interest Income | | | | | |
| Total Enterprise Revenue | | | | | |
| Result | | | | | |
| Segment Results | 2,813.98 | 2,740.49 | 5,017.07 | 5,497.79 | (355.28) |
| Unallocated Expenditure net of unallocated Income | | | | | (976.08) |
| Finance Cost | | | | | (1,572.63) |
| Interest Income | | | | | 2,355.84 |
| Profit before Taxation | | | | | (192.87) |
| Other Information | | | | | |
| Segment Assets | 69,924.55 | 61,092.73 | 23,456.33 | 19,518.48 | 3,124.87 |
| Segment Liabilities | 49,730.19 | 46,912.31 | 12,428.34 | 10,724.72 | 1,833.26 |
| Capital Expenditure | 4,805.90 | 487.54 | 729.55 | 1,442.39 | 36.35 |
| Depreciation | 163.33 | 145.47 | 840.31 | 738.39 | 41.67 |
| Non Cash Expenditure other than Depreciation | 119.92 | 97.33 | 105.98 | 90.02 | 167.82 |

II. Information about geographical segments

| | India | Outside India | Total |
|--|------------------|---------------|------------------|
| | 31.03.2018 | 31.03.2017 | 31.03.2018 |
| External revenue (Net) | 69,428.52 | 70,512.85 | 29,996.87 |
| Carrying amount of segment assets | 86,258.55 | 68,069.08 | 24,554.58 |
| Additions to property, plant and equipment | 5,771.32 | 1,980.53 | 24.46 |

III. Notes:

- (a) The company's operations are organized into three business segments, namely:
 - Engineering division – comprising of water treatment plants, spares and services in connection with the plants.
 - Chemicals – comprising of resins, water treatment chemicals and speciality chemicals.
 - Consumer Products – comprising of water purification equipments for homes, institutions and communities.
- (b) The segment revenue in the geographical segments considered for disclosure are as follows:
 - Revenue within India includes sales to customers located within India and earnings in India. Revenue outside India includes sales to customers located outside India and earnings outside India.

NOTES TO FINANCIAL STATEMENTS for the year ended 31st March 2018 (contd...)

44. Related party disclosures (As identified by the management):

Where control exists

| | |
|-------------------------|--|
| a) Subsidiary companies | Ion Exchange Enviro Farms Limited Watercare Investments (India) Limited Aqua Investments (India) Limited Ion Exchange Asia Pacific Pte. Ltd., Singapore Ion Exchange Asia Pacific (Thailand) Limited * PT Ion Exchange Asia Pacific * IEI Environmental Management (M) Sdn. Bhd., Malaysia Ion Exchange Environment Management (BD) Limited, Bangladesh Ion Exchange LLC, USA Ion Exchange And Company LLC, Oman Ion Exchange WTS (Bangladesh) Limited Ion Exchange Projects and Engineering Limited Global Composites and Structural Limited Ion Exchange Safic Pty. Ltd., South Africa Total Water Management Services (India) Limited Ion Exchange Purified Drinking Water Private Limited |
|-------------------------|--|

Others

| | |
|--|---|
| b) Associates | Aquanomics Systems Limited IEI Water-Tech (M) Sdn. Bhd., Malaysia ** Asta Technical Services Limited*** Ion Exchange PSS Co. Limited, Thailand ** Ion Exchange Financial Products Pvt. Limited ** |
| c) Joint venture | Ion Exchange Waterleau Limited |
| d) Key management personnel | Mr. Rajesh Sharma - Chairman & Managing Director Mr. Dinesh Sharma - Executive Director Mr. Aankur Patni - Executive Director |
| e) Non-executive directors | Dr. V. N. Gupchup Mr. M. P. Patni Mr. T. M. M. Nambiar Mr. P. Sampathkumar Mr. Abhiram Seth Mr. Shishir Tamotia Mrs. Kishori Udeshi |
| f) Relatives of key management personnel | Mr. Mahabir Patni - Father of Mr. Aankur Patni Mrs. Nirmala Patni - Mother of Mr. Aankur Patni Mrs. Aruna Sharma - Wife of Mr. Rajesh Sharma Mrs. Poonam Sharma - Wife of Mr. Dinesh Sharma Mrs. Nidhi Patni - Wife of Mr. Aankur Patni Ms. Pallavi Sharma - Daughter of Mr. Rajesh Sharma |
| g) Enterprise owned or significantly influenced by key management personnel or their relatives | Ion Foundation |
| h) Post-employment benefit plans | Ion Exchange (India) Limited's Provident Institution Ion Exchange (India) Limited's Management Staff Gratuity Fund Ion Exchange Staff Superannuation Scheme Ion Exchange India Limited – Gratuity Fund Trust |

* Subsidiary company of subsidiary

** Associate companies of subsidiaries

*** Astha Technical Services Limited merged with Total Water Management Services (India) Limited, w.e.f. 1st April 2017.

NOTES TO FINANCIAL STATEMENTS for the year ended 31st March 2018 (contd...)**44. Related party disclosures (contd...)**

- I. Transactions during the year with related parties with outstanding balances as at year-end:

INR in Lacs

| Nature of Transactions | Year | Subsidiaries | Associates/ Joint Venture | Key Managerial Personnel / Relative | Others | Total |
|---|---------|--------------|------------------------------|---|--------|----------|
| Sale of goods | 2017-18 | 3,427.14 | 4,218.72 | - | 8.20 | 7,654.06 |
| | 2016-17 | 3,799.38 | 3,560.28 | - | 8.82 | 7,368.48 |
| Sales returns | 2017-18 | - | - | - | - | - |
| | 2016-17 | - | 34.21 | - | - | 34.21 |
| Services rendered | 2017-18 | 77.96 | 1.46 | - | - | 79.42 |
| | 2016-17 | 76.41 | 8.93 | - | - | 85.34 |
| Rental income | 2017-18 | 62.93 | 15.33 | - | - | 78.26 |
| | 2016-17 | 61.46 | 15.33 | - | - | 76.79 |
| Interest income on loans and advances | 2017-18 | 1,070.35 | 165.75 | - | - | 1,236.10 |
| | 2016-17 | 832.65 | 160.94 | - | - | 993.59 |
| Management fees | 2017-18 | - | 66.35 | - | - | 66.35 |
| | 2016-17 | - | 72.10 | - | - | 72.10 |
| Purchase of goods | 2017-18 | 340.51 | 110.15 | - | - | 450.66 |
| | 2016-17 | 92.53 | 119.93 | - | - | 212.46 |
| Services received | 2017-18 | 2,812.27 | 164.61 | - | - | 2,976.88 |
| | 2016-17 | 692.45 | 191.35 | - | - | 883.80 |
| Purchase of miscellaneous items | 2017-18 | 71.26 | - | - | - | 71.26 |
| | 2016-17 | 70.28 | - | - | - | 70.28 |
| Interest paid on inter corporate deposits | 2017-18 | 9.41 | - | - | - | 9.41 |
| | 2016-17 | 8.40 | - | - | - | 8.40 |
| Loans and advances given | 2017-18 | 5,620.87 | 228.16 | - | - | 5,849.03 |
| | 2016-17 | 6,693.38 | 122.01 | - | 0.56 | 6,815.95 |
| Loans and advances repaid | 2017-18 | 5,784.88 | 2.52 | - | - | 5,787.40 |
| | 2016-17 | 4,205.80 | 125.00 | - | 0.56 | 4,331.36 |
| Inter corporate deposits received | 2017-18 | - | - | - | - | - |
| | 2016-17 | 25.00 | - | - | - | 25.00 |
| Inter corporate deposits repaid | 2017-18 | 25.00 | - | - | - | 25.00 |
| | 2016-17 | - | - | - | - | - |
| Dividend received | 2017-18 | 76.61 | 9.20 | - | - | 85.81 |
| | 2016-17 | 89.13 | 9.20 | - | - | 98.33 |

NOTES TO FINANCIAL STATEMENTS for the year ended 31st March 2018 (contd...)

44. Related party disclosures (contd...)

I. Transactions during the year with related parties with outstanding balances as at year-end: (contd..)

INR in Lacs

| Nature of Transactions | Year | Subsidiaries | Associates/ Joint Venture | Key Managerial Personnel / Relative | Others | Total |
|--|------------|--------------|------------------------------|--|--------|----------|
| Dividend paid | 2017-18 | 15.32 | 1.80 | 97.07 | - | 114.19 |
| | 2016-17 | 13.13 | 1.54 | 83.10 | - | 97.77 |
| | | | | | | |
| Remuneration | 2017-18 | - | - | 704.83 | - | 704.83 |
| | 2016-17 | - | - | 647.23 | - | 647.23 |
| | | | | | | |
| Director sitting fees | 2017-18 | - | - | 33.05 | - | 33.05 |
| | 2016-17 | - | - | 35.75 | - | 35.75 |
| | | | | | | |
| Directors commission paid during the year | 2017-18 | - | - | 70.00 | - | 70.00 |
| | 2016-17 | - | - | 56.00 | - | 56.00 |
| | | | | | | |
| CSR expenses | 2017-18 | - | - | - | 98.60 | 98.60 |
| | 2016-17 | - | - | - | 74.20 | 74.20 |
| | | | | | | |
| Investments made during the year | 2017-18 | - | - | - | - | - |
| | 2016-17 | - | - | - | - | - |
| | | | | | | |
| Corporate guarantees commission | 2017-18 | 71.16 | 15.24 | - | - | 86.40 |
| | 2016-17 | 81.14 | 16.49 | - | - | 97.63 |
| | | | | | | |
| Corporate guarantees given | 2017-18 | - | - | - | - | - |
| | 2016-17 | 800.00 | - | - | - | 800.00 |
| | | | | | | |
| Corporate guarantees discharged | 2017-18 | 256.79 | 387.70 | - | - | 644.49 |
| | 2016-17 | 1,776.00 | 128.00 | - | - | 1,904.00 |
| | | | | | | |
| Contribution to post-employment benefit plans | 2017-18 | - | - | - | 404.11 | 404.11 |
| | 2016-17 | - | - | - | 383.49 | 383.49 |
| | | | | | | |
| Inter corporate deposits (Outstanding) | 31.03.2018 | 82.25 | - | - | - | 82.25 |
| | 31.03.2017 | 107.25 | - | - | - | 107.25 |
| | 01.04.2016 | 82.25 | - | - | - | 82.25 |
| | | | | | | |
| Outstanding loans and advances | 31.03.2018 | 6,809.12 | 1,539.39 | - | - | 8,348.51 |
| | 31.03.2017 | 6,891.75 | 1,315.77 | - | - | 8,207.52 |
| | 01.04.2016 | 4,392.40 | 1,318.75 | - | - | 5,711.15 |
| | | | | | | |
| Advance to suppliers | 31.03.2018 | 882.70 | - | - | - | 882.70 |
| | 31.03.2017 | 1,057.33 | 195.41 | - | - | 1,252.74 |
| | 01.04.2016 | 725.38 | 191.17 | - | - | 916.55 |
| | | | | | | |
| Outstanding receivables (Net of payables) excluding loans and advances | 31.03.2018 | 5,832.37 | 1,645.93 | - | 0.07 | 7,878.37 |
| | 31.03.2017 | 5,198.62 | 1,297.26 | - | 0.27 | 6,496.15 |
| | 01.04.2016 | 4,852.97 | 1,139.66 | - | - | 5,992.63 |
| | | | | | | |

NOTES TO FINANCIAL STATEMENTS for the year ended 31st March 2018 (contd...)

44. Related party disclosures (contd...)

- I. Transactions during the year with related parties with outstanding balances as at year-end: (contd..)

INR in Lacs

| Nature of Transactions | Year | Subsidiaries | Associates/ Joint Venture | Key Managerial Personnel / Relative | Others | Total |
|--|------------|--------------|------------------------------|--|--------|-----------|
| Outstanding payables (Net of receivables) excluding loans and advances | 31.03.2018 | 3.74 | - | - | - | 3.74 |
| | 31.03.2017 | 4.25 | 5.40 | - | - | 9.65 |
| | 01.04.2016 | 3.13 | 13.23 | - | - | 16.36 |
| | | | | | | |
| Investment in equity shares / debentures | 31.03.2018 | 5,370.06 | 319.23 | - | 0.10 | 5,689.39 |
| | 31.03.2017 | 5,289.26 | 321.23 | - | 0.10 | 5,610.59 |
| | 01.04.2016 | 5,289.26 | 321.23 | - | 0.10 | 5,610.59 |
| | | | | | | |
| Corporate guarantees (Outstanding) | 31.03.2018 | 7,262.71 | 1,241.84 | - | - | 8,504.55 |
| | 31.03.2017 | 7,519.32 | 1,629.54 | - | - | 9,148.86 |
| | 01.04.2016 | 8,523.10 | 1,754.20 | - | - | 10,277.30 |
| | | | | | | |

- II. Related party-wise transactions during the year with outstanding balances as at year-end:

INR in Lacs

| Particulars | Relationship | 2017-18 | 2016-17 |
|---|---------------|----------|----------|
| Sale of goods* | | | |
| Ion Exchange And Company LLC, Oman | Subsidiary | 87.89 | 132.50 |
| Ion Exchange Asia Pacific Pte. Ltd., Singapore | Subsidiary | 282.96 | 711.64 |
| Ion Exchange Environment Management (BD) Ltd., Bangladesh | Subsidiary | 370.37 | 275.09 |
| Ion Exchange LLC, USA | Subsidiary | 2,173.52 | 1,965.10 |
| Ion Exchange Projects And Engineering Ltd. | Subsidiary | 211.81 | 441.77 |
| Ion Exchange Safic Pty. Ltd., South Africa | Subsidiary | 297.33 | 273.28 |
| Ion Exchange Purified Drinking Water Pvt Ltd. | Subsidiary | 3.26 | - |
| Aquanomics Systems Ltd. | Associate | 4,188.48 | 3,541.04 |
| Ion Exchange PSS Co. Ltd., Thailand | Associate | 30.24 | 15.89 |
| Ion Exchange Waterleau Ltd. | Joint Venture | - | 3.35 |
| Ion Foundation | Others | 8.20 | 8.82 |
| Sales returns | | | |
| Ion Exchange PSS Co. Ltd., Thailand | Associate | - | 34.21 |
| Services rendered | | | |
| Global Composites And Structural Ltd. | Subsidiary | 0.28 | 1.84 |
| Ion Exchange Enviro Farms Ltd. | Subsidiary | 0.22 | 0.22 |
| Ion Exchange Projects And Engineering Ltd. | Subsidiary | 64.99 | 65.48 |
| Total Water Management Services (India) Ltd. | Subsidiary | 12.47 | 8.87 |
| Ion Exchange Waterleau Ltd. | Joint Venture | 1.46 | 8.93 |
| Rental income | | | |
| Ion Exchange Projects And Engineering Ltd. | Subsidiary | 62.93 | 61.46 |
| Ion Exchange Waterleau Ltd. | Joint Venture | 15.33 | 15.33 |

NOTES TO FINANCIAL STATEMENTS for the year ended 31st March 2018 (contd...)

44. Related party disclosures (contd...)

II. Related party-wise transactions during the year with outstanding balances as at year-end (contd...):

INR in Lacs

| Particulars | Relationship | 2017-18 | 2016-17 |
|---|---------------|----------|----------|
| Interest income on loan and advances | | | |
| Global Composites And Structural Ltd. | Subsidiary | 1.09 | 0.82 |
| IEI Environmental Management (M) Sdn. Bhd., Malaysia | Subsidiary | 3.02 | 3.73 |
| Ion Exchange and Company LLC, Oman | Subsidiary | - | 0.06 |
| Ion Exchange Asia Pacific (Thailand) Ltd., Thailand | Subsidiary | 1.11 | 1.03 |
| Ion Exchange Asia Pacific Pte. Ltd., Singapore | Subsidiary | 13.97 | 10.84 |
| Ion Exchange Enviro Farms Ltd. | Subsidiary | 342.91 | 291.47 |
| Ion Exchange Projects And Engineering Ltd. | Subsidiary | 572.29 | 394.93 |
| Ion Exchange Purified Drinking Water Pvt. Ltd. | Subsidiary | 124.89 | 119.72 |
| Ion Exchange Safic Pty. Ltd., South Africa | Subsidiary | 10.86 | 10.05 |
| Total Water Management Services (India) Ltd. | Subsidiary | 0.21 | - |
| Ion Exchange Waterleau Ltd. | Joint Venture | 165.75 | 160.94 |
| Management fees | | | |
| Aquanomics Systems Ltd. | Associate | 66.35 | 72.10 |
| Purchase of goods* | | | |
| Global Composites And Structural Ltd. | Subsidiary | 272.30 | 92.53 |
| Ion Exchange Projects And Engineering Ltd. | Subsidiary | 47.45 | - |
| Ion Exchange Environment Management (BD) Ltd., Bangladesh | Subsidiary | 20.76 | - |
| Aquanomics Systems Ltd. | Associate | 109.47 | 111.35 |
| Ion Exchange Waterleau Ltd. | Joint Venture | 0.68 | 8.58 |
| Services received | | | |
| Global Composites And Structural Ltd. | Subsidiary | 220.10 | 48.00 |
| Ion Exchange Projects And Engineering Ltd. | Subsidiary | 2,386.35 | 625.86 |
| Total Water Management Services (India) Ltd. | Subsidiary | 167.23 | 18.59 |
| Ion Exchange Asia Pacific Pte. Ltd, Singapore | Subsidiary | 38.59 | - |
| Astha Technical Services Ltd.# | Associate | - | 13.00 |
| Ion Exchange Waterleau Ltd. | Joint Venture | 164.61 | 178.35 |
| Purchase of miscellaneous items | | | |
| Ion Exchange Enviro Farms Ltd. | Subsidiary | 71.26 | 70.28 |
| Interest paid on inter corporate deposits | | | |
| Aqua Investments (India) Ltd. | Subsidiary | 3.72 | 3.72 |
| Water Care Investments (India) Ltd. | Subsidiary | 4.07 | 4.07 |
| Total Water Management Services (India) Ltd. | Subsidiary | 1.62 | 0.61 |
| Loans and advances given | | | |
| Global Composites And Structural Ltd. | Subsidiary | 0.45 | 2.66 |
| IEI Environmental Management (M) Sdn. Bhd., Malaysia | Subsidiary | 3.02 | 3.73 |
| Ion Exchange And Company LLC, Oman | Subsidiary | - | 0.06 |
| Ion Exchange Asia Pacific (Thailand) Ltd., Thailand | Subsidiary | 1.11 | 1.03 |
| Ion Exchange Asia Pacific Pte. Ltd., Singapore | Subsidiary | 26.86 | 115.10 |
| Ion Exchange Enviro Farms Ltd. | Subsidiary | 401.02 | 657.08 |
| Ion Exchange Projects And Engineering Ltd. | Subsidiary | 4,176.94 | 3,947.27 |

NOTES TO FINANCIAL STATEMENTS for the year ended 31st March 2018 (contd...)**44. Related party disclosures (contd...)**

II. Related party-wise transactions during the year with outstanding balances as at year-end (contd...):

INR in Lacs

| Particulars | Relationship | 2017-18 | 2016-17 |
|--|---------------|----------|----------|
| Loans and advances given (contd...) | | | |
| Ion Exchange Purified Drinking Water Pvt. Ltd. | Subsidiary | 983.67 | 1,935.97 |
| Ion Exchange Safic Pty. Ltd., South Africa | Subsidiary | 10.86 | 10.05 |
| Total Water Management Services (India) Ltd. | Subsidiary | 16.94 | 20.43 |
| Astha Technical Services Ltd.# | Associate | - | 0.05 |
| Ion Exchange Waterleau Ltd. | Joint Venture | 228.16 | 121.96 |
| Ion Foundation | Others | - | 0.56 |
| Loans and advances repaid | | | |
| Global Composites & Structural Ltd. | Subsidiary | 9.39 | - |
| IEI Environmental Management (M) Sdn. Bhd., Malaysia | Subsidiary | - | 8.40 |
| Ion Exchange And Company LLC, Oman | Subsidiary | - | 0.61 |
| Ion Exchange Asia Pacific Pte. Ltd., Singapore | Subsidiary | 13.35 | 10.03 |
| Ion Exchange Enviro Farms Ltd. | Subsidiary | 84.09 | 134.46 |
| Ion Exchange Projects And Engineering Ltd. | Subsidiary | 4,236.62 | 2,724.02 |
| Ion Exchange Purified Drinking Water Pvt. Ltd. | Subsidiary | 1,429.08 | 1,308.28 |
| Total Water Management Services (India) Ltd. | Subsidiary | 12.35 | 20.00 |
| Ion Exchange Waterleau Ltd. | Joint Venture | - | 125.00 |
| Aquanomics Systems Ltd | Associate | 0.02 | - |
| Ion Exchange Financial Products Pvt. Ltd. | Associate | 2.50 | - |
| Ion Foundation | Others | - | 0.56 |
| Inter corporate deposits received | | | |
| Total Water Management Services (India) Ltd. | Subsidiary | - | 25.00 |
| Inter corporate deposits repaid | | | |
| Total Water Management Services (India) Ltd. | Subsidiary | 25.00 | - |
| Dividend received | | | |
| Ion Exchange And Company LLC, Oman | Subsidiary | 76.61 | 89.13 |
| Aquanomics Systems Ltd. | Associate | 9.20 | 9.20 |
| Dividend paid | | | |
| Aqua Investments (India) Ltd. | Subsidiary | 8.88 | 7.61 |
| Water Care Investments (India) Ltd. | Subsidiary | 6.44 | 5.52 |
| Aquanomics Systems Ltd. | Associate | 0.04 | 0.03 |
| Ion Exchange Financial Products Pvt. Ltd. | Associate | 1.76 | 1.51 |
| Mr. Rajesh Sharma | KMP | 27.34 | 23.44 |
| Mr. Dinesh Sharma | KMP | 20.60 | 17.66 |
| Mr. Aankur Patni | KMP | 8.91 | 7.64 |
| Mr. Mahabir Prasad Patni | KMP | 24.91 | 21.35 |
| Dr. V. N. Gupchup | KMP | 3.79 | 3.25 |
| Mr. Abhiram Seth | KMP | 2.76 | 2.25 |
| Mr. T. M. M. Nambiar | KMP | 1.97 | 1.69 |
| Mr. P. Sampath Kumar | KMP | 0.88 | 0.75 |
| Relatives of Key Management Personnel | KMP | 5.91 | 5.07 |

NOTES TO FINANCIAL STATEMENTS for the year ended 31st March 2018 (contd...)

44. Related party disclosures (contd...)

II. Related party-wise transactions during the year with outstanding balances as at year-end (contd...):

INR in Lacs

| Particulars | Relationship | 2017-18 | 2016-17 |
|---|---------------|---------|---------|
| Remuneration | | | |
| Mr. Rajesh Sharma | KMP | 370.82 | 342.21 |
| Mr. Dinesh Sharma | KMP | 166.08 | 154.87 |
| Mr. Aankur Patni | KMP | 167.93 | 150.15 |
| | | | |
| Director sitting fees | | | |
| Mr. Mahabir Prasad Patni | KMP | 3.25 | 4.00 |
| Dr. V. N. Gupchup | KMP | 8.20 | 9.25 |
| Mr. T. M. M. Nambiar | KMP | 4.25 | 4.75 |
| Mr. P. Sampath Kumar | KMP | 3.25 | 2.75 |
| Mr. Abhiram Seth | KMP | 3.50 | 4.75 |
| Mr. Shishir Tamotia | KMP | 3.25 | 3.50 |
| Mrs. Kishori Udeshi | KMP | 7.35 | 6.75 |
| | | | |
| Directors Commission paid during the year | | | |
| Mr. Mahabir Prasad Patni | KMP | 10.00 | 8.00 |
| Dr. V. N. Gupchup | KMP | 10.00 | 8.00 |
| Mr. T. M. Mohan Nambiar | KMP | 10.00 | 8.00 |
| Mr. P. Sampath Kumar | KMP | 10.00 | 8.00 |
| Mr. Abhiram Seth | KMP | 10.00 | 8.00 |
| Mr. Shishir Tamotia | KMP | 10.00 | 8.00 |
| Mrs. Kishori Udeshi | KMP | 10.00 | 8.00 |
| | | | |
| CSR expenses | | | |
| Ion Foundation | Others | 98.60 | 74.20 |
| | | | |
| Investments made during the year | | | |
| IEI Environmental Management (M) Sdn. Bhd., Malaysia | Subsidiary | - | 0.00 |
| | | | |
| Corporate guarantees commission | | | |
| Global Composites And Structural Ltd. | Subsidiary | 18.00 | 10.00 |
| Ion Exchange Asia Pacific (Thailand) Ltd., Thailand | Subsidiary | 2.05 | 2.04 |
| Ion Exchange Asia Pacific Pte. Ltd., Singapore | Subsidiary | 7.52 | 7.69 |
| Ion Exchange Environment Management (BD) Ltd., Bangladesh | Subsidiary | 0.66 | 0.66 |
| Ion Exchange Projects And Engineering Ltd. | Subsidiary | 29.44 | 47.20 |
| Ion Exchange Purified Drinking Water Pvt. Ltd. | Subsidiary | 7.60 | 7.60 |
| Ion Exchange Safic Pty. Ltd., South Africa | Subsidiary | 5.89 | 5.95 |
| Aquanomics Systems Ltd. | Associate | 11.00 | 11.00 |
| Ion Exchange PSS Co. Ltd., Thailand | Associate | 4.24 | 4.21 |
| Ion Exchange Waterleau Ltd. | Joint Venture | - | 1.28 |
| | | | |
| Corporate guarantees given | | | |
| Global Composites And Structural Ltd. | Subsidiary | - | 800.00 |
| | | | |

NOTES TO FINANCIAL STATEMENTS for the year ended 31st March 2018 (contd...)**44. Related party disclosures (contd...)**

- II. Related party-wise transactions during the year with outstanding balances as at year-end (contd...):

INR in Lacs

| Particulars | Relationship | 2017-18 | 2016-17 |
|---|---------------|---------|----------|
| Corporate guarantees discharged | | | |
| Ion Exchange Projects And Engineering Ltd. | Subsidiary | - | 1,776.00 |
| Ion Exchange Asia Pacific (Thailand) Ltd. | Subsidiary | 256.79 | - |
| Ion Exchange PSS Co. Ltd. | Associate | 387.70 | - |
| Ion Exchange Waterleau Ltd. | Joint Venture | - | 128.00 |
| Contribution to post-employment benefit plans | | | |
| Ion Exchange (India) Limited's Provident Institution | Others | 151.92 | 135.20 |
| Ion Exchange (India) Limited's Management Staff Gratuity Fund | Others | 85.00 | 106.20 |
| Ion Exchange Staff Superannuation Scheme | Others | 146.43 | 135.27 |
| Ion Exchange India Limited – Gratuity Fund Trust | Others | 20.76 | 6.82 |

INR in Lacs

| Particulars | Relationship | As at 31st March 2018 | As at 31st March 2017 | As at 1st April 2016 |
|--|---------------|--------------------------|--------------------------|-------------------------|
| Inter corporate deposits (Outstanding) | | | | |
| Aqua Investments (India) Ltd. | Subsidiary | 39.25 | 39.25 | 39.25 |
| Total Water Management Services (India) Ltd. | Subsidiary | - | 25.00 | - |
| Water Care Investments (India) Ltd. | Subsidiary | 43.00 | 43.00 | 43.00 |
| Outstanding loans and advances**** | | | | |
| Global Composites And Structural Ltd. | Subsidiary | - | 8.69 | 6.03 |
| IEI Environmental Management (M) Sdn. Bhd., Malaysia | Subsidiary | 28.33 | 25.23 | 30.69 |
| Ion Exchange And Company LLC, Oman | Subsidiary | - | - | 0.53 |
| Ion Exchange Asia Pacific (Thailand) Ltd., Thailand | Subsidiary | 10.40 | 9.26 | 8.43 |
| Ion Exchange Asia Pacific Pte. Ltd., Singapore | Subsidiary | 117.15 | 103.81 | 3.39 |
| Ion Exchange Enviro Farms Ltd. | Subsidiary | 2,178.85 | 1,861.70 | 1,339.09 |
| Ion Exchange Projects And Engineering Ltd. | Subsidiary | 3,569.62 | 3,564.36 | 2,341.09 |
| Ion Exchange Purified Drinking Water Pvt. Ltd. | Subsidiary | 781.46 | 1,225.79 | 577.99 |
| Ion Exchange Safic Pty. Ltd., South Africa | Subsidiary | 101.93 | 90.79 | 82.59 |
| Total Water Management Services (India) Ltd. | Subsidiary | 21.38 | 2.12 | 2.57 |
| Aquaneconomics Systems Ltd. | Associate | - | 0.02 | 0.02 |
| Astha Technical Services Ltd.# | Associate | - | 1.92 | 1.87 |
| Ion Exchange Financial Products Pvt. Ltd.** | Associate | 22.25 | 24.75 | 24.75 |
| Ion Exchange Waterleau Ltd. | Joint Venture | 1,517.14 | 1,289.08 | 1,292.11 |
| Advance to Supplier | | | | |
| Global Composites And Structural Ltd. | Subsidiary | 851.12 | 1,017.39 | 685.44 |
| Ion Exchange Projects And Engineering Ltd. | Subsidiary | 19.28 | 39.94 | 39.94 |
| Total Water Management Services (India) Ltd. | Subsidiary | 12.30 | - | - |
| Astha Technical Services Ltd.# | Associate | - | 195.41 | 191.17 |

NOTES TO FINANCIAL STATEMENTS for the year ended 31st March 2018 (contd...)

44. Related party disclosures (contd...)

II. Related party-wise transactions during the year with outstanding balances as at year-end (contd...):

INR in Lacs

| Particulars | Relationship | As at 31st March 2018 | As at 31st March 2017 | As at 1st April 2016 |
|---|---------------|--------------------------|--------------------------|-------------------------|
| Outstanding receivables (Net of payables) excluding loans and advances | | | | |
| Global Composites And Structural Ltd. | Subsidiary | 27.62 | - | 28.26 |
| IEI Environmental Management (M) Sdn. Bhd., Malaysia | Subsidiary | 188.64 | 156.29 | 156.29 |
| Ion Exchange And Company LLC, Oman | Subsidiary | 175.89 | 118.00 | 112.36 |
| Ion Exchange Asia Pacific (Thailand) Ltd., Thailand | Subsidiary | 1,049.94 | 971.90 | 974.39 |
| Ion Exchange Asia Pacific Pte. Ltd., Singapore | Subsidiary | 1,015.02 | 1,006.21 | 782.61 |
| Ion Exchange Enviro Farms Ltd. | Subsidiary | 2.04 | 2.04 | 2.04 |
| Ion Exchange Environment Management (BD) Ltd., Bangladesh | Subsidiary | 161.08 | 50.13 | 64.80 |
| Ion Exchange LLC, USA | Subsidiary | 1,803.68 | 1,701.91 | 1,537.97 |
| Ion Exchange Projects And Engineering Ltd. | Subsidiary | 1,246.33 | 1,157.12 | 1,092.72 |
| Ion Exchange Purified Drinking Water Pvt. Ltd. | Subsidiary | 3.26 | - | 73.52 |
| Ion Exchange Safic Pty. Ltd., South Africa | Subsidiary | 158.87 | 35.02 | 28.01 |
| Aquanomics Systems Ltd. | Associate | 1,182.13 | 821.76 | 755.99 |
| IEI Water Tech (M) Sdn. Bhd., Malaysia | Associate | 3.04 | 2.03 | 2.03 |
| Ion Exchange PSS Co. Ltd., Thailand | Associate | 219.54 | 177.76 | 196.09 |
| Ion Exchange Waterleau Ltd. | Joint Venture | 241.22 | 295.71 | 185.55 |
| Ion Foundation | Others | 0.07 | 0.27 | - |
| Outstanding payables (Net of receivables) excluding loans and advances | | | | |
| Total Water Management Services (India) Ltd. | Subsidiary | 3.74 | 4.25 | 3.13 |
| Astha Technical Services Ltd.# | Associate | - | 5.40 | 13.23 |
| Investment in equity shares / debentures | | | | |
| Aqua Investments (India) Ltd. | Subsidiary | 176.00 | 176.00 | 176.00 |
| Global Composites And Structural Ltd. | Subsidiary | 245.00 | 227.00 | 227.00 |
| IEI Environmental Management (M) Sdn. Bhd., Malaysia | Subsidiary | 18.10 | 18.10 | 18.10 |
| Ion Exchange And Company LLC, Oman | Subsidiary | 180.85 | 180.85 | 180.85 |
| Ion Exchange Asia Pacific Pte. Ltd., Singapore | Subsidiary | 1,108.73 | 1,094.92 | 1,094.92 |
| Ion Exchange Enviro Farms Ltd.*** | Subsidiary | 1,554.70 | 1,554.70 | 1,554.70 |
| Ion Exchange Environment Management (BD) Ltd., Bangladesh | Subsidiary | 37.06 | 36.40 | 36.40 |
| Ion Exchange Infrastructure Ltd. | Subsidiary | - | - | 317.66 |
| Ion Exchange LLC, USA | Subsidiary | 372.01 | 372.01 | 372.01 |
| Ion Exchange Projects And Engineering Ltd. | Subsidiary | 1,388.64 | 1,359.20 | 1,041.54 |
| Ion Exchange Purified Drinking Water Pvt. Ltd. | Subsidiary | 39.01 | 39.01 | 39.01 |
| Ion Exchange Safic Pty. Ltd., South Africa | Subsidiary | 52.51 | 46.62 | 46.62 |
| Ion Exchange WTS (Bangladesh) Ltd. | Subsidiary | 2.45 | 2.45 | 2.45 |
| Total Water Management Services (India) Ltd. | Subsidiary | 18.00 | 5.00 | 5.00 |
| Water Care Investments (India) Ltd. | Subsidiary | 177.00 | 177.00 | 177.00 |
| Aquanomics Systems Ltd. | Associate | 68.00 | 57.00 | 57.00 |
| Astha Technical Services Ltd.# | Associate | - | 13.00 | 13.00 |
| Ion Exchange Waterleau Ltd. | Joint Venture | 251.23 | 251.23 | 251.23 |
| Ion Foundation | Others | 0.10 | 0.10 | 0.10 |

NOTES TO FINANCIAL STATEMENTS for the year ended 31st March 2018 (contd...)**44. Related party disclosures (contd...)**

- II. Related party-wise transactions during the year with outstanding balances as at year-end (contd...):

INR in Lacs

| Particulars | Relationship | As at 31st March 2018 | As at 31st March 2017 | As at 1st April 2016 |
|---|---------------|--------------------------|--------------------------|-------------------------|
| Corporate guarantees (Outstanding) | | | | |
| Global Composites And Structural Ltd. | Subsidiary | 1,800.00 | 1,800.00 | 1,000.00 |
| Ion Exchange Asia Pacific (Thailand) Ltd., Thailand | Subsidiary | - | 256.79 | 255.18 |
| Ion Exchange Asia Pacific Pte. Ltd., Singapore | Subsidiary | 943.14 | 940.16 | 961.83 |
| Ion Exchange Environment Management (BD) Ltd., Bangladesh | Subsidiary | 82.42 | 82.42 | 82.42 |
| Ion Exchange Projects And Engineering Ltd. | Subsidiary | 2,944.00 | 2,944.00 | 4,720.00 |
| Ion Exchange Purified Drinking Water Pvt. Ltd. | Subsidiary | 760.20 | 760.20 | 760.20 |
| Ion Exchange Safic Pty. Ltd., South Africa | Subsidiary | 732.95 | 735.75 | 743.47 |
| Aquanomics Systems Ltd. | Associate | 1,100.00 | 1,100.00 | 1,100.00 |
| Ion Exchange PSS Co. Ltd., Thailand | Associate | 141.84 | 529.54 | 526.20 |
| Ion Exchange Waterleau Ltd. | Joint Venture | - | - | 128.00 |

* Gross amount has been considered.

** Provision has been made in respect of the said amount.

*** Includes INR 1,500.00 Lacs investment in debentures.

**** Includes receivable on account of re-imbursement of expenses.

Astha Technical Services Limited has amalgamated with Total Water Management Services (India) Limited, w.e.f. 1st April 2017.

- III. Stock options granted to key management personnel during the year: Nil (2016-17: Nil).

- IV. Disclosure pursuant to the regulation 34(3) read with para A of schedule V of (Listing Obligations and Disclosure Requirements) Regulations, 2015:

- (a) Loans and advances in the nature of loans

| Name of the related party | Relationship | As at 31st March 2018 INR in Lacs | Maximum balance in 2017-18 INR in Lacs | As at 31st March 2017 INR in Lacs | Maximum balance in 2016-17 INR in Lacs | As at 1st April 2016 INR in Lacs |
|--|-----------------|--|---|--|---|---|
| Global Composite And Structural Ltd. | Subsidiary | - | 9.42 | 8.69 | 8.69 | 6.03 |
| IEI Environmental Management (M) Sdn. Bhd., Malaysia | 100% Subsidiary | 28.33 | 28.33 | 25.23 | 35.17 | 30.69 |
| Ion Exchange and Company LLC, Oman | Subsidiary | - | - | - | 0.60 | 0.53 |
| Ion Exchange Asia Pacific (Thailand) Ltd., Thailand | 100% Subsidiary | 10.40 | 10.40 | 9.26 | 9.65 | 8.43 |
| Ion Exchange Asia Pacific Pte. Ltd, Singapore | 100% Subsidiary | 117.15 | 130.51 | 103.81 | 119.36 | 3.39 |
| Ion Exchange Enviro Farms Ltd. | Subsidiary | 2,178.85 | 2,179.63 | 1,861.70 | 1,862.86 | 1,339.09 |
| Ion Exchange Projects And Engineering Ltd. | Subsidiary | 3,569.62 | 5,815.28 | 3,564.36 | 4,133.87 | 2,341.09 |
| Ion Exchange Purified Drinking Water Pvt. Ltd. | 100% Subsidiary | 781.46 | 1,283.86 | 1,225.79 | 1,287.26 | 577.99 |
| Ion Exchange Safic Pty. Ltd., South Africa | Subsidiary | 101.93 | 101.93 | 90.79 | 94.67 | 82.59 |
| Total Water Management Services (India) Ltd. | Subsidiary | 21.38 | 22.27 | 2.12 | 4.52 | 2.57 |
| Ion Exchange Waterleau Ltd. | Joint Venture | 1,517.14 | 1,517.67 | 1,289.08 | 1,395.26 | 1,292.11 |

Notes:

- (i) Loans and advances shown above to the subsidiaries fall under the category of 'Loans and Advances in nature of Loans' which are repayable on demand.
- (ii) Interest on loans and advances to the subsidiaries are charged at the prevailing market rates.

NOTES TO FINANCIAL STATEMENTS for the year ended 31st March 2018 (contd...)
44. Related party disclosures (contd...)
V. Disclosure as per Section 186 of the Companies Act, 2013:

The details of loans, guarantees and investments under section 186 of the Companies Act, 2013 read with the Companies (Meetings of Board and its Powers) Rules, 2014 are as follows:

- (a) Details of investment made are given in note 4 and 11
- (b) Details of loans given by the company are as follows:

| Name of the party | Relationship | Purpose | As at 31st March 2018 INR in Lacs | As at 31st March 2017 INR in Lacs | As at 1st April 2016 INR in Lacs |
|--|-----------------|----------------------|--|--|---|
| Global Composite And Structural Ltd. | Subsidiary | for business purpose | - | 8.69 | 6.03 |
| IEI Environmental Management (M) Sdn. Bhd., Malaysia | 100% Subsidiary | | 28.33 | 25.23 | 30.69 |
| Ion Exchange And Company LLC, Oman | Subsidiary | | - | - | 0.53 |
| Ion Exchange Asia Pacific (Thailand) Ltd., Thailand | 100% Subsidiary | | 10.40 | 9.26 | 8.43 |
| Ion Exchange Asia Pacific Pte. Ltd, Singapore | 100% Subsidiary | | 117.15 | 103.81 | 3.39 |
| Ion Exchange Enviro Farms Ltd. | Subsidiary | | 2,178.85 | 1,861.70 | 1,339.09 |
| Ion Exchange Projects And Engineering Ltd. | Subsidiary | | 3,569.62 | 3,564.36 | 2,341.09 |
| Ion Exchange Purified Drinking Water Pvt. Ltd. | 100% Subsidiary | | 781.46 | 1,225.79 | 577.99 |
| Ion Exchange Safic Pty. Ltd., South Africa | Subsidiary | | 101.93 | 90.79 | 82.59 |
| Total Water Management Services (India) Ltd. | Subsidiary | | 21.38 | 2.12 | 2.57 |
| Ion Exchange Waterleau Ltd. | Joint Venture | | 1,517.14 | 1,289.08 | 1,292.11 |

- (c) Details of guarantees issued by the company in accordance with section 186 of the Companies Act, 2013 read with rules issued thereunder:

| Name of the party on whose behalf guarantee issued | Relationship | Purpose | As at 31st March 2018 INR in Lacs | As at 31st March 2017 INR in Lacs | As at 1st April 2016 INR in Lacs |
|---|-----------------|--|---|---|--|
| Bharuch Enviro Infrastructure Limited | Unrelated | Corporate Guarantee to Gujarat Industrial Development Corporation, for use of facilities For banking facilities of respective subsidiaries, associate and joint venture | 38.88 | 38.88 | 38.88 |
| Global Composites And Structural Ltd. | Subsidiary | | 1,800.00 | 1,800.00 | 1,000.00 |
| Ion Exchange Asia Pacific (Thailand) Ltd., Thailand | 100% Subsidiary | | - | 256.79 | 255.18 |
| Ion Exchange Asia Pacific Pte. Ltd., Singapore | 100% Subsidiary | | 943.14 | 940.16 | 961.83 |
| Ion Exchange Environment Management (BD) Ltd., Bangladesh | 100% Subsidiary | | 82.42 | 82.42 | 82.42 |
| Ion Exchange Projects And Engineering Ltd. | Subsidiary | | 2,944.00 | 2,944.00 | 4,720.00 |
| Ion Exchange Purified Drinking Water Pvt. Ltd. | 100% Subsidiary | | 760.20 | 760.20 | 760.20 |
| Ion Exchange Safic Pty. Ltd., South Africa | Subsidiary | | 732.95 | 735.75 | 743.47 |
| Aquanomics Systems Ltd. | Associates | | 1,100.00 | 1,100.00 | 1,100.00 |
| Ion Exchange PSS Co. Ltd., Thailand | Associates | | 141.84 | 529.54 | 526.20 |
| Ion Exchange Waterleau Ltd. | Joint Venture | | - | - | 128.00 |

NOTES TO FINANCIAL STATEMENTS for the year ended 31st March 2018 (contd....)

45. The company has an investment of INR 54.70 Lacs (31st March 2017: INR 54.70 Lacs, 1st April 2016: INR 54.70 Lacs) in equity shares and 15,00,000 (31st March 2017: 15,00,000, 1st April 2016: 15,00,000) 7% Secured Redeemable Non-Convertible Debentures of INR 100 each fully paid up, in Ion Exchange Enviro Farms Limited (IEEFL), a subsidiary company as at 31st March 2018 and it has also granted loans and advances as at 31st March 2018 aggregating INR 2,178.85 Lacs (31st March 2017: INR 1,861.70 Lacs, 1st April 2016 Rs. 1,339.09 Lacs) to IEEFL. As at 31st March 2018, the accumulated losses of IEEFL have substantially exceeded its paid-up share capital.

IEEFL has adequate assets in the form of developed and undeveloped land and the redeemable non-convertible debentures are secured by way of mortgage of office premises.

Also the IEEFL had filed appeal against the Security Appellate Tribunal Order of refunding monies to investors with return and winding-up of scheme with Supreme Court of India on 4th July 2006. The Hon'ble Supreme Court of India had dismissed the IEEFL's appeal on 26th February 2013. Subsequent to this dismissal, IEEFL approached SEBI with a proposal related to the compliance of the said order vide letter dated 17th May 2013. During personal hearing with SEBI officials on 27th November 2013, pursuant to the above letter, SEBI had called for furnishing additional details which have been duly complied with vide letter dated 13th December 2013. Pursuant to this, IEEFL has initiated actions in line with the aforesaid meetings with SEBI officials and letters submitted to SEBI.

Subsequent to SEBI order of 30th December 2015, for closure of the CIS Scheme (which inter-alia included directions to refund INR 2,006 Lacs to investors, as per the earlier order of 27th November 2003) IEEFL was granted a personal hearing on 3rd February 2016 and additional information called for was submitted on 23rd March 2016. IEEFL had requested permission to wind up the scheme in terms of rule 73(1) to (9) of CIS Regulations as it has completed all obligations towards the investors, i.e. sale of lands and development and maintaining the lands thereafter, as per agreements.

As SEBI refused to accede to IEEFL's request, IEEFL has preferred a fresh appeal at Securities Appellate Tribunal (SAT) on 9th February 2017 - appeal No. (I) 40 of 2017- citing practical difficulties in execution of the SEBI order for refund to all investors as investors have already received their lands / refunds as per the agreements.

IEEFL's plea in SAT is for issuing suitable directions to SEBI for verifying the documentary proofs submitted by IEEFL for conveying of lands, refunds made and thereafter calling outstanding claims, if any, and thereafter declaring wind up of the scheme in terms of the CIS Regulations. Appeal has been already admitted by SAT and the matter is pending before it.

In view of the foregoing, the management is of the opinion, that there is no diminution, other than temporary, in the value of investments and the advances are fully recoverable. Hence presently no provision is considered necessary.

46. Capital expenditure incurred on research and development during the year is INR 71.69 Lacs (2016-17: INR 110.41 Lacs). Revenue expenditure of INR 728.67 Lacs (2016-17: INR 643.24 Lacs) incurred on research and development has been expensed to the statement of profit and loss under various expense heads. Location wise details are as follows:

INR in Lacs

| Nature | 2017-18 | | 2016-17 | | Total | |
|---------------------|------------|--------|------------|--------|--------|--------|
| | Location | | Location | | | |
| | Patancheru | Vashi | Patancheru | Vashi | | |
| Capital expenditure | 35.96 | 35.73 | 71.69 | 95.03 | 15.38 | 110.41 |
| Revenue expenditure | 291.42 | 437.25 | 728.67 | 252.48 | 390.76 | 643.24 |

47. Lease

A. Operating Lease

Company as lessee:

The Company has entered into lease agreements for certain items of plants and machineries. The lease agreement is for 5 years. There are no restrictions placed upon the company by entering into this lease.

Further minimum rentals payable under non-cancellable operating leases are as follows:

| | 31st March 2018 INR in Lacs | 31st March 2017 INR in Lacs | 1st April 2016 INR in Lacs |
|---|--------------------------------|--------------------------------|-------------------------------|
| Within one year | 63.41 | 126.81 | 126.81 |
| After one year but not more than five years | Nil | 63.41 | 63.41 |
| More than five years | Nil | Nil | Nil |

NOTES TO FINANCIAL STATEMENTS for the year ended 31st March 2018 (contd...)

47. Lease (contd...)

Company as lessor:

The Company has entered into commercial property lease of its surplus office. The lease agreement is for 5 years. The lease includes a clause to enable upward revision by 15% after completion of 3 years from the date of commencement of the lease agreement.

Further minimum rentals receivable under non-cancellable operating lease are as follows:

| | 31st March 2018 INR in Lacs | 31st March 2017 INR in Lacs | 1st April 2016 INR in Lacs |
|---|--|--|---------------------------------------|
| Within one year | 113.25 | 180.85 | 169.34 |
| After one year but not more than five years | 17.89 | 131.14 | 311.99 |
| More than five years | Nil | Nil | Nil |

B. Finance Lease

Company as lessee

The Company has entered into lease agreement for certain items of plant and machineries (including capital work-in-progress) and office equipment. The lease terms are between 3 and 4 years and can be renewed at the option of the company. There is no escalation clause in the lease agreement. There are no subleases. Future minimum lease payment (MLP) under finance leases together with the present value of the net MLP are as follows

| | 31st March 2018 INR in Lacs | 31st March 2017 INR in Lacs | 1st April 2016 INR in Lacs |
|---|--|--|---------------------------------------|
| Total minimum lease payments at the year end | 487.86 | 345.78 | 209.29 |
| Less: Amount representing finance charges | 85.95 | 46.73 | 27.30 |
| Present value of minimum lease payments (Rate of interest: 4.95% p.a. to 10.94% p.a.) | 401.91 | 299.05 | 181.99 |
| | | | |
| Minimum lease payments: | | | |
| Not later than one year [Present value INR 483.94 Lacs as on 31st March 2018 (INR 360.75 Lacs as on 31st March 2017, INR 178.86 Lacs as on 1st April 2016)] | 601.66 | 441.37 | 216.18 |
| Later than one year but not later than five years [Present value INR 351.55 Lacs as on 31st March 2018 (INR 370.21 Lacs as on 31st March 2017 and INR 313.81 Lacs as on 1st April 2016)] | 452.44 | 516.98 | 436.24 |

48. Capital and other commitments

Estimated amount of contracts (net of advances) remaining to be executed on capital account not provided for is INR 524.29 Lacs (31st March 2017: INR 223.72 Lacs, 1st April 2016: INR 757.03 Lacs).

49. Contingent liabilities

Contingent liabilities not provided for:

(a) Guarantee given by the company on behalf of:

- i) Subsidiaries – INR 7,262.71 Lacs (31st March 2017: INR 7,519.32 Lacs, 1st April 2016: INR 8,523.10 Lacs)
- ii) Associates – INR 1,241.84 Lacs (31st March 2017: INR 1,629.54 Lacs, 1st April 2016: INR 1,626.20 Lacs)
- iii) Joint venture – INR Nil, (31st March 2017: INR Nil, 1st April 2016: INR 128.00 Lacs)
- iv) Others – INR 38.88 Lacs (31st March 2017: INR 38.88 Lacs, 1st April 2016: INR 38.88 Lacs)

(b) Demand raised by authorities against which the company has filed an appeal.

- i) Income tax – INR 285.27 Lacs (31st March 2017: INR 298.06 Lacs, 1st April 2016: INR 206.21 Lacs)
- ii) Excise duty – INR 16.79 Lacs (31st March 2017: INR 16.79 Lacs, 1st April 2016: INR 16.79 Lacs)
- iii) Service tax – INR 12.79 Lacs (31st March 2017: INR 13.32 Lacs, 1st April 2016: INR 10.53 Lacs)
- iv) Sales tax/VAT – INR 850.57 Lacs (31st March 2017: INR 849.10 Lacs, 1st April 2016: INR 1,023.61 Lacs)
- v) Customs Duty – INR 22.58 Lacs (31st March 2017: INR 22.58 Lacs, 1st April 2016: INR 22.58 Lacs)

(c) Claims against the company arising in the course of business not acknowledged as debts (to the extent ascertainable) INR 1,747.41 Lacs (31st March 2017: INR 447.41 Lacs, 1st April 2016: INR 516.15 Lacs).

Note: Future cash outflows/uncertainties, if any, in respect of above are determinable only on receipt of judgments/decisions pending with various forums/authorities.

NOTES TO FINANCIAL STATEMENTS for the year ended 31st March 2018 (contd....)

50. Details of dues to micro and small enterprises as defined under the MSMED Act, 2006 (on the basis of the information and records available with Management)

| | 31st March 2018 INR in Lacs | 31st March 2017 INR in Lacs | 1st April 2016 INR in Lacs |
|---|--------------------------------|--------------------------------|-------------------------------|
| The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year | | | |
| Principal amount due to micro and small enterprises | 109.27 | 186.78 | 225.78 |
| Interest due on above | 6.38 | 6.89 | 3.62 |
| | 115.65 | 193.67 | 229.40 |
| The amount of interest paid by the buyer in terms of section 16 of the MSMED Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year | - | - | - |
| The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act, 2006. | - | - | - |
| The amount of interest accrued and remaining unpaid at the end of each accounting year. | 38.09 | 31.71 | 18.08 |
| The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act, 2006. | - | - | - |

51. Back charges represent reimbursement of costs incurred by customers on the company's behalf in the course of contract execution.
 52. Capital advance includes amount of INR 25.33 Lacs (31st March 2017: INR 25.33 Lacs, 1st April 2016: INR 25.33 Lacs) paid for acquiring furnished office premises at Hyderabad, the ownership of which is under legal dispute for which transfer formalities are in progress.

53. **Corporate Social Responsibility expenses:**

- A. Gross amount required to be spent by the company during the year INR 98.56 Lacs (2016-17: INR 74.19 Lacs)
 B. Amount spent during the year on:

INR in Lacs

| | | In cash | Yet to be paid in cash | Total |
|------|--|--------------|------------------------|--------------|
| (i) | Construction / Acquisition of any assets | Nil | Nil | Nil |
| (ii) | Purpose other than (i) above | 98.60 | Nil | 98.60 |
| | Total | 98.60 | Nil | 98.60 |

- C. Related party transaction in relation to Corporate Social Responsibility: INR 98.60 Lacs (2016-17: INR 74.20 Lacs)

All CSR projects under the Ion Exchange umbrella are implemented by Ion Foundation, a Company incorporated under Section 8 of the Companies Act, 2013

- D. Provision during the year INR Nil (2016-17: INR Nil)

54. **Capital Management**

The company's objective is to maximise the shareholders' value by maintaining an optimum capital structure. Management monitors the return on capital as well as the debt equity ratio and makes necessary adjustments in the capital structure for the development of the business.

The company's debt to equity ratio as at 31st March 2018 was 0.44 (31st March 2017: 0.32 and 1st April 2016 : 0.30)

Note: For the purpose of computing debt to equity ratio, Equity includes Equity share capital and Other equity and Debt includes Long term borrowings, Short term borrowings and Current maturities of long term borrowings.

NOTES TO FINANCIAL STATEMENTS for the year ended 31st March 2018 (contd...)

55. Consequent to the introduction of Goods and Services Tax (GST) with effect from 1st July, 2017, Central Excise, Value Added Tax (VAT) etc. have been subsumed into GST. In accordance with Indian Accounting Standard - 18 on Revenue and Schedule III of the Companies Act, 2013, unlike Excise Duties, levies like GST, VAT etc. are not part of Revenue. Accordingly, the figures for the previous year are not strictly relatable to those thereafter. The following additional information is being provided to facilitate such understanding.

INR in Lacs

| Particulars | Year ended | |
|---|------------------------|------------------------|
| | 31st March 2018 | 31st March 2017 |
| Revenue from operations (A) | 99,425.39 | 96,263.47 |
| Excise duty on sale (B) | 834.98 | 3,509.57 |
| Revenue from operations excluding excise duty on sale (A-B) | 98,590.41 | 92,753.90 |

56. In March 2018, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) Amendment Rules, 2018, notifying Ind AS 115 'Revenue from Contracts with Customers' (New Revenue Standard), which replaces Ind AS 11 'Construction Contracts' and Ind AS 18 'Revenue'. The core principle of the new revenue standard is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Some of the key changes introduced by the new revenue standard include additional guidance for multiple-element arrangements, measurement approaches for variable consideration, adjustments for time value of money etc. Significant additional disclosures in relation to revenue are also prescribed. The New Revenue Standard also provides two broad alternative transition options – Retrospective Method and Cumulative Effect Method – with certain practical expedients available under the Retrospective Method. The company is in the process of evaluating the impact of the new revenue standard on the present and future arrangements and shall determine the appropriate transition option once the said evaluation has been completed.

Also, appendix B to Ind AS 21, foreign currency transactions and advance consideration was notified along with the same notification which clarifies the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income, when an entity has received or paid advance consideration in a foreign currency. The company is in the process of evaluating the effect of these on the financial statements.

The amendments will come into force from 1st April 2018.

57. Information with regard to other matters, as required by Schedule III to the Act is either nil or not applicable to the company for the year.

As per our report of even date

For B S R & Co. LLP
Chartered Accountants
Firm's Registration No.: 101248W/W-100022

For and on behalf of the board of directors of
 ION EXCHANGE (INDIA) LIMITED
CIN - L74999MH1964PLC014258

BHAVESH DHUPELIA
Partner
Membership no.: 042070

RAJESH SHARMA
Chairman & Managing Director
DIN - 00515486

M. P. PATNI
Director
DIN - 00515553

MILIND PURANIK
Company Secretary

Place : Mumbai
 Date : 23rd May 2018

N. M. RANADIVE
Executive Vice President - Finance

Place : Mumbai
 Date : 23rd May 2018

Independent Auditors' Report

To the Members of Ion Exchange (India) Limited

Report on the Audit of the Consolidated Ind AS Financial Statements

We have audited the accompanying Consolidated Ind AS financial statements of Ion Exchange (India) Limited (it includes financial information of branch at Bengaluru and IEI Shareholding (Staff Welfare) Trusts (Sixty Trusts) for the year ended 31 March 2018 audited by the branch auditor and respective auditor of the Trusts) (hereinafter referred to as "the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group"), its associates and jointly controlled entity as listed in Annexure-I, comprising of the Consolidated Balance Sheet as at 31 March 2018, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows, for the year then ended, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the Consolidated Ind AS financial statements").

Management's Responsibility for the Consolidated Ind AS Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these Consolidated Ind AS financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated state of affairs, consolidated profit (including other comprehensive income), consolidated cash flows and consolidated statement of changes in equity of the Group including its associates and jointly controlled entity in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act read with the Companies (Indian Accounting Standard) Rules, 2015 as amended. The respective Board of Directors of the companies included in the Group and of its associates and jointly controlled entity are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and of its associates and jointly controlled entity and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Consolidated Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the Consolidated Ind AS financial statements by the Directors of the Holding Company, as aforesaid.

Auditors' Responsibility

Our responsibility is to express an opinion on these Consolidated Ind AS financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Consolidated Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Consolidated Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Consolidated Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the Consolidated Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the Consolidated Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of report of other auditor on separate Ind AS financial statements and on the other financial information of the subsidiaries, its associates and jointly controlled entity, the aforesaid Consolidated Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group, its associates and jointly controlled entity as at 31 March 2018, and their consolidated profit (including other comprehensive income), their consolidated statement of changes in equity and consolidated cash flows for the year ended on that date.

Emphasis of matter

The Auditors of Ion Exchange Enviro Farms Limited (IEEFL), a subsidiary company has mentioned emphasis of matter in audit report in respect the matters stated below:

- a) As stated in Note 48 to the Consolidated Ind AS financial statements, the Honorable Supreme Court of India has dismissed IEEFL's appeal against the order of Securities

Appellate Tribunal for refunding of monies to investors with return and winding up of scheme. Further IEEFL has furnished relevant details to SEBI and have initiated actions in line with the details submitted to SEBI which in December 2015 had asked IEEFL to pre deposit amount due to farm owners and close the scheme. IEEFL has submitted that it shall get discharge certificates from balance farm owners within a period of two years from March 2016. As SEBI refused to accede to IEEFL's request, IEEFL has preferred a fresh appeal at Securities Appellate Tribunal (SAT) on 9th February 2017 – appeal No. (I) 40 of 2017 –citing practical difficulties in execution of SEBI order for refund to all investors as investors have already received their lands/refunds as per the agreement. Appeal has been already admitted by SAT and the matter is pending before it.

- b) As stated in Note 49 to the Consolidated Ind AS financial statements, maintenance expenses recoverable aggregating Rs 26,859,558 (net of provision) considered as fully recoverable by the IEEFL from future Crop Sales/ Land Sales. In view of this no provisions is considered necessary.

Our opinion is not modified in respect of these matters.

Other matter

The Consolidated Ind AS financial statements includes financial statements and financial information of a branch at Bengaluru and IEI Shareholding (Staff Welfare) Trusts (Sixty Trusts) whose total assets of Rs 803,645,190 as at 31 March 2018, as well as total revenues is Rs 997,795,887, total profit after tax of Rs. 90,760,969 and total comprehensive income of Rs 91,769,716 for the year then ended on that date. We did not audit the financial statements and other financial information of thirteen subsidiaries, whose financial statements reflect total assets of Rs 1,306,074,405 as at 31 March 2018, total revenue of Rs 915,647,553, total loss of Rs 35,043,258 and total comprehensive income of Rs 12,645,361 for the year then ended and four associates whose financial statements reflect a total profit (net) of Rs 12,027,090 for the year ended 31 March 2018, the Holding Company's share in the profit (net) of such associates being Rs. 5,969,974. The financial statements and financial information of the branch and IEI Shareholding (Staff Welfare) Trusts (Sixty Trusts) have been audited by the branch auditor and respective auditor of the Trusts, and the financial statements of subsidiaries and associates have been audited by other auditors whose reports have been furnished to us by the Management and our report on the Consolidated Ind AS financial statements, in so far as it relates to the amounts and disclosures included in respect of a branch, trusts, subsidiaries and associates is based solely on the reports of the other auditors.

Our opinion on the Consolidated Ind AS financial statements and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit and on the consideration of report of the other auditors on separate financial statements and financial information of a branch, subsidiaries and associates, as noted in the 'Other Matters' paragraph, we report, to the extent applicable, that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid Consolidated Ind AS financial statements.
 - (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid Consolidated Ind AS financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.
 - (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including other comprehensive income), the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the Consolidated Ind AS financial statements.
 - (d) In our opinion, the aforesaid Consolidated Ind AS financial statements comply with the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act read with the Companies (Indian Accounting Standard) Rules, 2015 as amended.
 - (e) On the basis of the written representations received from the directors of the Holding Company as on 31 March 2018 taken on record by the Board of Directors of the Holding Company and the jointly controlled entity and the reports of the statutory auditors of its subsidiaries companies and associate companies incorporated in India, none of the directors of the Group, its associates and jointly controlled entity in India are disqualified as on 31 March 2018 from being appointed as a director in terms of Section 164(2) of the Act.
 - (f) With respect to the adequacy of the internal financial with reference to financial statements of the Holding Company, its subsidiaries, its associates and jointly controlled entity incorporated in India and the operating effectiveness of such controls, refer to our separate Report in "Annexure A";

- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of the other auditors on separate financial statements as also the other financial information of a branch, subsidiaries and associates, as noted in the 'Other Matters' paragraph :
1. The Consolidated Ind AS financial statements disclose the impact of the pending litigations on the consolidated financial position of the Group, its associates and jointly controlled entity – Refer Note 48 and Note 55 to the Consolidated Ind AS financial statements;
 2. The Group, its associates and jointly controlled entity did not have any material foreseeable losses on long-term contracts including derivative during the year ended 31 March 2018;
 3. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Group, its associates and jointly controlled entity incorporated in India; and
 4. the disclosures in the Consolidated Ind AS financial statements regarding details of specified bank notes held and transacted during 8 November 2016 to 30 December 2016 has not been made since the requirement does not pertain to financial year ended 31 March 2018.

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No: 101248W/W-100022

Mumbai
23 May 2018

Bhavesh Dhupelia
Partner
Membership No: 042070

Annexure A to the Independent Auditor's Report - 31 March 2018 on the Consolidated Ind AS Financial Statements

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

In conjunction with our audit of the Consolidated Ind AS financial statements of Ion Exchange (India) Limited ("the Holding Company"), we have audited the internal financial controls with reference to financial statements of the Holding Company, its subsidiaries, its associates and jointly controlled entity incorporated in India as of that date.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Holding Company, its subsidiary companies, its associates and jointly controlled entity incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal controls with reference to financial statements criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditors' Responsibility

Our responsibility is to express an opinion on the Holding Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial control system with reference to financial statements and their

operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the Consolidated Ind AS financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system with reference to financial statements.

Meaning of Internal Financial Controls with reference to financial statements

A company's internal financial control with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control with reference to financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls with reference to financial statements

Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial control with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion and to the best of our information and according to the explanations given to us and based on consideration of reporting of the other auditors as mentioned in the Other Matter paragraph below, the Holding Company, its subsidiary companies, its associates companies and jointly controlled entity, which are companies incorporated in India, have, in all material respects, an adequate internal financial controls system with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at 31 March 2018, based on the internal control with reference to financial statements criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the ICAI.

Other Matters

Our aforesaid reports under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls with reference to financial statements of the Holding Company, insofar as it relates to a six subsidiaries and three associates, which are companies incorporated in India, is based on the corresponding reports of the auditors of such companies incorporated in India. Our opinion is not qualified in respect of this matter.

For B S R & Co. LLP
Chartered Accountants
Firm's Registration No: 101248W/W-100022

Bhavesh Dhupelia

Partner

Membership No: 042070

Mumbai
23 May 2018

**Annexure I Independent Auditor's Report on Consolidated Ind AS Financial Statements
of Ion Exchange (India) Limited pursuant to the Regulation 33 of the SEBI (Listing
Obligations and Disclosure Requirements) Regulations, 2015 (Continued)**

| Name of the Company | Relationship |
|--|---------------|
| Aqua Investments (India) Limited | Subsidiary |
| Watercare Investments (India) Limited | Subsidiary |
| Ion Exchange Enviro Farms Limited | Subsidiary |
| Ion Exchange Asia Pacific Pte Limited # | Subsidiary |
| IEI Environmental Management (M) Sdn. Bhd | Subsidiary |
| Ion Exchange LLC, USA | Subsidiary |
| Ion Exchange Projects and Engineering Limited | Subsidiary |
| Ion Exchange and Company LLC | Subsidiary |
| Ion Exchange Environment Management (BD) Limited | Subsidiary |
| Ion Exchange WTS (Bangladesh) Limited | Subsidiary |
| Global Composite & Structural Limited | Subsidiary |
| Ion Exchange Safic Pty Ltd. | Subsidiary |
| Total Water Management Services (India) Limited | Subsidiary |
| Ion Exchange Purified Drinking Water Private Limited | Subsidiary |
| Ion Exchange Waterleau Limited | Joint Venture |
| Aquanomics Systems Limited | Associate |
| IEI Water-Tech (M) Sdn. Bhd ## | Associate |
| Ion Exchange Financials Products Private Limited ### | Associate |
| Ion Exchange PSS Ltd ## | Associate |

Includes financial statements of Ion Exchange Asia Pacific (Thailand) Limited and PT Ion Exchange Asia Pacific – step down subsidiary of Ion Exchange Asia Pacific Pte Limited

Holding through subsidiary company Ion Exchange Asia Pacific Pte Limited

Holding through subsidiary companies – Aqua Investments (India) Limited and Watercare Investments (India) Limited.

For B S R & Co. LLP

Chartered Accountants

Firm's Registration No: 101248W/W-100022

Bhavesh Dhupelia

Partner

Membership No: 042070

Mumbai

23 May 2018

CONSOLIDATED BALANCE SHEET as at 31st March 2018

| | Notes | As at 31st March 2018 INR in Lacs | As at 31st March 2017 INR in Lacs | As at 1st April 2016 INR in Lacs |
|--|-------|---|---|--|
| ASSETS | | | | |
| Non-current assets | | | | |
| (a) Property, plant and equipment | 4 | 14,358.23 | 9,764.98 | 8,710.73 |
| (b) Capital work-in-progress | | 657.76 | 3,355.43 | 189.59 |
| (c) Other intangible assets | 5 | 128.48 | 131.15 | 122.27 |
| (d) Investment accounted using equity method | 6 | 297.93 | 244.85 | 196.14 |
| (e) Financial assets | | | | |
| (i) Investments | 7 | 70.08 | 45.08 | 45.08 |
| (ii) Trade receivables | 8 | 1,378.67 | 1,753.71 | 2,181.45 |
| (iii) Loans | 9 | 993.43 | 640.86 | 550.37 |
| (iv) Other financial assets | 10 | 753.65 | 803.52 | 844.02 |
| (f) Deferred tax assets (Net) | 11 | 115.29 | 599.29 | 586.29 |
| (g) Other non current assets | 12 | 1,524.58 | 1,690.83 | 2,283.29 |
| (h) Non current tax assets (Net) | 13 | 41.70 | 85.93 | 423.18 |
| Total non-current assets | | 20,319.80 | 19,115.63 | 16,132.41 |
| Current assets | | | | |
| (a) Inventories | 14 | 10,119.10 | 12,895.24 | 9,593.01 |
| (b) Financial assets | | | | |
| (i) Investments | 15 | 39.82 | 32.00 | 20.74 |
| (ii) Trade receivables | 8 | 43,709.72 | 41,616.80 | 33,676.60 |
| (iii) Cash and cash equivalents | 16 | 6,724.76 | 11,710.01 | 1,943.90 |
| (iv) Bank balances other than (iii) above | 17 | 19,592.72 | 5,057.75 | 1,464.33 |
| (v) Loans | 9 | 1,688.24 | 1,793.18 | 1,187.58 |
| (vi) Other financial assets | 10 | 875.72 | 193.74 | 340.04 |
| (c) Current tax assets (Net) | 13 | 80.40 | 55.20 | 10.78 |
| (d) Other current assets | 12 | 3,372.12 | 4,604.02 | 3,671.05 |
| Total current assets | | 86,202.60 | 77,957.94 | 51,908.03 |
| Total assets | | 106,522.40 | 97,073.57 | 68,040.44 |
| EQUITY AND LIABILITIES | | | | |
| Equity | | | | |
| (a) Equity share capital | 18 | 1,422.88 | 1,422.88 | 1,411.93 |
| (b) Other equity | 19 | 18,587.77 | 15,250.89 | 12,639.07 |
| Equity attributable to owners | | 20,010.65 | 16,673.77 | 14,051.00 |
| Non Controlling interests | | 283.52 | 386.39 | 621.34 |
| Total equity | | 20,294.17 | 17,060.16 | 14,672.34 |
| Liabilities | | | | |
| Non-current liabilities | | | | |
| (a) Financial liabilities | | | | |
| (i) Borrowings | 20 | 3,339.87 | 2,968.63 | 2,277.84 |
| (ii) Other financial liabilities | 21 | 885.96 | 857.31 | 817.44 |
| (b) Provisions | 22 | 1,130.20 | 999.49 | 768.50 |
| (c) Deferred tax liabilities (net) | 11 | 203.07 | 413.81 | 437.40 |
| (d) Other non-current liabilities | 23 | 57.88 | 57.88 | 75.63 |
| (e) Non current tax liabilities (Net) | 24 | 174.20 | 174.20 | 515.93 |
| Total non-current liabilities | | 5,791.18 | 5,471.32 | 4,892.74 |
| Current liabilities | | | | |
| (a) Financial liabilities | | | | |
| (i) Borrowings | 25 | 11,253.61 | 6,835.81 | 6,335.57 |
| (ii) Trade payables | 26 | | | |
| - Due to micro and small enterprises | | 147.36 | 218.49 | 225.78 |
| - Due to others | | 36,241.51 | 38,906.50 | 32,536.91 |
| (iii) Other financial liabilities | 27 | 4,187.92 | 3,214.65 | 2,529.78 |
| (b) Other current liabilities | 28 | 26,958.39 | 23,352.02 | 5,284.14 |
| (c) Provisions | 22 | 453.39 | 357.61 | 285.62 |
| (d) Current tax liabilities (Net) | 24 | 1,194.87 | 1,657.01 | 1,277.56 |
| Total current liabilities | | 80,437.05 | 74,542.09 | 48,475.36 |
| Total liabilities | | 86,228.23 | 80,013.41 | 53,368.10 |
| Total equity and liabilities | | 106,522.40 | 97,073.57 | 68,040.44 |
| Significant accounting policies | 3 | | | |
| The accompanying notes are an integral part of the consolidated financial statements | | | | |
| As per our report of even date | | | | |

For B S R & Co. LLP
Chartered Accountants
Firm's Registration No.: 101248W/W-100022

For and on behalf of the board of directors of
ION EXCHANGE (INDIA) LIMITED
CIN - L74999MH1964PLC014258

BHAVESH DHUPELIA
Partner
Membership no.: 042070

RAJESH SHARMA
Chairman & Managing Director
DIN - 00515486

M. P. PATNI
Director
DIN - 00515553

MILIND PURANIK
Company Secretary

Place : Mumbai
Date : 23rd May 2018

N. M. RANADIVE
Executive Vice President - Finance

Place : Mumbai
Date : 23rd May 2018

STATEMENT OF CONSOLIDATED PROFIT AND LOSS for the year ended 31st March 2018

| | Notes | Year ended 31st March 2018 INR in Lacs | Year ended 31st March 2017 INR in Lacs |
|--|-------|--|--|
| Income | | | |
| Revenue from operations | 29 | 105,485.96 | 104,721.38 |
| Other income | 30 | 2,109.22 | 1,220.89 |
| Total Income (I) | | 107,595.18 | 105,942.27 |
| Expenses | | | |
| Cost of materials and components consumed | 31 | 61,062.48 | 64,668.97 |
| Purchases of traded goods | 32 | 4,185.95 | 3,889.72 |
| Change in inventories of finished goods, work-in-progress and stock-in-trade | 33 | 2,310.66 | (2,845.71) |
| Employee benefits expenses | 34 | 13,697.28 | 12,176.40 |
| Finance costs | 35 | 1,868.44 | 1,627.23 |
| Depreciation and amortization expenses | 36 | 1,308.19 | 1,182.81 |
| Other expenses | 37 | 16,529.71 | 19,872.55 |
| Total expenses (II) | | 100,962.71 | 100,571.97 |
| Profit before tax (I - II) | | 6,632.47 | 5,370.30 |
| Share of profit of equity accounted investee (net of income tax) | | (10.57) | (4.63) |
| Profit from operations before income tax | | 6,621.90 | 5,365.67 |
| Tax expense | 38 | | |
| Current tax | | 2,273.30 | 2,537.36 |
| Deferred tax | 11 | 362.77 | (55.90) |
| Total tax expense | | 2,636.07 | 2,481.46 |
| Profit after tax (III) | | 3,985.83 | 2,884.21 |
| Other Comprehensive Income | 39 | | |
| Items that will not be reclassified to profit or loss | | | |
| (a) Remeasurement benefit of defined benefit plans | | (31.56) | 52.79 |
| (b) Income tax expense on remeasurement benefit of defined benefit plans | | 9.34 | (18.27) |
| Items that will be reclassified to profit or loss | | | |
| (a) Movement in foreign currency translation reserve | | (111.25) | (26.90) |
| Total Other Comprehensive Income (IV) | | (133.47) | 7.62 |
| Total Comprehensive Income (III + IV) | | 3,852.36 | 2,891.83 |
| Profit attributable to: | | | |
| Owners of the company | | 4,017.52 | 3,041.22 |
| Non-Controlling Interests | | (31.69) | (157.01) |
| Profit for the year | | 3,985.83 | 2,884.21 |
| Other Comprehensive Income attributable to : | | | |
| Owners of the company | | (133.47) | 7.62 |
| Non-Controlling Interests | | - | - |
| Other Comprehensive Income for the year | | (133.47) | 7.62 |
| Total Comprehensive Income attributable to : | | | |
| Owners of the company | | 3,884.05 | 3,048.84 |
| Non-Controlling Interests | | (31.69) | (157.01) |
| Total Comprehensive Income for the year | | 3,852.36 | 2,891.83 |
| Earnings per equity share: | 40 | | |
| [Nominal value of shares INR 10 (2016-17: INR 10)] | | | |
| Basic (in INR) | | 34.46 | 24.97 |
| Diluted (in INR) | | 34.46 | 24.97 |
| Significant accounting policies | 3 | | |
| The accompanying notes are an integral part of the consolidated financial statements | | | |

As per our report of even date

For B S R & Co. LLP
Chartered Accountants
Firm's Registration No.: 101248W/W-100022

For and on behalf of the board of directors of
ION EXCHANGE (INDIA) LIMITED
CIN - L74999MH1964PLC014258

BHAVESH DHUPELIA
Partner
Membership no.: 042070

RAJESH SHARMA
Chairman & Managing Director
DIN - 00515486

M. P. PATNI
Director
DIN - 00515553

MILIND PURANIK
Company Secretary

Place : Mumbai
Date : 23rd May 2018

N. M. RANADIVE
Executive Vice President - Finance

Place : Mumbai
Date : 23rd May 2018

Statement of changes in Equity for the year ended 31st March 2018**A. Equity share capital**

| | | 2017-18 | 2016-17 |
|---|--|-------------------------|--------------------|
| | | Number of shares | INR in Lacs |
| | | Number of shares | INR in Lacs |
| Issued, subscribed and fully paid up equity shares outstanding at the beginning of the year | | 14,228,785 | 1,422,88 |
| Add: Shares issued on exercise of employee stock options during the year | | - | - |
| Issued, subscribed and fully paid up equity shares outstanding at the end of the year | | 14,228,785 | 1,422,88 |

B. Other equity

| | | Attributable to owners | | | | | | Attributable to Non-controlling interest | Total |
|---|-----------------|------------------------|-----------------|-----------------|------------------------------------|----------------------------------|--------------------------------------|--|-------------------|
| | | Reserves and Surplus | General reserve | Special reserve | Employee stock options outstanding | Capital reserve on consolidation | Foreign currency translation reserve | | |
| INR in Lacs | INR in Lacs | INR in Lacs | INR in Lacs | INR in Lacs | INR in Lacs | INR in Lacs | INR in Lacs | INR in Lacs | INR in Lacs |
| Balance as at 1st April 2016 | 8,208.81 | 147.10 | 22.17 | 2,719.79 | 136.30 | 257.48 | 258.07 | 3,886.34 | (2,996.99) |
| Profit for the year (a) | - | - | - | - | - | - | 3,041.22 | - | 3,041.22 |
| Other Comprehensive Income (b) | - | - | - | - | - | (26.90) | 34.52 | - | 7.62 |
| Total comprehensive income for the year (a+b) | - | - | - | - | - | (26.90) | 3,075.74 | - | 3,048.84 |
| Adjustment on change in investment in subsidiaries and associates | - | - | - | - | - | - | (12.07) | - | (12.07) |
| Issue of equity shares | 126.03 | - | - | - | - | - | - | - | 126.03 |
| Gross compensation granted during the year | - | 91.98 | - | - | - | - | - | - | 91.98 |
| Transferred to securities premium account on exercise of options | - | (126.03) | - | - | - | - | - | - | (126.03) |
| Transferred to employee compensation income | - | (113.05) | - | - | - | - | - | - | (113.05) |
| Transfer to legal reserve | - | - | - | 15.24 | - | - | (15.24) | - | - |
| Dividend paid | - | - | - | - | - | - | (346.98) | - | (346.98) |
| Tax on Dividend paid | - | - | - | - | - | - | (56.90) | - | (56.90) |
| Balance as at 31st March 2017 | 8,334.84 | - | 22.17 | 2,719.79 | 151.54 | 257.48 | 231.17 | 6,530.89 | (2,996.99) |
| Profit for the year (c) | - | - | - | - | - | - | 4,017.52 | - | 4,017.52 |
| Other Comprehensive income (d) | - | - | - | - | - | (111.25) | (22.22) | - | (133.47) |
| Total comprehensive income for the year (c+d) | - | - | - | - | - | (111.25) | 3,995.30 | - | 3,884.05 |
| Adjustment on change in investment in subsidiaries and associates | - | - | - | - | - | - | (56.01) | - | (56.01) |
| Dividend paid | - | - | - | - | - | - | (404.80) | - | (404.80) |
| Tax on Dividend paid | - | - | - | - | - | - | (86.36) | - | (86.36) |
| Balance as at 31st March 2018 | 8,334.84 | - | 22.17 | 2,719.79 | 151.54 | 257.48 | 119.92 | 9,979.02 | (2,996.99) |
| | | | | | | | | 18,587.77 | 283.52 |
| | | | | | | | | | 18,871.29 |

As per our report of even date

For B S R & Co. LLP
Chartered Accountants
Firm's Registration No.: 101248W/W/100022

BHAVESH DHUPELIA
Partner
Membership no.: 042070
Place : Mumbai
Date : 23rd May 2018

For and on behalf of the board of directors of
ION EXCHANGE (INDIA) LIMITED
CIN - L74999MH1964PLC014256

M. P. PATNI
Director
DIN - 00515553
MILIND PURANI
Company Secretary
N. M. RANADIVE
Executive Vice President - Finance
Place : Mumbai
Date : 23rd May 2018

CONSOLIDATED CASH FLOW STATEMENT for the year ended 31st March 2018

| | Year ended 31st March 2018 INR in Lacs | Year ended 31st March 2017 INR in Lacs |
|---|--|--|
| A. Cash flow from operating activities: | | |
| Profit before tax | 6,632.47 | 5,370.30 |
| Adjustment to reconcile profit before tax to net cash flows: | | |
| Depreciation and amortization expense | 1,308.19 | 1,182.81 |
| (Profit) / Loss on assets sold / discarded (Net) | (0.16) | 0.28 |
| Employee compensation expenses | - | (113.05) |
| Finance cost | 1,868.44 | 1,627.23 |
| Dividend received | (1.95) | (0.84) |
| Interest received | (1,522.41) | (881.32) |
| Bad debts written off / Provision for doubtful debts | 269.79 | 190.68 |
| Backcharges on contracts | 15.26 | 216.40 |
| Amount set aside for liabilities, no longer required, written back | (245.08) | - |
| Change in fair value of investments | (7.82) | (11.26) |
| Remeasurement benefit of defined benefit plans | (31.56) | 52.79 |
| Unrealised exchange loss / (gain) | (371.87) | 603.41 |
| Operating profit before working capital changes | 7,913.30 | 8,237.43 |
| Movements in working capital: | | |
| (Increase) / Decrease in inventories | 2,776.14 | (3,302.23) |
| (Increase) / Decrease in trade receivables | (1,696.15) | (8,354.64) |
| (Increase) / Decrease in loans | (247.40) | (703.56) |
| (Increase) / Decrease in other current assets | 1,353.37 | (906.97) |
| (Decrease) / Increase in trade payables | (2,512.78) | 6,537.17 |
| (Decrease) / Increase in other financial liabilities | 141.77 | 183.75 |
| (Decrease) / Increase in other current liabilities | 3,515.93 | 18,050.13 |
| (Decrease) / Increase in provisions | 226.49 | 302.98 |
| Cash generated from operations | 11,470.67 | 20,044.06 |
| Taxes paid (Net) | (2,857.80) | (2,411.81) |
| Net cash generated from operating activities | (A) 8,612.87 | 17,632.25 |
| B. Cash flow from investing activities: | | |
| Purchase of property, plant and equipment | (2,922.04) | (4,462.57) |
| Proceeds from sale of property, plant and equipment | 12.16 | 19.09 |
| Investments made in others | (25.00) | - |
| Bank deposit made during the year (with maturity more than three months) | (15,737.88) | (4,051.42) |
| Bank deposit matured during the year (with maturity more than three months) | 1,208.31 | 461.74 |
| Dividend received | 1.95 | 0.84 |
| Interest received | 840.43 | 857.14 |
| Net cash used in investing activities | (B) (16,622.07) | (7,175.18) |

Consolidated Cash Flow Statement for the year ended 31st March 2018 (Contd.)

| | | Year ended 31st March 2018 INR in Lacs | Year ended 31st March 2017 INR in Lacs |
|---|--------------------|--|--|
| C. Cash flow from financing activities: | | | |
| Proceeds from issuance of share capital on exercise of options | | - | 102.93 |
| Repayment of borrowings | | (5,891.68) | (5,683.14) |
| Proceeds from borrowings | | 11,285.37 | 7,168.41 |
| Dividend paid | | (478.93) | (437.01) |
| Dividend tax paid | | (86.36) | (56.90) |
| Finance cost | | (1,714.17) | (1,423.69) |
| Net cash generated / (used) in financing activities | (C) | 3,114.23 | (329.40) |
| Net Increase / (Decrease) in cash and cash equivalents | (A)+(B)+(C) | (4,894.97) | 10,127.67 |
| Effect of exchange difference on cash and cash equivalent held in foreign currency | | (92.96) | (361.56) |
| Cash and cash equivalents of Astha Technical Services Ltd. on amalgamation with Total Water Management Services (India) Ltd. | | 2.68 | - |
| Cash and cash equivalents as at the beginning of the year | | 11,710.01 | 1,943.90 |
| Cash and cash equivalents as at the end of the year | | 6,724.76 | 11,710.01 |

Notes:

- 1 The above cash flow statement has been prepared under the "Indirect Method" as set out in the Indian Accounting Standard (Ind AS-7) - Statement of Cash Flow prescribed under the Companies Act (Indian Accounting Standard) Rules, 2015 under the Companies Act, 2013.
- 2 Purchase of property, plant and equipment represents additions to property, plant and equipment, and other intangible assets adjusted for movement of capital-work-in-progress for property, plant and equipment.
- 3 Cash and cash equivalents excludes the following balances with bank:

| | Year ended 31st March 2018 INR in Lacs | Year ended 31st March 2017 INR in Lacs |
|---|--|--|
| Cash and cash equivalents disclosed under current assets [Note 16] | 6,724.76 | 11,710.01 |
| Other bank balances disclosed under current assets [Note 17] | 19,592.72 | 5,057.75 |
| Total cash and cash equivalents as per Balance Sheet | 26,317.48 | 16,767.76 |
| Less: Other bank balances disclosed under current assets | | |
| On unclaimed dividend accounts | 41.46 | 35.55 |
| On unclaimed interest on fixed deposits | 2.19 | 2.70 |
| On deposit account | 5,203.88 | 166.90 |
| On margin money account | 14,345.19 | 4,852.60 |
| | 19,592.72 | 5,057.75 |
| Total cash and cash equivalents as per Statement of Cash Flows | 6,724.76 | 11,710.01 |

As per our report of even date

For B S R & Co. LLP
Chartered Accountants
Firm's Registration No.: 101248W/W-100022

For and on behalf of the board of directors of
ION EXCHANGE (INDIA) LIMITED
CIN - L74999MH1964PLC014258

BHAVESH DHUPELIA
Partner
Membership no.: 042070

RAJESH SHARMA
Chairman & Managing Director
DIN - 00515486

M. P. PATNI
Director
DIN - 00515553

MILIND PURANIK
Company Secretary

Place : Mumbai
Date : 23rd May 2018

N. M. RANADIVE
Executive Vice President - Finance

Place : Mumbai
Date : 23rd May 2018

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31st March 2018

Overview of the group

Ion Exchange (India) Limited (the company) is a public limited company incorporated and domiciled in India. It is listed on BSE Limited (BSE). These consolidated financial statement comprises the company and its subsidiaries (referred to collectively as 'the group') and the group's interest in associates and joint ventures.

The group offers 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 etc. The group is also engaged in manufacturing resins, specialty chemicals for water and waste water treatment as well as non-water applications. The group's water and environment management solutions extend beyond the industrial sector to homes, hotels, spas, educational institutions, hospitals, laboratories, realty sector and defense establishments providing safe drinking water and a clean environment.

1. Principles of consolidation:

(a) Subsidiaries

Subsidiaries are all entities that are controlled by the Company. Control exists when the Company is exposed to, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through power over the entity. The financial statements of subsidiaries are included in these consolidated financial statements from the date that control commences until the date that control ceases.

(b) Non-controlling interests ("NCI")

Non-controlling interest are measured at their proportionate share of the acquiree's net identifiable assets at the date of acquisition.

Change in Group's equity interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

(c) Equity accounted investees

The group's interest in equity accounted investees comprises interest in associates and joint ventures. Associates are those entities over which the Company has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the entities but is not control or joint control of those policies. Significant influence is presumed to exist when the Company holds more than 20% of the voting power of another entity.

Joint arrangements are those arrangements over which the Company has joint control, established by contractual agreement and requiring unanimous consent for strategic financial and operating decisions.

Investments in associates and jointly controlled entities are accounted for using the equity method (equity accounted investees) and are initially recognized at cost. Subsequent to initial recognition, the consolidated financial statements include the group's share of profit or loss and OCI of equity accounted investees until the date on which significant influence or joint control ceases.

(d) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions are eliminated. Unrealised gains or losses arising from transactions with equity accounted investees are eliminated against the investment to the extent of the group's interest in the investee.

(e) The financial statement of the subsidiaries, associates and jointly controlled entity used for consolidation are drawn up to the same reporting date as that of the parent i.e. 31st March 2018.

2.1 Subsidiary companies considered in the consolidated financial statements are:

| Name of the company | Country of incorporation | % of Voting power as at | | |
|--|--------------------------|-------------------------|-----------------|----------------|
| | | 31st March 2018 | 31st March 2017 | 1st April 2016 |
| Aqua Investments (India) Limited | India | 99.42 | 99.42 | 99.42 |
| Watercare Investments (India) Limited | India | 99.43 | 99.43 | 99.43 |
| Ion Exchange Enviro Farms Limited (IEEFL) | India | 79.60 | 79.60 | 79.60 |
| Ion Exchange Asia Pacific Pte. Limited | Singapore | 100.00 | 100.00 | 100.00 |
| IEI Environmental Management (M) Sdn. Bhd. | Malaysia | 100.00 | 100.00 | 60.00 |
| Ion Exchange Environment Management (BD) Limited | Bangladesh | 100.00 | 100.00 | 100.00 |
| Ion Exchange LLC | USA | 100.00 | 100.00 | 100.00 |
| Ion Exchange And Company LLC | Oman | 51.00 | 51.00 | 51.00 |

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31st March 2018 (contd...)**2.1 Subsidiary companies considered in the consolidated financial statements are (contd...):**

| Name of the company | Country of incorporation | % of Voting power as at | | |
|--|--------------------------|-------------------------|-----------------|----------------|
| | | 31st March 2018 | 31st March 2017 | 1st April 2016 |
| Ion Exchange Asia Pacific (Thailand) Limited * | Thailand | 100.00 | 100.00 | 100.00 |
| PT Ion Exchange Asia Pacific * | Indonesia | 95.00 | - | - |
| Ion Exchange WTS (Bangladesh) Limited | Bangladesh | 100.00 | 100.00 | 100.00 |
| Ion Exchange Projects And Engineering Limited | India | 91.81 | 91.81 | 91.81 |
| Global Composites And Structural Limited | India | 73.92 | 73.92 | 73.92 |
| Total Water Management Services (I) Limited | India | 70.19 | 99.99 | 99.99 |
| Ion Exchange Safic Pty. Limited | South Africa | 60.00 | 60.00 | 60.00 |
| Ion Exchange Purified Drinking Water Private Limited | India | 100.00 | 100.00 | 100.00 |

* Holding through subsidiary company – Ion Exchange Asia Pacific Pte. Limited, Singapore.

The principal place of business of all the entities listed above is the same as their respective country of incorporation.

2.2 The Group's interest in jointly controlled entity considered in the consolidated financial statements:

| Name of the company | Country of incorporation | % of Voting power as at | | |
|-------------------------------|--------------------------|-------------------------|-----------------|----------------|
| | | 31st March 2018 | 31st March 2017 | 1st April 2016 |
| Ion Exchange Waterloo Limited | India | 50.00 | 50.00 | 50.00 |

2.3 The Associates considered in the consolidated financial statements are:

| Name of the company | Country of incorporation | % of Voting power as at | | |
|---|--------------------------|-------------------------|-----------------|----------------|
| | | 31st March 2018 | 31st March 2017 | 1st April 2016 |
| IEI Water-Tech (M) Sdn. Bhd. * | Malaysia | 30.00 | 30.00 | 30.00 |
| Astha Technical Services Limited ** + | India | - | 44.89 | 44.89 |
| Aquonomics Systems Limited | India | 48.42 | 48.42 | 48.42 |
| Ion Exchange Financial Products Private Limited *** | India | 24.02 | 24.02 | 24.02 |
| Ion Exchange PSS Co. Limited * | Thailand | 49.00 | 49.00 | 49.00 |

* Holding through subsidiary company – Ion Exchange Asia Pacific Pte. Limited, Singapore.

** Inclusive of holding through subsidiary company – Ion Exchange Projects And Engineering Limited.

*** Holding through subsidiary companies – Aqua Investments (India) Limited and Watercare Investments (India) Limited.

+ Astha Technical Services Limited has amalgamated with Total Water Management Services (I) Limited, a subsidiary w.e.f. 01.04.2017

3. Significant accounting policies**3.1 Statement of compliance**

These consolidated financial statements are prepared and presented in accordance with the Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 as amended by the Companies (Indian Accounting Standards) (Amendment) Rules, 2016 notified under section 133 of the Companies Act, 2013, the relevant provisions of the Companies Act, 2013 ("the Act") and guidelines issued by the Securities and Exchange Board of India (SEBI), as applicable

These consolidated financial statements are the first consolidated financial statements prepared in accordance with Ind AS. For all periods upto and including the year ended 31st March 2017, the group reported its consolidated financial statements in accordance with the accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (hereinafter referred to as 'previous GAAP'). The consolidated financial statements for the year ended 31st March 2017 and the opening Balance Sheet as at 1st April 2016 have been restated in accordance with Ind AS for comparative information. Reconciliations and explanations of the effect of the transition from previous GAAP to Ind AS on the group's balance sheet, statement of profit and loss and statement of cash flows are provided in note 44.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31st March 2018 (contd...)

3. Significant accounting policies (contd...)

3.2 Basis of preparation

The consolidated financial statements have been prepared on the going concern basis and at historical cost, on the accrual basis of accounting except for certain financial assets and financial liabilities that are measured at fair values at the end of each reporting period, as stated in the accounting policies set out below. The accounting policies have been applied consistently over all the periods presented in these consolidated financial statements.

The consolidated financial statements have been approved for issue by the Board of Directors at their meeting held on 23rd May 2018.

The operating cycle in case of projects division comprising of turnkey projects which forms a part of engineering segment is determined for each project separately based on the expected execution period of the contract. In case of the other divisions group has ascertained its operating cycle as twelve months.

3.3 Functional and presentation currency

The consolidated financial statements are presented in Indian rupees, which is also the company's functional currency. All amounts have been rounded off to two decimal places to the nearest lacs, unless otherwise indicated.

3.4 Basis of measurement

The consolidated financial statements have been prepared on a historical cost convention, except for the following:

- certain financial assets and liabilities (including derivative instruments) that are measured at fair value; and
- net defined benefit (asset)/ liability that are measured at fair value of plan assets less present value of defined benefit obligations.

3.5 Use of estimates

The preparation of the consolidated financial statements in accordance with Ind AS requires use of judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively. Assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ended 31st March 2018 are as follows:

a) Evaluation of percentage completion

Determination of revenues under the percentage of completion method necessarily involves making estimates, some of which are technical in nature, concerning, where relevant, the percentage of completion, costs to completion, expected revenues from the project or activity and the foreseeable losses to completion. Estimates of project income, as well as project costs, are reviewed periodically. The effect of changes, if any, to estimates is recognized in the consolidated financial statements for the period in which such changes are determined.

b) Useful life of property, plant and equipment

Determination of the estimated useful lives of tangible assets and the assessment as to which components of the cost may be capitalised. Useful lives of tangible assets are based on the life prescribed in Schedule II of the Act. In cases, where the useful lives are different from that prescribed in Schedule II, they are based on technical advice, taking into account the nature of the asset, the estimated usage of the asset, the operating conditions of the asset, past history of replacement, anticipated technological changes, manufacturers' warranties and maintenance support.

c) Recognition and measurement of defined benefit obligations

The obligation arising from defined benefit plan is determined on the basis of actuarial assumptions. Key actuarial assumptions include discount rate, trends in salary escalation, actuarial rates and life expectancy. The discount rate is determined by reference to market yields at the end of the reporting period on government bonds. The period to maturity of the underlying bonds correspond to the probable maturity of the post-employment benefit obligations.

3.6 Measurement of fair values

The group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The group has an established control framework with respect to the measurement of fair values, which includes overseeing all significant fair value measurements, including Level 3 fair values by the management. The management regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the management assesses the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of Ind AS, including the level in the fair value hierarchy in which such valuations should be classified.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31st March 2018 (contd...)**3. Significant accounting policies (contd...)****3.6 Measurement of fair values (contd...)**

When measuring the fair value of a financial asset or a financial liability, the group uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. The group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

3.7 Summary of significant accounting policies**a) Property, plant and equipment and depreciation**

Items of property, plant and equipment are measured at cost, which includes capitalised borrowing costs, less accumulated depreciation and accumulated impairment losses, if any. Cost includes taxes, duties, freight and other incidental expenses directly related to acquisition/construction and installation of the assets. Any trade discounts and rebates are deducted in arriving at the purchase price.

Depreciation is provided on straight line basis based on life assigned to each asset in accordance with Schedule II of the Act or as per life estimated by the Management, whichever is lower, as stated below.

| Assets | Useful lives |
|---|---------------|
| Road | 10 years |
| Building - Other than factory buildings | 30 – 60 years |
| - Factory buildings | 20 – 30 years |
| Plant and machinery | 10 – 15 years |
| Site equipments | 3 years |
| Furniture and fixtures | 10 years |
| Vehicles | 4 – 8 years |
| Office equipments | 3 – 5 years |

Leasehold assets are depreciated over the period of lease.

In case of certain class of assets, the group uses different useful life than those prescribed in Schedule II of the Companies Act, 2013. The useful life has been assessed based on technical advice, taking into account the nature of the asset, the estimated usage of the asset on the basis of the management's best estimation of getting economic benefits from those class of assets. The group uses its technical expertise along with historical and industry trends for arriving the economic life of an asset.

Depreciation method, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

An item of property, plant and equipment is eliminated from the financial statements on disposal or when no further benefit is expected from its use and disposal. Gains / losses arising from disposal are recognised in the Statement of Profit and Loss.

The group has elected to continue with the carrying value of all its property, plant and equipment as recognized in the consolidated financial statements as at the date of transition to Ind AS, measured as per the previous GAAP and use that as the deemed cost as at the transition date pursuant to the exemption under Ind AS 101.

b) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost and are carried at cost less accumulated amortization and impairment.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31st March 2018 (contd...)

3.7 Summary of significant accounting policies (contd...)

b) Intangible assets (contd...)

Intangible assets are amortized on a straight-line basis over the estimated useful economic life. The amortization period and the amortization method are reviewed at each financial year end. If the expected useful life of the asset is significantly different from previous estimates, the amortization period is changed accordingly.

Computer software is amortized on a straight-line basis over the period of 5 years.

An intangible asset is eliminated from the consolidated financial statements on disposal or when no further benefit is expected from its use and disposal. Gains / losses arising from disposal are recognised in the statement of profit and loss.

The group has elected to continue with the carrying value of all its intangible assets as recognized in the consolidated financial statements as at the date of transition to Ind AS, measured as per the previous GAAP and use that as the deemed cost as at the transition date pursuant to the exemption under Ind AS 101.

c) Impairment

Impairment loss, if any, is provided to the extent the carrying amount of assets exceeds their recoverable amount. Recoverable amount is the higher of an asset's net selling price and its value in use. Carrying amounts of assets are reviewed at each balance sheet date for any indication of impairment based on internal/external factors. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at end of its useful life. In assessing value in use, the present value is discounted using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset. Net selling price is the amount obtainable from sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

d) Foreign currency transactions

Transactions in foreign currencies are recognized at exchange rates prevailing on the transaction dates. Exchange differences arising on the settlement of monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognized as income or as expenses in the year in which they arise. Foreign currency monetary items are reported at the year-end rates. Exchange differences arising on reinstatement of foreign currency monetary items are recognized as income or expense in the statement of profit and loss. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction.

e) Inventories

Inventories are valued at lower of cost and net realizable value.

Cost of raw materials, components, stores and spares are computed on a weighted average basis. However, materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost.

Cost of work-in-progress includes cost of raw material and components, cost of conversion and other costs incurred in bringing the inventories to their present location and condition. Cost is computed on weighted average basis.

Contract cost that has been incurred and relates to the future activity of the contract are recognized as contract work-in-progress as it is probable that it will be recovered from the customer.

Cost of finished goods includes cost of raw material and components, cost of conversion, other costs including manufacturing overheads incurred in bringing the inventories to their present location/ condition. Cost is computed on weighted average basis.

Costs of traded goods are computed on first-in-first-out basis. Cost includes cost of purchases and other costs incurred in bringing the inventories to their present location and condition.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

f) Research and development

Capital expenditure on research and development is treated in the same manner as property, plant and equipment. Research costs are expensed as incurred. Development expenditure incurred on an individual project is carried forward when its future recoverability can reasonably be regarded as assured.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31st March 2018 (contd...)**3.7 Summary of significant accounting policies (contd...)****g) Financial instruments**

Financial assets and financial liabilities are recognised in the balance sheet when the group becomes a party to the contractual provisions of the instrument. The group determines the classification of its financial assets and financial liabilities at initial recognition based on its nature and characteristics.

A. Financial assets**(i) Initial recognition and measurement**

Financial assets are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets (other than financial assets at fair value through profit or loss) are added to the fair value measured on initial recognition of financial asset.

The financial assets include debt instruments, equity investments, trade and other receivables, loans, cash and bank balances and derivative financial instruments.

(ii) Classification and subsequent measurement

For the purpose of subsequent measurement, financial assets are classified in the following categories:

a) At amortised cost,

A financial asset is measured at amortised cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

b) At fair value through other comprehensive income (FVTOCI)

A financial asset is measured at FVTOCI if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

c) At fair value through profit or loss (FVTPL).

A financial asset which is not classified in any of the above categories are measured at FVTPL.

(iii) Equity investments

All equity investments in the scope of Ind AS 109 are measured at fair value except in case of investment in subsidiaries, associates and joint venture carried at deemed cost. Deemed cost is the carrying amount under the previous GAAP as at the transition date i.e. 1st April 2016.

Equity instruments included within the FVTPL category, if any, are measured at fair value with all changes recognized in profit or loss. The group may make an irrevocable election to present in OCI subsequent changes in the fair value. The group makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the group decides to classify an equity instrument at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in OCI. There is no recycling of the amounts from OCI to profit or loss, even on sale of investment.

However, the group may transfer the cumulative gain or loss within equity.

(iv) Impairment of financial assets

All financial assets are reviewed for impairment at least at each reporting date to identify whether there is any objective evidence that a financial asset or a group of financial assets is impaired.

(v) De-recognition of financial assets

The group de-recognises a financial asset only when the contractual rights to the cash flows from the asset expires or it transfers the financial asset and substantially all the risks and rewards of ownership of the assets.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31st March 2018 (contd...)

3.7 Summary of significant accounting policies (contd...)

g) Financial instruments (contd...)

B. Financial liabilities

(i) Initial recognition and measurement

Financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial liabilities (other than financial liabilities at fair value through profit or loss) are deducted from the fair value measured on initial recognition of financial liabilities.

The financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, derivative financial instruments, etc.

(ii) Classification and subsequent measurement

For the purpose of subsequent measurement, financial liabilities are classified in two categories:

- a) Financial liabilities excluding derivative financial instruments at amortised cost, and
- b) Derivative financial instruments at fair value through profit or loss (FVTPL).

- Financial liabilities excluding derivative financial instruments at amortised cost

After initial recognition, financial liabilities are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are de-recognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss.

- Derivative financial instruments

The group uses derivative financial instruments, such as forward currency contracts. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value at each reporting period. Any changes therein are generally recognised in the profit and loss account.

(iii) De-recognition

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires. The difference between the carrying amount of the financial liability de-recognised and the consideration paid and payable is recognised in the statement of profit and loss.

h) Retirement and other employee benefits

- (i) Retirement benefit in the form of provident fund managed by Government Authorities and Superannuation Fund are defined contribution scheme and the contribution is charged to the statement of profit and loss for the year when the contribution to the respective fund is due. There is no other obligation other than the contribution payable.
- (ii) Provident Fund scheme managed by trust set up by the group is a defined benefit plan. Employee benefits, in form of contribution to provident fund managed by such trust, is charged to the statement of profit and loss as and when the related services are rendered. The deficit, if any, in the accumulated corpus of the trust is recognised in the statement of profit and loss based on actuarial valuation.
- (iii) Gratuity liability is defined benefit obligation and is provided for on the basis of an actuarial valuation on Projected Unit Credit method made at the end of each financial year. Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised in Other Comprehensive Income (OCI)
- (iv) Short term employee benefits are charged off at the undiscounted amount in the year in which the related service is rendered.
- (v) Long term compensated absences are provided for based on actuarial valuation. The actuarial valuation is done as per Projected Unit Credit method made at the end of each financial year. The group presents the leave liability as non-current in the balance sheet, to the extent it has an unconditional right to defer its settlement for a period beyond 12 months, balance amount is presented as current.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31st March 2018 (contd...)**3.7 Summary of significant accounting policies (contd...)****i) Employee stock compensation cost**

Equity-settled plans are accounted at fair value as at the grant date. The fair value of the share-based option is determined at the grant date using a market-based option valuation model (Black Scholes Option Valuation Model). The fair value of the option is recorded as compensation expense amortized over the vesting period of the options, with a corresponding increase in Reserves and Surplus under the head "Employee Stock Option Outstanding". On exercise of the option, the proceeds are recorded as share capital and security premium account.

The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to the Statement of Profit and Loss for a period represents the movement in cumulative expense recognized as at the beginning and end of that period and is recognized in employee benefits expense.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the group's best estimate of the number of equity instruments that will ultimately vest.

j) Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the group and the revenue can be reliably measured.

Sales are accounted for inclusive of excise duty but excluding sales tax, VAT & GST. Sale of goods is recognized when the property and all significant risks and reward of ownership is transferred to the buyer and no significant uncertainty exists regarding the amount of consideration that is derived from the sale of goods.

Contract revenue and contract costs in respect of construction contracts, execution of which is spread over different accounting periods, is recognized as revenue and expense respectively by reference to the basis of percentage of completion method of the project at the balance sheet date.

Determination of revenues under the percentage of completion method by the group is based on estimates (some of which are technical in nature) concerning the percentage of completion, costs to completion, contracted revenue from the contract and the foreseeable losses of completion. Foreseeable losses, if any, which are based on technical estimates, are provided in the accounts irrespective of the work done. The group does not have outflow on account of warranty given to customers as substantially all the outsourced work has a back to back guarantee.

Income from services:

Revenue from maintenance contracts are recognized pro-rata over the period of the contract as and when services are rendered. Income from management fees is recognized on completion of services. The group collects service tax and GST on behalf of the government and therefore, it is not an economic benefit flowing to the group. Hence, Service tax and GST is excluded from revenue.

Interest:

Revenue is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable. For all financial instruments measured at amortised cost, interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instruments or a shorter period, where appropriate, to the gross carrying amount of the financial assets or to the amortised cost of a financial liability. Interest income is included in finance income in the statement of profit and loss.

Dividends:

Revenue is recognized when the shareholders' right to receive payment is established by the balance sheet date.

Export incentive:

An export incentive is recognized in the statement of profit and loss when the right to receive credit as per the terms of the scheme is established in respect of export made, and there is no uncertainty as to its receipt.

k) Service concession arrangement

The group has recognized its rights under the service concession as receivable under service concession arrangement for contracts with government agencies for public sector infrastructure assets and services under Built Own Operate Transfer (BOOT) scheme.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31st March 2018 (contd...)

3.7 Summary of significant accounting policies (contd...)

I) Taxation

- (i) Provision for current taxation has been made in accordance with the Indian Income tax laws prevailing for the relevant assessment years.
- (ii) Deferred tax is recognized, subject to the consideration of prudence, on timing differences being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax is measured on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax relating to items recognised outside profit or loss are recognised in correlation to the underlying transaction either in Other Comprehensive Income (OCI) or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation.

m) Provisions and contingent liabilities

A provision is recognised if, as a result of a past event, the group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but will probably not, require an outflow of resources. When there is a possible obligation of a present obligation in respect of which the likelihood of outflow of resources is remote, no provision disclosure is made.

n) Earnings per share

Basic earnings per equity share are calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting attributable taxes) by the weighted average number of equity shares outstanding during the period.

For calculating the weighted average number of equity shares outstanding, 2,662,914 equity shares is being excluded on consolidation of equity shares held by IEI Shareholding (Staff Welfare) Trusts and is shown under treasury shares.

For the purpose of calculating diluted earnings per equity share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

o) Segment reporting policies

Identification of segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker (CODM). The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Chairman and Managing Director who makes strategic decisions.

Inter-segment Transfers

The group accounts for inter-segment sales and transfers at cost plus appropriate margin.

Allocation of common costs

Common allocable costs are allocated to each segment according to the turnover of the respective segments.

Unallocated costs

The unallocated segment includes general corporate income and expense items which are not allocated to any business segment.

Segment policies

The group prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the consolidated financial statements of the group as a whole.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31st March 2018 (contd...)**3.7 Summary of significant accounting policies (contd...)****p) Cash and cash equivalents:**

Cash and cash equivalents in the cash flow statement comprise cash at bank and in hand and short-term investments with an original maturity of three months or less.

q) Leases:Where the group is the lessor

Leases in which the group does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases. Assets given on operating leases by the group are included in property, plant and equipment. Lease income is recognized in the statement of profit and loss on a straight-line basis over the lease term. Costs, including depreciation, are recognized as an expense in the statement of profit and loss. Initial direct costs such as legal costs, brokerage costs, etc. are recognized immediately in the statement of profit and loss.

Where the group is the lessee

Finance leases, which effectively transfer to the group substantially all the risks and benefits incidental to ownership of the leased item, are capitalized at the inception of the lease term at the lower of the fair value of the leased property and present value of minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized as finance costs in the statement of profit and loss. However, finance charges pertaining to the period up to date of commissioning of assets are capitalised. Lease management fees, legal charges and other initial direct costs of lease are capitalized.

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item, are classified as operating leases. Operating lease payments are recognized as an expense in the statement of profit and loss on a straight-line basis over the lease term.

In case of profit on sale and lease back arrangements resulting in operating leases, where the sale price is above fair value, the excess over the fair value is deferred and amortized over the period for which the asset is expected to be used.

r) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective asset till such time that it is required to complete and prepare the assets to get ready for its intended use. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

s) Dividend payable

Final dividend on shares are recorded as a liability on the date of approval by the shareholders and interim dividend are recorded as a liability on the date of declaration by the group's board of directors. A corresponding amount is recognised directly in equity.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31st March 2018 (contd...)

4. Property, plant and equipment

INR in Lacs

| | Land (Freehold) (Refer note b) | Land (Leasehold)* | Road | Building on freehold land (Refer note c,d,e and f) | Building on leasehold land | Plant and machinery (Refer note g) | Furniture and fixtures | Vehicles | Office equipments (Refer note h) | Total |
|--|---|----------------------|--------------|--|----------------------------------|---|------------------------------|---------------|---|------------------|
| Gross block | | | | | | | | | | |
| As at 1st April 2017 | 204.29 | 492.14 | 47.58 | 2,336.86 | 1,535.00 | 5,265.89 | 245.45 | 237.35 | 511.46 | 10,876.02 |
| Addition on amalgamation of Astha Technical Services Limited | - | - | - | - | - | 4.15 | 1.51 | 0.35 | - | 6.01 |
| Addition during the year | - | 6.34 | 40.88 | 53.89 | 1,397.80 | 3,678.62 | 234.25 | 179.57 | 276.22 | 5,867.57 |
| Disposal during the year | - | - | - | - | - | 43.37 | - | - | 2.49 | 45.86 |
| Exchange gain / (loss) | - | - | - | - | (0.28) | 10.83 | 0.65 | 0.11 | 1.08 | 12.39 |
| As at 31st March 2018 | 204.29 | 498.48 | 88.46 | 2,390.75 | 2,932.52 | 8,916.12 | 481.86 | 417.38 | 786.27 | 16,716.13 |
| Depreciation / Amortisation | | | | | | | | | | |
| As at 1st April 2017 | - | 5.11 | 7.69 | 62.84 | 81.84 | 706.16 | 52.37 | 44.63 | 150.40 | 1,111.04 |
| Addition on amalgamation of Astha Technical Services Limited | - | - | - | - | - | 0.25 | 0.27 | - | - | 0.52 |
| Depreciation during the year | - | 9.55 | 7.69 | 64.28 | 83.47 | 822.47 | 47.95 | 64.34 | 162.57 | 1,262.32 |
| Deduction during the year | - | - | - | - | - | 5.27 | - | - | 2.49 | 7.76 |
| Exchange gain / (loss) | - | - | - | - | (0.04) | (8.73) | 0.10 | 0.02 | 0.43 | (8.22) |
| As at 31st March 2018 | - | 14.66 | 15.38 | 127.12 | 165.27 | 1,514.88 | 100.69 | 108.99 | 310.91 | 2,357.90 |
| Net carrying value as at 31st March 2018 | 204.29 | 483.82 | 73.08 | 2,263.63 | 2,767.25 | 7,401.24 | 381.17 | 308.39 | 475.36 | 14,358.23 |
| Gross block | | | | | | | | | | |
| As at 1st April 2016 | 204.29 | 304.73 | 47.58 | 2,330.44 | 1,493.72 | 3,645.34 | 222.78 | 128.66 | 333.19 | 8,710.73 |
| Addition during the year | - | 187.41 | - | 6.42 | 41.76 | 1,653.74 | 25.13 | 115.59 | 181.11 | 2,211.16 |
| Disposal during the year | - | - | - | - | - | 10.20 | 0.10 | - | 0.03 | 10.33 |
| Exchange gain / (loss) | - | - | - | - | (0.48) | (22.99) | (2.36) | (6.90) | (2.81) | (35.54) |
| As at 31st March 2017 | 204.29 | 492.14 | 47.58 | 2,336.86 | 1,535.00 | 5,265.89 | 245.45 | 237.35 | 511.46 | 10,876.02 |
| Depreciation / Amortisation | | | | | | | | | | |
| As at 1st April 2016 | - | - | - | - | - | - | - | - | - | - |
| Depreciation during the year | - | 5.11 | 7.69 | 62.84 | 82.07 | 722.34 | 53.97 | 51.04 | 152.48 | 1,137.54 |
| Deduction during the year | - | - | - | - | - | 2.28 | 0.05 | - | 0.02 | 2.35 |
| Exchange gain / (loss) | - | - | - | - | (0.23) | (13.90) | (1.55) | (6.41) | (2.06) | (24.15) |
| As at 31st March 2017 | - | 5.11 | 7.69 | 62.84 | 81.84 | 706.16 | 52.37 | 44.63 | 150.40 | 1,111.04 |
| Net carrying value as at 31st March 2017 | 204.29 | 487.03 | 39.89 | 2,274.02 | 1,453.16 | 4,559.73 | 193.08 | 192.72 | 361.06 | 9,764.98 |
| Net carrying value as at 1st April 2016 | 204.29 | 304.73 | 47.58 | 2,330.44 | 1,493.72 | 3,645.34 | 222.78 | 128.66 | 333.19 | 8,710.73 |

* The leasehold land under finance lease is recognised under PPE as substantially all the significant risk and rewards incidental to ownership of land under lease have been transferred to the group.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31st March 2018 (contd...)**4. Property, plant and equipment (contd...)****Notes**

- a) The Company has availed the deemed cost exemption in relation to the property plant and equipment on the date of transition and hence the net block carrying amount has been considered as the gross block carrying amount on that date. Refer note below for the gross block value and the accumulated depreciation on 1st April 2016 under the previous GAAP

| | INR in Lacs | | | | | | | | | |
|-----------------------------|--------------------|---------------------|--------------|---------------------------------|----------------------------------|------------------------|------------------------------|---------------|----------------------|-----------------|
| | Land (Freehold) | Land (Leasehold) | Road | Building on freehold land | Building on leasehold land | Plant and machinery | Furniture and fixtures | Vehicles | Office equipments | Total |
| Gross block | 204.29 | 378.19 | 72.26 | 3,006.93 | 3,183.84 | 12,107.65 | 1,241.95 | 593.57 | 2,522.67 | 23,311.35 |
| Accumulated depreciation | - | 73.46 | 24.68 | 676.49 | 1,294.63 | 7,412.88 | 1,019.17 | 464.91 | 2,189.48 | 13,155.70 |
| Ind AS adjustments | - | - | - | - | (395.49) | (1,049.43) | - | - | - | (1,444.92) |
| Net Block | 204.29 | 304.73 | 47.58 | 2,330.44 | 1,493.72 | 3,645.34 | 222.78 | 128.66 | 333.19 | 8,710.73 |

- b) Freehold land includes land at Pune, the title deeds of which are in the name of the nominees of the company.
 Gross book value INR 18.44 Lacs (2016-17: INR 18.44 Lacs)
- c) Buildings on freehold land includes residential flats, the cost of which includes:
- INR 250 (2016-17: INR 250) being the value of 5 Shares (unquoted) of INR 50 each, fully paid up in Sunrise Co-operative Housing Society Limited.
 - INR 3,500 (2016-17: INR 3,500) being the value of 70 Shares (unquoted) of INR 50 each, fully paid up in Usha Milan Co-operative Society Limited.
- d) Buildings on freehold land includes residential flats acquired at Mumbai, the society formation of which is in progress.
 Deemed gross book value INR 41.15 Lacs (2016-17: INR 41.15 Lacs)
 Net book value INR 39.07 Lacs (2016-17: INR 40.11 Lacs)
- e) Buildings on freehold land includes residential flats comprising of 2 LIG flats (Nos. B-16 and B-17) and 1 MIG flat (No. B-14) at Hosur, the title deeds of which are awaited from authorities.
 Gross book value INR Nil (2016-17: INR Nil)
 Net book value INR Nil (2016-17: INR Nil)
- f) Buildings on freehold land includes office premises given on operating lease :
 Deemed gross book value INR 83.75 Lacs (2016-17: INR 83.75 Lacs)
 Accumulated depreciation INR 3.64 Lacs (2016-17 : INR 1.82 Lacs)
 Depreciation for the year INR 1.82 Lacs (2016-17: INR 1.82 Lacs)
 Net book value INR 80.11 Lacs (2016-17: INR 81.93 Lacs)
- g) Plant and machinery includes items taken on finance lease :
 Deemed gross book value INR 1,396.81 Lacs (2016-17: INR 1,057.93 Lacs)
 Accumulated depreciation INR 287.00 Lacs (2016-17: INR 102.03 Lacs)
 Depreciation for the year INR 187.97 Lacs (2016-17: INR 102.03 Lacs)
 Net book value INR 1,109.81 Lacs (2016-17: INR 955.90 Lacs)
- h) Office equipment includes data processing items taken on finance lease :
 Deemed gross book value INR 93.35 Lacs (2016-17: INR 82.45 Lacs)
 Accumulated depreciation INR 50.62 Lacs (2016-17: INR 33.30 Lacs)
 Depreciation for the year INR 17.32 Lacs (2016-17: INR 33.30 Lacs)
 Net book value INR 42.73 Lacs (2016-17: INR 49.15 Lacs)
- i) Addition to fixed assets include items of fixed assets amounting to INR 71.69 Lacs (2016-17: INR 110.41 Lacs) pertaining to research and development.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31st March 2018 (contd...)

4. Property, plant and equipment (contd...)

- j) Addition during the year and capital work-in-progress include INR 310.53 Lacs (2016-17: INR 184.84 Lacs) being borrowing cost capitalised in accordance with Indian Accounting Standard (Ind AS) 23 on "Borrowing Costs". Asset wise break-up of borrowing costs capitalised is as follows:

| | Year ended 31st March 2018 INR in Lacs | Year ended 31st March 2017 INR in Lacs |
|----------------------------|--|--|
| Road | 2.83 | - |
| Building on leasehold land | 90.44 | - |
| Plant and machinery | 204.39 | - |
| Furniture and fixtures | 7.47 | - |
| Office equipments | 5.40 | - |
| Capital work-in-progress | - | 184.84 |
| | 310.53 | 184.84 |

5. Intangible assets

| | INR in Lacs | |
|---|----------------------|---------------|
| | Computer Software | Total |
| Gross block | | |
| As at 1st April 2017 | 176.42 | 176.42 |
| Addition during the year | 43.20 | 43.20 |
| Disposal during the year | - | - |
| As at 31st March 2018 | 219.62 | 219.62 |
| Amortisation | | |
| As at 1st April 2017 | 45.27 | 45.27 |
| Amortised during the year | 45.87 | 45.87 |
| Deduction during the year | - | - |
| As at 31st March 2018 | 91.14 | 91.14 |
| Net carrying value as at 31st March 2018 | 128.48 | 128.48 |
| Gross block | | |
| As at 1st April 2016 | 122.27 | 122.27 |
| Addition during the year | 54.15 | 54.15 |
| Disposal during the year | - | - |
| As at 31st March 2017 | 176.42 | 176.42 |
| Amortisation | | |
| As at 1st April 2016 | - | - |
| Amortised during the year | 45.27 | 45.27 |
| Deduction during the year | - | - |
| As at 31st March 2017 | 45.27 | 45.27 |
| Net carrying value as at 31st March 2017 | 131.15 | 131.15 |
| Net carrying value as at 1st April 2016 | 122.27 | 122.27 |

Notes

The Company has availed the deemed cost exemption in relation to the Intangible assets on the date of transition and hence the net block carrying amount has been considered as the gross block carrying amount on that date. Refer note below for the gross block value and the accumulated depreciation on 1st April 2016 under the previous GAAP.

| | INR in Lacs | |
|--------------------------|----------------------|---------------|
| | Computer Software | Total |
| Gross block | | |
| Accumulated amortisation | 378.46 | 378.46 |
| Net Block | 122.27 | 122.27 |

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31st March 2018 (contd...)**6. Investment accounted using equity method**

| | As at 31st March 2018 | | As at 31st March 2017 | | As at 1st April 2016 | |
|---|-----------------------|-------------|-----------------------|-------------|----------------------|-------------|
| | Units | INR in Lacs | Units | INR in Lacs | Units | INR in Lacs |
| At cost in equity shares of joint venture and associates | | | | | | |
| Unquoted, fully paid-up | | | | | | |
| Aquaneconomics Systems Limited of INR 10 each | 460,000 | 297.93 | 460,000 | 240.13 | 460,000 | 184.39 |
| Asta Technical Services Limited of INR 10 each (Refer note 65) | - | - | 228,000 | 4.72 | 228,000 | 11.75 |
| IEI Water-Tech (M) Sdn. Bhd. of MYR 1 each | 300,000 | - | 300,000 | - | 300,000 | - |
| Ion Exchange Financials Products Private Limited of INR 10 each | 2,450 | - | 2,450 | - | 2,450 | - |
| Ion Exchange PSS Co. Limited of THB 100 each | 14,700 | - | 14,700 | - | 14,700 | - |
| Ion Exchange Waterloo Ltd of INR 10 each [Refer note 59] | 2,499,500 | - | 2,499,500 | - | 2,499,500 | - |
| | 297.93 | | 244.85 | | 196.14 | |
| Aggregate amount of unquoted Investments | | 297.93 | | 244.85 | | 196.14 |

7. Non-current investments

| | As at 31st March 2018 | | As at 31st March 2017 | | As at 1st April 2016 | |
|---|-----------------------|--------------|-----------------------|--------------|----------------------|--------------|
| | Units | INR in Lacs | Units | INR in Lacs | Units | INR in Lacs |
| Measured at fair value through profit and loss in equity shares of others | | | | | | |
| Unquoted, fully paid-up | | | | | | |
| IEK Plastics Limited of INR 10 each | 6,000 | - | 6,000 | - | 6,000 | - |
| Patancheru Enviro-tech Limited of INR 10 each | 113 | 0.01 | 113 | 0.01 | 113 | 0.01 |
| Bharuch Enviro Infrastructure Limited of INR 10 each | 10,500 | 1.05 | 10,500 | 1.05 | 10,500 | 1.05 |
| Bharuch Eco-Aqua Infrastructure Limited of INR 10 each | 352,500 | 35.25 | 352,500 | 35.25 | 352,500 | 35.25 |
| Global Procurement Consultants Limited of INR 10 each | 71,518 | 27.46 | 21,518 | 2.46 | 21,518 | 2.46 |
| Ion Foundation of INR 10 each | 1,000 | 0.10 | 1,000 | 0.10 | 1,000 | 0.10 |
| Water Quality India Association of INR 10 each | 7,143 | 0.71 | 7,143 | 0.71 | 7,143 | 0.71 |
| Process Automation Engineering | 750 | - | 750 | - | 750 | - |
| The Thane Janta Sahakari Bank | 9,999 | 5.00 | 9,999 | 5.00 | 9,999 | 5.00 |
| | (A) | 69.58 | | 44.58 | | 44.58 |
| Measured at amortised cost in equity shares of others in preference shares of others | | | | | | |
| Unquoted, fully paid-up | | | | | | |
| HMG Industries Limited, 14.25% preference shares of INR 100 each. | 75,000 | 0.50 | 75,000 | 0.50 | 75,000 | 0.50 |
| | (B) | 0.50 | | 0.50 | | 0.50 |
| Total non current investments (A+B) | | 70.08 | | 45.08 | | 45.08 |
| Aggregate amount of unquoted Investments | | 70.08 | | 45.08 | | 45.08 |

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31st March 2018 (contd...)

8. Trade receivables

| | Non-current | | | Current | | |
|--|-----------------------------|-----------------------------|----------------------------|-----------------------------|-----------------------------|----------------------------|
| | As at 31st March 2018 | As at 31st March 2017 | As at 1st April 2016 | As at 31st March 2018 | As at 31st March 2017 | As at 1st April 2016 |
| | INR in Lacs | INR in Lacs | INR in Lacs | INR in Lacs | INR in Lacs | INR in Lacs |
| Trade receivables | | | | | | |
| (a) Unsecured, considered good | 1,378.67 | 1,753.71 | 2,181.45 | 43,709.72 | 41,616.80 | 33,676.60 |
| (b) Unsecured, considered doubtful | 290.12 | 114.91 | 114.91 | | | |
| | 1,668.79 | 1,868.62 | 2,296.36 | 43,709.72 | 41,616.80 | 33,676.60 |
| Less: Provision for unsecured doubtful debts | 290.12 | 114.91 | 114.91 | - | - | - |
| | 1,378.67 | 1,753.71 | 2,181.45 | 43,709.72 | 41,616.80 | 33,676.60 |

9. Loans

| | Non-current | | | Current | | |
|--|-----------------------------|-----------------------------|----------------------------|-----------------------------|-----------------------------|----------------------------|
| | As at 31st March 2018 | As at 31st March 2017 | As at 1st April 2016 | As at 31st March 2018 | As at 31st March 2017 | As at 1st April 2016 |
| | INR in Lacs | INR in Lacs | INR in Lacs | INR in Lacs | INR in Lacs | INR in Lacs |
| Tender, security and other deposits | | | | | | |
| (a) Unsecured, considered good | 993.43 | 640.86 | 550.37 | 184.98 | 409.00 | 123.75 |
| (b) Unsecured, considered doubtful | 10.99 | 8.49 | - | - | | |
| | 1,004.42 | 649.35 | 550.37 | 184.98 | 409.00 | 123.75 |
| Less: Provision for doubtful deposits | 10.99 | 8.49 | - | - | - | - |
| (A) | 993.43 | 640.86 | 550.37 | 184.98 | 409.00 | 123.75 |
| Loans and advances to related parties (Refer note 47) | | | | | | |
| (a) Unsecured, considered good | - | - | - | 878.10 | 840.46 | 750.24 |
| (b) Unsecured, considered doubtful | 22.25 | 24.75 | 24.75 | - | - | - |
| | 22.25 | 24.75 | 24.75 | 878.10 | 840.46 | 750.24 |
| Less: Provision for doubtful advances | 22.25 | 24.75 | 24.75 | - | - | - |
| (B) | - | - | - | 878.10 | 840.46 | 750.24 |
| Claims receivables and others | (C) | - | - | - | 534.89 | 446.58 |
| Loans and advance to employees | (D) | - | - | - | 90.27 | 97.14 |
| Rent receivable (unsecured, considered doubtful) | 17.05 | 17.05 | 17.05 | - | - | - |
| Less: Provision | 17.05 | 17.05 | 17.05 | - | - | - |
| (E) | - | - | - | - | - | - |
| | (A+B+C+D+E) | 993.43 | 640.86 | 550.37 | 1,688.24 | 1,793.18 |
| | | | | | | 1,187.58 |

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31st March 2018 (contd...)

10. Other financial assets

| | Non-current | | | Current | | |
|--------------------------------------|-----------------------------|-----------------------------|----------------------------|-----------------------------|-----------------------------|----------------------------|
| | As at 31st March 2018 | As at 31st March 2017 | As at 1st April 2016 | As at 31st March 2018 | As at 31st March 2017 | As at 1st April 2016 |
| | INR in Lacs | INR in Lacs | INR in Lacs | INR in Lacs | INR in Lacs | INR in Lacs |
| Receivable from concession agreement | 753.65 | 803.52 | 844.02 | 115.52 | 115.52 | 286.00 |
| Interest accrued on margin money | - | - | - | 760.20 | 78.22 | 54.04 |
| | 753.65 | 803.52 | 844.02 | 875.72 | 193.74 | 340.04 |

11. Deferred tax assets (Net)

| As at 31st March 2018 | | | | | |
|---|-----------------|------------------------------|--|---------------------|-----------------|
| Particulars | Opening balance | Recognised in profit or loss | Recognised in other comprehensive income | Other adjustments * | Closing balance |
| Deferred tax assets/ (liabilities) | | | | | |
| Property, plant and equipment | (1,048.52) | (225.12) | - | - | (1,273.64) |
| Trade receivables and retention money | 453.29 | (131.49) | - | - | 321.80 |
| Loans and borrowings | 61.02 | 1.14 | - | - | 62.16 |
| Other items | 719.69 | (7.30) | 9.34 | 80.17 | 801.90 |
| Tax assets/(liabilities) | 185.48 | (362.77) | 9.34 | 80.17 | (87.78) |
| Disclosed as under | | | | | |
| Deferred tax assets (Net) | 599.29 | | | | 115.29 |
| Deferred tax liabilities (Net) | 413.81 | | | | 203.07 |
| Tax assets/(liabilities) | 185.48 | | | | (87.78) |

* Other adjustments includes effect of amalgamation of Astha Technical Services Limited with Total Water Management (India) Limited and currency fluctuation on conversion of foreign subsidiaries.

| As at 31st March 2017 | | | | | |
|---|-----------------|------------------------------|--|----------------------|-----------------|
| Particulars | Opening balance | Recognised in profit or loss | Recognised in other comprehensive income | Other adjustments ** | Closing balance |
| Deferred tax assets/ (liabilities) | | | | | |
| Property, plant and equipment | (936.52) | (112.00) | - | - | (1,048.52) |
| Trade receivables and retention money | 427.26 | 26.03 | - | - | 453.29 |
| Loans and borrowings | 61.25 | (0.23) | - | - | 61.02 |
| Other items | 596.90 | 142.10 | (18.27) | (1.04) | 719.69 |
| Tax assets/(liabilities) | 148.89 | 55.90 | (18.27) | (1.04) | 185.48 |

| Disclosed as under | | | | | |
|---------------------------------------|-----------------|------------------------------|--|----------------------|-----------------|
| Particulars | Opening balance | Recognised in profit or loss | Recognised in other comprehensive income | Other adjustments ** | Closing balance |
| Deferred tax assets (Net) | | | | | |
| Deferred tax liabilities (Net) | 437.40 | | | | 413.81 |
| Tax assets/(liabilities) | 148.89 | | | | 185.48 |

** Other adjustments includes effect of currency fluctuation on conversion of foreign subsidiaries.

The company offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

Significant management judgement is required in determining provision for deferred income tax assets and liabilities and recoverability of deferred income tax assets. The recoverability of deferred income tax assets is based on estimates of taxable income and the period over which deferred income tax assets will be recovered.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31st March 2018 (contd...)

12. Other assets

| | | Non-current | | | Current | | |
|---|-------------|-----------------------------|-----------------------------|----------------------------|-----------------------------|-----------------------------|----------------------------|
| | | As at 31st March 2018 | As at 31st March 2017 | As at 1st April 2016 | As at 31st March 2018 | As at 31st March 2017 | As at 1st April 2016 |
| | | INR in Lacs | INR in Lacs | INR in Lacs | INR in Lacs | INR in Lacs | INR in Lacs |
| Capital advances | (A) | 88.30 | 184.80 | 962.25 | - | - | - |
| Balance with statutory authorities | (B) | 665.32 | 719.63 | 525.87 | 2,202.72 | 1,848.33 | 1,976.53 |
| Advance to suppliers | | | | | | | |
| (a) Unsecured, considered good | | - | 7.06 | 6.52 | 624.01 | 1,597.66 | 1,110.35 |
| (b) Unsecured, considered doubtful | | 30.90 | 30.90 | 30.90 | - | - | - |
| | | 30.90 | 37.96 | 37.42 | 624.01 | 1,597.66 | 1,110.35 |
| Less: Provision for doubtful advances | | 30.90 | 30.90 | 30.90 | | | |
| | (C) | - | 7.06 | 6.52 | 624.01 | 1,597.66 | 1,110.35 |
| Security Deposit for Land and other loans and advances (Refer note 49, 50 and 51) | | | | | | | |
| (a) Unsecured, considered good | | 770.96 | 779.34 | 788.65 | - | - | - |
| (b) Unsecured, considered doubtful | | 186.78 | 186.78 | 186.78 | - | - | - |
| | | 957.74 | 966.12 | 975.43 | - | - | - |
| Less: Provision for doubtful deposits | | 186.78 | 186.78 | 186.78 | - | - | - |
| | (D) | 770.96 | 779.34 | 788.65 | - | - | - |
| Prepaid expenses | (E) | - | - | - | 545.39 | 1,158.03 | 584.17 |
| | (A+B+C+D+E) | 1,524.58 | 1,690.83 | 2,283.29 | 3,372.12 | 4,604.02 | 3,671.05 |

13. Tax assets

| | Non-current | | | Current | | |
|--|-----------------------------|-----------------------------|----------------------------|-----------------------------|-----------------------------|----------------------------|
| | As at 31st March 2018 | As at 31st March 2017 | As at 1st April 2016 | As at 31st March 2018 | As at 31st March 2017 | As at 1st April 2016 |
| | INR in Lacs | INR in Lacs | INR in Lacs | INR in Lacs | INR in Lacs | INR in Lacs |
| Income tax paid (Net of provision for tax) | 41.70 | 85.93 | 423.18 | 80.40 | 55.20 | 10.78 |
| | 41.70 | 85.93 | 423.18 | 80.40 | 55.20 | 10.78 |

14. Inventories

| | | | As at 31st March 2018 | As at 31st March 2017 | As at 1st April 2016 |
|------------------------------|--|--|-----------------------------|-----------------------------|----------------------------|
| | | | INR in Lacs | INR in Lacs | INR in Lacs |
| Raw materials and components | | | 3,043.47 | 3,627.42 | 3,033.42 |
| Work-in-progress | | | 983.16 | 1,435.16 | 975.47 |
| Finished goods | | | 4,310.61 | 4,638.10 | 4,013.24 |
| Traded goods | | | 654.91 | 580.95 | 507.80 |
| Stores and spares | | | 658.47 | 540.00 | 677.48 |
| Contract work-in-progress | | | 468.48 | 2,073.61 | 385.60 |
| | | | 10,119.10 | 12,895.24 | 9,593.01 |

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31st March 2018 (contd...)**15. Current investments**

| | As at 31st March 2018 | | As at 31st March 2017 | | As at 1st April 2016 | |
|---|-----------------------|--------------|-----------------------|--------------|----------------------|--------------|
| | Units | INR in Lacs | Units | INR in Lacs | Units | INR in Lacs |
| Investments measured at fair value through profit and loss | | | | | | |
| Quoted, fully paid-up | | | | | | |
| Equity shares of Sterlite Technologies Limited of INR 2 each | 5,875 | 18.34 | 5,875 | 7.39 | 5,875 | 5.32 |
| Equity shares of Jain Irrigation Systems Limited of INR 2 each | 70 | 0.08 | 70 | 0.07 | 70 | 0.04 |
| Equity shares of Canara Bank of INR 10 each | 8,100 | 21.40 | 8,100 | 24.54 | 8,100 | 15.38 |
| | | 39.82 | | 32.00 | | 20.74 |
| Aggregate amount of quoted Investments | | 39.82 | | 32.00 | | 20.74 |
| Market value of quoted Investments | | 39.82 | | 32.00 | | 20.74 |

16. Cash and cash equivalents

| | As at 31st March 2018 INR in Lacs | As at 31st March 2017 INR in Lacs | As at 1st April 2016 INR in Lacs |
|--|---|---|--|
| Balances with banks | | | |
| On current accounts [Refer note below] | 6,657.27 | 1,712.39 | 1,793.81 |
| On Exchange Earner's Foreign Currency accounts | 14.71 | 9,896.50 | 75.87 |
| Cash on hand | 52.78 | 101.12 | 74.22 |
| | 6,724.76 | 11,710.01 | 1,943.90 |

Note

Includes balance of Rs. 3,579.32 Lacs (31st March 2017: Rs. 9,881.58 Lacs, 1st April 2016: Rs. Nil) in escrow accounts, for utilisation in the execution of a specific EPC contract.

17. Bank balances other than cash and cash equivalents

| | As at 31st March 2018 INR in Lacs | As at 31st March 2017 INR in Lacs | As at 1st April 2016 INR in Lacs |
|--|---|---|--|
| Balances with banks | | | |
| On Unclaimed dividend account | 41.46 | 35.55 | 31.19 |
| On Unclaimed interest on fixed deposits | 2.19 | 2.70 | 3.32 |
| Other bank balances: | | | |
| On deposit account | 5,203.88 | 166.90 | 148.16 |
| On margin money account [Refer note below] | 14,345.19 | 4,852.60 | 1,281.66 |
| | 19,592.72 | 5,057.75 | 1,464.33 |

Note

Margin money deposits with a carrying amount of Rs. 14,345.19 Lacs (31st March 2017: Rs. 4,852.60 Lacs , 1st April 2016: Rs.1,281.66 Lacs) are subject to first charge to secure bank guarantees issued by banks on our behalf.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31st March 2018 (contd...)

18. Equity share capital

| | As at 31st March 2018 | | As at 31st March 2017 | | As at 1st April 2016 | |
|---|-----------------------|-------------|-----------------------|-------------|----------------------|-------------|
| | No of shares | INR in Lacs | No of shares | INR in Lacs | No of shares | INR in Lacs |
| Authorised capital | | | | | | |
| Equity shares of INR 10 each. | 17,000,000 | 1,700.00 | 17,000,000 | 1,700.00 | 17,000,000 | 1,700.00 |
| Issued, subscribed and fully paid-up capital * | | | | | | |
| Equity shares of INR 10 each. | 14,228,785 | 1,422.88 | 14,228,785 | 1,422.88 | 14,119,285 | 1,411.93 |
| | 1,422.88 | | 1,422.88 | | 1,411.93 | |

* Issued, subscribed and fully paid-up shares are net of elimination of shares held by subsidiaries.

(a) Reconciliation of the shares outstanding at the beginning and at the end of the year

| | As at 31st March 2018 | | As at 31st March 2017 | |
|--|-----------------------|-------------|-----------------------|-------------|
| | No of shares | INR in Lacs | No of shares | INR in Lacs |
| At the beginning of the year | 14,228,785 | 1,422.88 | 14,119,285 | 1,411.93 |
| Add: Issued during the year - ESOS (Refer note 42) | - | - | 109,500 | 10.95 |
| At the end of the year | 14,228,785 | 1,422.88 | 14,228,785 | 1,422.88 |

(b) Terms/rights attached to equity shares

The company has only one class of equity shares having a par value of INR 10 per share. Each holder of equity shares is entitled to one vote per share. The company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company after distribution of preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

(c) Details of shareholders holding more than 5% shares in the company **

| | As at 31st March 2018 | | As at 31st March 2017 | | As at 1st April 2016 | |
|-------------------------|-----------------------|-----------|-----------------------|-----------|----------------------|-----------|
| | No of shares | % holding | No of shares | % holding | No of shares | % holding |
| Mr. Rakesh Jhunjhunwala | 800,000 | 5.62% | 800,000 | 5.62% | 800,000 | 5.67% |
| Mr. Rajesh Sharma | 781,218 | 5.49% | 781,218 | 5.49% | 781,218 | 5.53% |

** As per records of the company, including its register of shareholders/members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownership of shares.

(d) Aggregate number of share issued for consideration other than cash during the period of five years immediately preceding the reporting date.

The aggregate number of equity shares issued pursuant to scheme of amalgamation, without payment being received in cash in immediately preceding last five years ended on 31st March 2018: 1,180,256 share (Previous period of five years ended 31st March 2017: 1,180,256 shares)

The aggregate number of equity shares issued pursuant to exercise of options granted under the Employee Stock Option Scheme (ESOS) wherein part consideration was received in form of employee services preceding last five years ended on 31st March 2018: 182,300 shares (Previous period of five years ended 31st March 2017: 211,600 shares)

(e) Shares reserved for issued under ESOS

For details of shares allotted under various Employee Stock Option Schemes (ESOS) and shares reserved for issue under the Employees Stock Option Scheme (ESOS) of the company please refer note 42.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31st March 2018 (contd...)**19. Other equity**

| | As at 31st March 2018 INR in Lacs | As at 31st March 2017 INR in Lacs | As at 1st April 2016 INR in Lacs |
|---|---|---|--|
| Security premium account | | | |
| Balance as at 1st April | 8,334.84 | 8,208.81 | 8,208.81 |
| Transferred from employee stock option outstanding | | 126.03 | |
| | (A) | 8,334.84 | 8,334.84 |
| | | | 8,208.81 |
| Employee stock options outstanding [Refer note 42] | | | |
| Balance as at 1st April | | - 147.10 | 147.10 |
| Gross compensation for options granted during the year | | - 91.98 | |
| Transferred to securities premium account on exercise of options | | - (126.03) | |
| Transferred to employee compensation expenses | | - (113.05) | |
| | (B) | - | 147.10 |
| Special reserve | | | |
| Balance as at 1st April | 22.17 | 22.17 | 22.17 |
| (As per section 45 - IC of the Reserve Bank of India Act, 1934) | | | |
| | (C) | 22.17 | 22.17 |
| | | | 22.17 |
| General reserve | | | |
| Balance as at 1st April | 2,719.79 | 2,719.79 | 2,719.79 |
| | (D) | 2,719.79 | 2,719.79 |
| | | | 2,719.79 |
| Legal reserve | | | |
| Balance as at 1st April | 151.54 | 136.30 | 136.30 |
| Add: Transfer from the statement of profit and loss | | - 15.24 | |
| | (E) | 151.54 | 151.54 |
| | | | 136.30 |
| Capital reserve on consolidation | | | |
| Balance as at 1st April | 257.48 | 257.48 | 257.48 |
| | (F) | 257.48 | 257.48 |
| | | | 257.48 |
| Foreign currency translation reserve | | | |
| Balance as at 1st April | 231.17 | 258.07 | 258.07 |
| Add: Foreign currency translation profit during the year | | (111.25) | (26.90) |
| | (G) | 119.92 | 231.17 |
| | | | 258.07 |
| Retained earnings | | | |
| Balance as at 1st April | 6,530.89 | 3,886.34 | 3,886.34 |
| Add : Adjustment on change in investment in subsidiaries and associates (Refer note 65) | | (56.01) | (12.07) |
| Profit for the year | 4,017.52 | 3,041.22 | |
| Other Comprehensive Income (OCI) | | (22.22) | 34.52 |
| Appropriations | | | |
| - Dividend | | (404.80) | (346.98) |
| - Tax on dividend | | (86.36) | (56.90) |
| Transfer to legal reserve | | - | (15.24) |
| | (H) | 9,979.02 | 6,530.89 |
| | | | 3,886.34 |
| Treasury shares | | | |
| Balance as at 1st April | | (2,996.99) | (2,996.99) |
| | (I) | (2,996.99) | (2,996.99) |
| | | | (2,996.99) |
| | (A+B+C+D+E+F+G+H+I) | 18,587.77 | 15,250.89 |
| | | | 12,639.07 |

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31st March 2018 (contd...)

Notes

a) Description of nature and purpose of each reserve

Security premium account: Securities premium account is used to record the premium on issue of shares. Securities premium also includes the difference between the face value of the equity shares and the consideration received in respect of shares issued pursuant to employee stock options scheme. The reserve is utilised in accordance with the provisions of the Act.

Employee stock options outstanding: The employee stock options account is used to record the value of equity-settled share based payment transactions with employees. The amounts recorded in the share options outstanding account are transferred to securities premium reserve upon exercise of stock options by employees

Special reserve: Special reserve is created by the company in past as per provision of section 45 - IC of the Reserve Bank of India Act, 1934 for repayment of fixed deposit holders.

General reserve: The company created a General Reserve in earlier years pursuant to the provisions of the Companies Act wherein certain percentage of profits were required to be transferred to General Reserve before declaring dividends. As per Companies Act 2013, the requirement to transfer profits to General Reserve is not mandatory. General reserve represents appropriation of retained earnings and are available for distribution to shareholders.

Treasury shares: Treasury shares represents equity shares of the company held by IEI shareholding trusts.

b) Dividends

The following were declared and paid by the company during the year

| | 31st March 2018 INR in Lacs | 31st March 2017 INR in Lacs |
|---|--|--|
| INR 3.50 per equity shares (31st March 2017 INR 3.00 per equity shares) | 498.00 | 426.86 |
| Less: Dividend on treasury shares | (93.20) | (79.88) |
| Dividend distribution tax | 86.36 | 56.90 |
| | 491.16 | 403.88 |

After the reporting dates the following dividends were proposed by the directors subject to the approval at the annual general meeting. Dividends would attract dividend distribution tax when declared or paid. The dividends and dividend distribution tax has not been recognised as liabilities.

| | 31st March 2018 INR in Lacs | 31st March 2017 INR in Lacs |
|---|--|--|
| INR 3.50 per equity shares (31st March 2017 INR 3.50 per equity shares) | 498.00 | 498.00 |
| Less: Dividend on treasury shares | (93.20) | (93.20) |
| Dividend distribution tax | 86.36 | 86.36 |
| | 491.16 | 491.16 |

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31st March 2018 (contd...)**20. Borrowings**

| | Non-current | | | Current | | |
|---|-----------------------------|-----------------------------|----------------------------|-----------------------------|-----------------------------|----------------------------|
| | As at 31st March 2018 | As at 31st March 2017 | As at 1st April 2016 | As at 31st March 2018 | As at 31st March 2017 | As at 1st April 2016 |
| | INR in Lacs | INR in Lacs | INR in Lacs | INR in Lacs | INR in Lacs | INR in Lacs |
| Term loans (Secured) | | | | | | |
| Indian rupee loan from finance company [Refer note (a) below] | - | - | 469.98 | - | - | 316.95 |
| Indian rupee loan from financial institution [Refer note (b) below] | 1,556.92 | 1,763.01 | 682.40 | 313.83 | 104.61 | - |
| Indian rupee loan from a bank [Refer note (c) below] | 1,106.01 | 576.57 | - | 773.85 | 580.23 | - |
| Indian rupee loan from a bank [Refer note (d) below] | 31.68 | 221.72 | 411.77 | 190.05 | 190.05 | 190.05 |
| Indian rupee loans from bank [Refer note (e) below] | - | - | 341.22 | - | - | 216.04 |
| Indian rupee vehicle loan from banks and finance companies [Refer note (f) below] | 147.20 | 47.98 | 58.97 | 46.20 | 30.25 | 27.05 |
| Other loans and advances | | | | | | |
| Finance lease obligation (Secured) [Refer note (g) below] | 498.06 | 359.35 | 313.50 | 558.32 | 370.21 | 177.62 |
| Deposits (Unsecured) [Refer note (h) below] | - | - | - | - | - | - |
| Deposit from shareholders | - | - | - | - | - | - |
| Deposit from public | - | - | - | - | - | 49.24 |
| | 3,339.87 | 2,968.63 | 2,277.84 | 1,882.25 | 1,275.35 | 976.95 |
| The above amount includes | | | | | | |
| Secured borrowings | 3,339.87 | 2,968.63 | 2,277.84 | 1,882.25 | 1,275.35 | 927.71 |
| Unsecured borrowings | - | - | - | - | - | 49.24 |
| Amount included under the head "Other financial liabilities" | - | - | - | (1,882.25) | (1,275.35) | (976.95) |
| | 3,339.87 | 2,968.63 | 2,277.84 | - | - | - |

- a) Indian rupees loan from finance company for capital expenditure carries interest @ 13.00% p.a. Loan is repayable within 48 months from the month of first disbursement being 01.10.2014. The loan is secured by exclusive first charge on residential properties of the company situated at Mumbai and Thane. The Loan has been repaid during the year 2016-17.
- b) Indian rupees loan from financial institution for capital expenditure carries interest @ 11.00 to 11.70% p.a. The loan is secured by first charge on movable and immovable fixed assets pertaining to a new manufacturing facility at Goa and is repayable in 54 months with moratorium of 6 months from the date of actual commercial operation date.
- c) Indian rupee loan from a bank for capital expenditure disbursed in two tranches of Rs. 683.22 Lacs and Rs. 816.78 Lacs. Loan is repayable in 26 months and 37 months respectively from the date of first disbursement and carries interest rate of 10.50% p.a. The loan is secured by exclusive first charge on three residential properties of the company situated at Mumbai and one residential property of the company situated at Thane.
- d) Indian rupees loan taken from bank for a specific project carrying interest @ 11.50% p.a. The loan is repayable in equal installment within a period of 60 months from the date of first disbursement 22.05.2014, with a initial moratorium of 12 months. The loan is secured by charge on receivable, current assets, movable fixed assets. It is also secured by corporate bank guarantee of INR 760.20 Lacs and lien marked margin money of INR 50.00 Lacs.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31st March 2018 (contd...)

20. Borrowings (contd...)

- e) (i) Term loan from a bank carried interest rate @ 13.75% p.a.. The loan was repayable in 75 monthly installments of INR 4.18 Lacs along with interest, from the date of loan. The loan was secured against hypothecation of plant & machinery, tools and equipments, and furniture & fixtures, both present and future.
- (ii) Property loan from a bank carried interest rate @ 13.75% p.a. The loan was repayable in 71 monthly installments of INR 5.70 Lacs along with interest, from the date of loan. The loan was secured against equitable mortgage of Land and building situated at Village Nichole, Taluka Wada, District Thane.
- (iii) Corporate Loan from a bank carries interest rate @ 13.75% p.a. The loan was repayable in 96 monthly installments of INR 9.19 Lacs along with interest, after six months from the date of loan. The loan was secured against supplementary mortgage of factory land and building situated at Village Nichole, Taluka Wada, District Thane.
- f) Indian rupee vehicle loans from banks and finance companies carries interest @ 9.35% to 13.50% p.a. The loans are repayable within a period of 36 to 60 months in equal monthly installments along with interest, from the various dates of disbursements. The loans are secured by hypothecation of under lying vehicles.
- g) Finance lease obligations are secured by hypothecation of underlying plant and machinery and equipment's taken on lease. Lease obligations are discharged by monthly / quarterly lease rental payments. The lease terms are for 3 to 4 years.
- h) Deposits from shareholders and public carry interest @7.00% to 8.00% p.a for deposits repayable after 1 year to 3 years from the respective dates of deposits.

21. Other financial liabilities

| | Non-current | | | Current | | |
|----------|-----------------------------|-----------------------------|-------------------------|-----------------------------|-----------------------------|-------------------------|
| | As at 31st March 2018 | As at 31st March 2017 | As at 1st April 2016 | As at 31st March 2018 | As at 31st March 2017 | As at 1st April 2016 |
| | INR in Lacs | INR in Lacs | INR in Lacs | INR in Lacs | INR in Lacs | INR in Lacs |
| Deposits | 885.96 | 857.31 | 817.44 | - | - | - |
| | 885.96 | 857.31 | 817.44 | - | - | - |

22. Provisions

| | Non-current | | | Current | | |
|---------------------------------|-----------------------------|-----------------------------|----------------------------|-----------------------------|-----------------------------|----------------------------|
| | As at 31st March 2018 | As at 31st March 2017 | As at 1st April 2016 | As at 31st March 2018 | As at 31st March 2017 | As at 1st April 2016 |
| | INR in Lacs | INR in Lacs | INR in Lacs | INR in Lacs | INR in Lacs | INR in Lacs |
| Provision for employee benefits | 1,130.20 | 999.49 | 768.50 | 409.74 | 331.74 | 264.65 |
| Provision for warranties | - | - | - | 43.65 | 25.87 | 20.97 |
| | 1,130.20 | 999.49 | 768.50 | 453.39 | 357.61 | 285.62 |

Provision for warranties

A provision is recognised for expected warranty claims on Consumer Product Division's products sold during last one year, based on past experience of the level of repairs and returns.

| | Year ended 31st March 2018 INR in Lacs | Year ended 31st March 2017 INR in Lacs |
|------------------------------|--|--|
| At the beginning of the year | 25.87 | 20.97 |
| Arising during the year | 43.65 | 25.87 |
| Utilised during the year | 25.87 | 20.97 |
| Unused amounts reversed | - | - |
| At the end of the year | 43.65 | 25.87 |

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31st March 2018 (contd...)**23. Other non-current liabilities**

| | As at | | As at | | As at | |
|--------|-----------------|--------------|-----------------|--------------|----------------|--------------|
| | 31st March 2018 | | 31st March 2017 | | 1st April 2016 | |
| | INR in Lacs | INR in Lacs | INR in Lacs | INR in Lacs | INR in Lacs | INR in Lacs |
| Others | | 57.88 | | 57.88 | | 75.63 |
| | | 57.88 | | 57.88 | | 75.63 |

24. Tax liabilities

| | Non-current | | | Current | | |
|--------------------------------|-----------------------------|-----------------------------|----------------------------|-----------------------------|-----------------------------|----------------------------|
| | As at 31st March 2018 | As at 31st March 2017 | As at 1st April 2016 | As at 31st March 2018 | As at 31st March 2017 | As at 1st April 2016 |
| | INR in Lacs | INR in Lacs | INR in Lacs | INR in Lacs | INR in Lacs | INR in Lacs |
| Provision for income tax (Net) | 174.20 | 174.20 | 515.93 | 1,194.87 | 1,657.01 | 1,277.56 |
| | 174.20 | 174.20 | 515.93 | 1,194.87 | 1,657.01 | 1,277.56 |

25. Borrowings - current

| | As at 31st March 2018 | | As at 31st March 2017 | | As at 1st April 2016 | |
|--|--------------------------|------------------|--------------------------|-----------------|-------------------------|-----------------|
| | INR in Lacs | INR in Lacs | INR in Lacs | INR in Lacs | INR in Lacs | INR in Lacs |
| Working capital loan from banks (Secured) [Refer notes (a) to (f) below] | | 7,292.79 | | 5,525.97 | | 3,279.56 |
| Working capital loan from a bank (Unsecured) [Refer note (g) below] | | 2,500.00 | | - | | 2,113.00 |
| MSME finance Scheme (Unsecured) [Refer note (h)] | | 810.82 | | 759.84 | | 663.01 |
| Inter-corporate deposits (Unsecured) [Refer note (i) below] | | 650.00 | | 550.00 | | 280.00 |
| | | 11,253.61 | | 6,835.81 | | 6,335.57 |
| The above amount includes | | | | | | |
| Secured borrowings | | 7,292.79 | | 5,525.97 | | 3,279.56 |
| Unsecured borrowings | | 3,960.82 | | 1,309.84 | | 3,056.01 |
| | | 11,253.61 | | 6,835.81 | | 6,335.57 |

Notes:

- (a) Includes working capital loan of INR 7,435.56 Lacs (31st March 2017: INR 3,424.93 Lacs, 1st April 2016: INR 1,627.39 Lacs) is secured by joint hypothecation of book debts and stocks and collateral security by way of pari passu first charge on all fixed assets situated at Hosur and Patancheru, pari passu second charge on fixed assets situated at Mumbai (Office Premises), Vashi, Goa and pari passu second charge on moveable and immovable properties situated at Ankleshwar. Further, collateral security for a bank is also by way of escrow account of a project. The working capital loan is repayable on demand and carries interest @ 11.00% to 12.65% p.a.
- (b) Includes working capital loan of INR 0.04 Lacs (31st March 2017: INR 63.85 Lacs, 1st April 2016: INR 66.28 Lacs) from a bank secured against fixed deposits and corporate guarantees and carries interest of 2% p.a..
- (c) Includes working capital loan of INR 97.62 Lacs (31st March 2017: INR 108.24 Lacs (1st April 2016 INR 111.03 Lacs) from a bank secured against hypothecation of book debts and stocks and also secured by corporate guarantees and carries interest of 13.50% p.a. The working capital loan is repayable on demand.
- (d) Includes working capital loan of INR Nil, (31st March 2017: INR Nil, 1st April 2016: INR 1.05 Lacs) from a bank secured by way of charges on all stock, trade receivables and corporate guarantee. Working capital loan was repayable on demand and carries interest of 14.00% p.a.
- (e) Includes working capital loan of INR 1,807.45 Lacs (31st March 2017: INR 1,752.54 Lacs, 1st April 2016 INR 1,199.50 Lacs) from a bank secured against hypothecation of stock and book debts and supplementary mortgage of factory land and building at village Nichole, Taluka Wada, District Thane, and hypothecation of plant and machinery present and future, and personal guarantee of directors and corporate guarantee. The cash credit is repayable on demand and carries interest @ 12.50% p.a.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31st March 2018 (contd...)

25. Borrowings - current (contd..)

- (f) Includes working capital loan of INR 134.20 Lacs (31st March 2017: INR 176.40 Lacs, 1st April 2016 INR 274.31 Lacs) from a bank secured by hypothecation of book debts and stocks and corporate guarantee. The Working Capital Loan is repayable on demand and carries interest @ 12.25% p.a.
- (g) The working capital loan was unsecured, repayable within 180 days from 23.03.2016 and carries interest @ 11.50% p.a.
- (h) MSME Receivable finance Scheme with financial institution is MSME vendor bills discounting facility with a financial institution and carries interest @ 11.25% p.a
- (i) Inter corporate deposit are for a period from 90 to 365 days and carried interest @ 9.50% to 12.75%. p.a.

26. Trade payables

| | As at 31st March 2018 INR in Lacs | As at 31st March 2017 INR in Lacs | As at 1st April 2016 INR in Lacs |
|--|---|---|--|
| Trade payables (including acceptances) | | | |
| - Due to micro and small enterprises (Refer note 56) | 147.36 | 218.49 | 225.78 |
| - Due to others | 36,241.51 | 38,906.50 | 32,536.91 |
| | 36,388.87 | 39,124.99 | 32,762.69 |

27. Other financial liabilities

| | As at 31st March 2018 INR in Lacs | As at 31st March 2017 INR in Lacs | As at 1st April 2016 INR in Lacs |
|--|---|---|--|
| Current maturities of long term borrowings (Refer note 20) | 1,882.25 | 1,275.35 | 976.95 |
| Interest accrued but not due | 43.59 | 36.85 | 38.31 |
| Employee benefits payable | 1,623.52 | 1,402.99 | 1,269.83 |
| Creditors for capital goods | 545.95 | 366.24 | 175.10 |
| Investor Education and Protection Fund will be credited by following amounts (as and when due) | | | |
| - Unpaid dividend | 41.46 | 35.55 | 31.19 |
| - Unclaimed interest on fixed deposit | 2.19 | 2.70 | 3.32 |
| - Unclaimed matured deposit | 8.30 | 10.55 | 14.72 |
| Liability on account for equity accounted investments (Refer Note 59) | 40.66 | 84.42 | 20.36 |
| | 4,187.92 | 3,214.65 | 2,529.78 |

28. Other current liabilities

| | As at 31st March 2018 INR in Lacs | As at 31st March 2017 INR in Lacs | As at 1st April 2016 INR in Lacs |
|----------------------------------|---|---|--|
| Advance from customers | 25,403.30 | 22,127.73 | 4,305.40 |
| Unearned revenue on AMC services | 321.48 | 334.12 | 308.45 |
| Statutory dues | 996.45 | 695.62 | 532.86 |
| Others liabilities | 188.11 | 145.70 | 86.55 |
| Deposits | 49.05 | 48.85 | 50.88 |
| | 26,958.39 | 23,352.02 | 5,284.14 |

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31st March 2018 (contd...)**29. Revenue from operations**

| | Year ended 31st March 2018 INR in Lacs | Year ended 31st March 2017 INR in Lacs |
|---------------------------------|--|--|
| Sale of products | | |
| Finished goods | 86,487.14 | 87,823.25 |
| Traded goods | 6,210.05 | 5,985.63 |
| Sale of services | 12,047.91 | 10,184.84 |
| Others operating revenue | | |
| Scrap sale | 215.17 | 206.97 |
| Management fees | 66.35 | 72.10 |
| Other operating income | 459.34 | 448.59 |
| | 105,485.96 | 104,721.38 |

30. Other income

| | Year ended 31st March 2018 INR in Lacs | Year ended 31st March 2017 INR in Lacs |
|--|--|--|
| Interest income at amortised cost | | |
| - From banks | 974.19 | 150.12 |
| - From joint venture | 165.75 | 160.94 |
| - From others | 382.47 | 570.26 |
| Rent | 119.81 | 118.32 |
| Dividend income on | | |
| - Current investments | 0.13 | 0.09 |
| - Long-term investments | 1.82 | 0.75 |
| Amount set aside for liabilities, no longer required, written back | 245.08 | - |
| Exchange gain (Net) | 79.37 | - |
| Profit on fixed assets sold/discharged (Net) | 0.16 | - |
| Other non operating Income | 132.62 | 209.15 |
| Change in fair value of investments | | |
| - Investments classified at FVTPL | 7.82 | 11.26 |
| | 2,109.22 | 1,220.89 |

31. Cost of raw material and components consumed

| | Year ended 31st March 2018 INR in Lacs | Year ended 31st March 2017 INR in Lacs |
|--|--|--|
| Inventory at the beginning of the year | 3,627.42 | 3,033.42 |
| Add: Purchases* | 60,478.53 | 65,262.97 |
| Less: Inventory at the end of the year | 3,043.47 | 3,627.42 |
| Cost of raw material and components consumed | 61,062.48 | 64,668.97 |

* Includes direct expenses incurred on contracts.

NOTE TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31st March 2018 (contd...)

32. Details of purchase of traded goods

| | Year ended 31st March 2018 INR in Lacs | Year ended 31st March 2017 INR in Lacs |
|-------------------|--|--|
| Consumer products | 3,112.27 | 2,855.58 |
| Spares | 191.04 | 261.54 |
| Others | 882.64 | 772.60 |
| | 4,185.95 | 3,889.72 |

33. Change in inventories of finished goods, work-in-progress and traded goods

| | Year ended 31st March 2018 INR in Lacs | Year ended 31st March 2017 INR in Lacs |
|---|--|--|
| Inventories at the end of the year | | |
| Traded goods | 654.91 | 580.95 |
| Work-in-progress | 983.16 | 1,435.16 |
| Finished goods | 4,310.61 | 4,638.10 |
| Contract work-in-progress | 468.48 | 2,073.61 |
| | (A) 6,417.16 | 8,727.82 |
| Inventories at the beginning of the year | | |
| Traded goods | 580.95 | 507.80 |
| Work-in-progress | 1,435.16 | 975.47 |
| Finished goods | 4,638.10 | 4,013.24 |
| Contract work-in-progress | 2,073.61 | 385.60 |
| | (B) 8,727.82 | 5,882.11 |
| | (B-A) 2,310.66 | (2,845.71) |

34. Employee benefits expense

| | Year ended 31st March 2018 INR in Lacs | Year ended 31st March 2017 INR in Lacs |
|---|--|--|
| Salaries, wages and bonus | 12,223.45 | 11,005.45 |
| Contribution to provident and other funds (Refer note 41) | 756.39 | 737.25 |
| Employee compensation expense | - | (113.05) |
| Staff welfare expense | 717.44 | 546.75 |
| | 13,697.28 | 12,176.40 |

35. Finance costs

| | Year ended 31st March 2018 INR in Lacs | Year ended 31st March 2017 INR in Lacs |
|---|--|--|
| Interest expense financial liabilities measured at amortised cost | 1,607.18 | 1,481.40 |
| Other borrowing costs | 261.26 | 145.83 |
| | 1,868.44 | 1,627.23 |

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31st March 2018 (contd...)**36. Depreciation and amortisation expense**

| | Year ended 31st March 2018 INR in Lacs | Year ended 31st March 2017 INR in Lacs |
|--|--|--|
| Depreciation of property, plant and equipment (Refer note 4) | 1,262.32 | 1,137.54 |
| Amortization of intangible assets (Refer note 5) | 45.87 | 45.27 |
| | 1,308.19 | 1,182.81 |

37. Other expenses

| | Year ended 31st March 2018 INR in Lacs | Year ended 31st March 2017 INR in Lacs |
|--|--|--|
| Stores and spare parts consumed | 63.76 | 64.66 |
| Power and fuel | 1,336.68 | 1,334.61 |
| Repairs and Maintenance - Buildings | 53.71 | 145.19 |
| - Plant and machinery | 362.93 | 339.69 |
| - Others | 279.92 | 259.53 |
| Rent (Net of recoveries) | 666.13 | 619.08 |
| Rates and taxes | 402.67 | 473.60 |
| Insurance (Net of recoveries) | 117.57 | 93.01 |
| Travelling and conveyance | 2,963.95 | 2,870.13 |
| Excise Duty (Net of recoveries) | 904.74 | 3,829.97 |
| Freight (Net of recoveries) | 2,149.61 | 2,030.06 |
| Packing (Net of recoveries) | 1,598.97 | 1,612.60 |
| Advertisement and publicity | 751.78 | 668.47 |
| Commission | 215.21 | 218.57 |
| Legal and professional charges | 1,047.12 | 1,012.48 |
| Telephone and telex | 237.86 | 255.40 |
| Bad debts written off | 94.58 | 190.68 |
| Provision for doubtful debts | 175.21 | - |
| Auditors' remuneration (Refer note 37.1) | 41.15 | 40.24 |
| Directors' fees | 41.55 | 45.50 |
| Directors' commission | 62.00 | 77.00 |
| Bank charges | 305.21 | 260.60 |
| Exchange loss (Net) | - | 619.21 |
| Loss on fixed assets sold/discharged (Net) | - | 0.28 |
| Backcharges on contracts | 15.26 | 216.40 |
| Establishment and other miscellaneous expenses | 2,642.14 | 2,595.59 |
| | 16,529.71 | 19,872.55 |

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31st March 2018 (contd...)
37.1 Auditors' remuneration (excluding taxes)

| | Year ended 31st March 2018 INR in Lacs | Year ended 31st March 2017 INR in Lacs |
|---------------------------------------|--|--|
| As auditor: | | |
| - Audit fees | 17.75 | 17.75 |
| - Tax audit fees | 3.00 | 3.00 |
| - Limited review | 5.25 | 5.25 |
| In other capacity: | | |
| - Other services (Certification fees) | 8.50 | 9.05 |
| Reimbursement of expenses | 2.77 | 1.99 |
| Branch auditor | | |
| - Audit fees | 2.50 | 2.50 |
| - Other services (Certification fees) | 1.00 | - |
| - Reimbursement of expenses | 0.38 | 0.70 |
| | 41.15 | 40.24 |

38. Tax expense

| | Year ended 31st March 2018 INR in Lacs | Year ended 31st March 2017 INR in Lacs |
|--------------|--|--|
| Current tax | 2,273.30 | 2,537.36 |
| Deferred tax | 362.77 | (55.90) |
| | 2,636.07 | 2,481.46 |

Reconciliation of Tax Expense

| | | |
|--|--------------|-----------------|
| Profit before tax | 6,632.47 | 5,370.30 |
| Applicable tax rate | 34.608% | 34.608% |
| Computed tax expense | (A) | 2,295.37 |
| Adjustments for: | | |
| Non-deductible tax expenses | 2.50 | 40.67 |
| Tax-exempt income | (3.60) | (22.71) |
| Corporate social responsibility expenditure | 34.12 | 25.68 |
| Incremental deduction allowed for research and development costs | (128.37) | (243.85) |
| Deduction under house property | (10.57) | (11.44) |
| Subsidiaries chargeable at different rates | (54.79) | (39.05) |
| Deferred tax not recognised on losses | 431.36 | 686.61 |
| Others | 70.05 | 187.00 |
| Net adjustments | (B) | 340.70 |
| Tax expense | (A+B) | 2,636.07 |
| | | 2,481.46 |

39. Other comprehensive income

| | Year ended 31st March 2018 INR in Lacs | Year ended 31st March 2017 INR in Lacs |
|--|--|--|
| Items that will not be reclassified to profit or loss | | |
| (a) Remeasurement benefit of defined benefit plans | (31.56) | 52.79 |
| (b) Income tax expense on remeasurement benefit of defined benefit plans | 9.34 | (18.27) |
| Items that will be reclassified to profit or loss | | |
| (a) Movement in foreign currency translation reserve | (111.25) | (26.90) |
| | (133.47) | 7.62 |

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31st March 2018 (contd...)**40. Earnings per share (EPS)**

| Particulars | | 31st March 2018 | 31st March 2017 |
|-------------|--|-----------------|-----------------|
| I | Profit computation for both basic and diluted earnings per share of INR 10 each | | |
| | Net profit as per the statement of profit and loss available for equity shareholders (INR in Lacs) | 3,985.83 | 2,884.21 |
| II | Weighted average number of equity shares for earnings per share computation (equity shares are after elimination of shares held by subsidiaries) | | |
| A) | For basic earnings per share | | |
| | No. of shares | 14,228,785 | 14,212,885 |
| | Less: Treasury shares held by IEI Shareholding (Staff Welfare) Trusts | 2,662,914 | 2,662,914 |
| | No. of shares for basic earnings per share | 11,565,871 | 11,549,971 |
| B) | For diluted earnings per share | | |
| | No. of shares for basic EPS | 11,565,871 | 11,549,971 |
| | Add: Weighted average outstanding employee stock options deemed to be issued for no consideration | - | - |
| | No. of shares for diluted earnings per share | 11,565,871 | 11,549,971 |
| III | Earnings per share in Rupees (Weighted average) | | |
| | Basic (INR) | 34.46 | 24.97 |
| | Diluted (INR) | 34.46 | 24.97 |

41. Employee benefits

- A. The group has a defined benefit gratuity plan. Every employee who has completed five years or more of service gets a gratuity on departure at 15 days salary (last drawn basic salary) for each completed year of service. The scheme is funded to a separate trust duly recognized by Income tax authorities.

The following table summarises the components of net benefit expense recognized in the statement of profit and loss and the funded status and amounts recognized in the balance sheet for the gratuity plan.

INR in Lacs

| Particulars | | 2017-18 | 2016-17 |
|-------------|---|----------|----------|
| I | Change in defined benefit obligation | | |
| | Defined benefit obligation, Beginning of period | 1,569.91 | 1,269.29 |
| | Interest cost | 122.28 | 216.87 |
| | Service cost | 107.19 | 85.86 |
| | Liability transferred in / acquisitions | 2.06 | - |
| | Actual plan participants' contributions | - | - |
| | Total actuarial (gains)/losses | 58.15 | 53.81 |
| a. | Effect of change in financial assumptions | (26.56) | 40.65 |
| b. | Effect of change in demographic assumptions | - | 1.04 |
| c. | Experience (gains) / losses | 84.71 | 12.13 |
| | Changes in foreign currency exchange rates | - | - |
| | Acquisition / Business combination/divestiture | - | - |
| | Benefits paid | (87.56) | (55.92) |
| | Past service cost | 5.49 | - |
| | Losses / (gains) on curtailments / settlements | - | - |
| | Defined benefit obligation, end of period | 1,777.51 | 1,569.91 |

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31st March 2018 (contd...)

41. Employee benefits (contd..)

INR in Lacs

| Particulars | | 2017-18 | 2016-17 |
|---|---|----------|----------|
| II | Change in the fair value of plan assets | | |
| Fair value of plan assets at the beginning of the period | | 1,445.25 | 1,286.69 |
| Interest income | | 100.72 | 100.85 |
| Contributions by the employer | | 122.49 | 111.93 |
| Expected contributions by the employees | | - | - |
| Assets transferred in / acquisitions | | 2.06 | - |
| (Assets transferred out / divestments) | | - | - |
| (Benefit paid from the fund) | | (72.58) | (55.45) |
| (Assets distributed on settlements) | | - | - |
| Effects of asset ceiling | | - | - |
| The effect of changes in foreign exchange rates | | - | - |
| Return on plan assets, excluding interest income | | 26.87 | 1.23 |
| Fair value of plan assets at the end of the period | | 1,624.81 | 1,445.25 |
| III | Expenses recognized in the statement of profit or loss for current period | | |
| Current service cost | | 122.62 | 202.68 |
| Net interest cost | | 6.13 | (0.80) |
| Past service cost | | 5.49 | - |
| (Expected contributions by the employees) | | - | - |
| (Gains) / Losses on curtailments and settlements | | - | - |
| Net effect of changes in foreign exchange rates | | - | - |
| Expenses recognized | | 134.24 | 201.88 |
| IV | Expenses recognized in the other comprehensive income (OCI) for current period | | |
| Actuarial (gains) / losses on obligation for the period | | 58.43 | 54.02 |
| Return on plan assets, excluding interest income | | (26.87) | (1.23) |
| Change in asset ceiling | | - | - |
| Net (income) / expense for the period recognized in OCI | | 31.56 | 52.79 |
| V | Maturity analysis of the benefit payments | | |
| Projected benefits payable in future years from the date of reporting | | | |
| 1st following year | | 463.99 | 363.80 |
| 2nd following year | | 254.14 | 250.01 |
| 3rd following year | | 239.91 | 228.46 |
| 4th following year | | 195.20 | 187.50 |
| 5th following year | | 381.60 | 139.58 |
| Sum of years 6 to 10 | | 460.89 | 588.95 |
| Sum of years 11 and above | | 201.15 | 188.59 |

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31st March 2018 (contd...)**41. Employee benefits (contd...)**

INR in Lacs

| Particulars | | 2017-18 | 2016-17 |
|-------------|---|----------|----------|
| VI | Sensitivity analysis | | |
| | Projected benefit obligation on current assumptions | 1,777.51 | 1,569.91 |
| | Delta effect of +0.5% change in rate of discounting | (32.96) | (33.91) |
| | Delta effect of -0.5% change in rate of discounting | 34.41 | 35.71 |
| | Delta effect of +0.5% change in rate of salary increase | 33.48 | 35.52 |
| | Delta effect of -0.5% change in rate of salary increase | (32.18) | (12.99) |
| | Delta effect of +0.5% change in rate of employee turnover | (1.16) | (1.55) |
| | Delta effect of -0.5% change in rate of employee turnover | 1.18 | 1.59 |

The group expects to contribute INR 82.06 Lacs (2017-18, INR 100.38 Lacs) to gratuity in 2018-19.

The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:

| Sr. No. | Categories of Assets | % of holding(Gratuity) | |
|---------|------------------------------------|------------------------|---------|
| | | 2017-18 | 2016-17 |
| 1 | Central and state government bonds | 2% | 5% |
| 2 | Public sector undertaking | - | - |
| 3 | Insurance policy | 98% | 95% |
| 4 | Special deposit scheme 1975 | - | - |
| 5 | Other assets | - | - |

The expected rate of return on assets is determined based on the market prices prevailing on that date, applicable to the period over which the obligation is to be settled.

B. Provident fund

The group's provident fund schemes which are administered through Government of India are defined contribution plan. The group's contribution paid / payable under the scheme is recognized as expense in the statement of profit and loss during the year in which the employee renders the related services. There are no other obligations other than the contribution payable to the respective fund.

The group's provident fund scheme which is managed by trust set up by the group, the contribution to the Provident Fund is remitted to a separate trust established for this purpose based on a fixed percentage of the eligible employees' salary and charged to statement of profit and loss. Shortfall, if any, in the fund assets, based on the government specified minimum rate of return, will be made good by the group and charged to statement of profit and loss. The actual return earned by the fund has mostly been higher than the Government specified minimum rate of return in the past years. There is no shortfall in the fund as on 31st March 2018, 31st March 2017 and 1st April 2016.

The details of fund obligations are given below:

INR in Lacs

| Particulars | As at 31st March 2018 | As at 31st March 2017 | As at 1st April 2016 |
|---|--------------------------|--------------------------|-------------------------|
| Present value of benefit obligation at period end | 4,534.89 | 3,912.32 | 3,423.36 |

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31st March 2018 (contd...)

42. Employee stock option scheme (ESOS)

ESOS 2001

The employee stock compensation committee in its meeting held on 5th June 2007, granted 3,00,000 options to directors and other employees at a price of INR 94.00 per share, which constituted a discount of approximately 25% to the price as calculated on the basis of average of weekly closing price on the stock exchange, Mumbai for 13 weeks prior to the date of the grant. As in the case of first and second grant, 25% of these options shall vest and become exercisable in June every year. Pursuant to this, fourth 25% of the options vested in June 2012. The vested options were exercisable up to 5th June 2016.

ESOS 2003

The employee stock compensation committee in its meeting held on 5th June 2007, granted 3,50,000 options to directors and other employees at a price of INR 94.00 per share, which constituted a discount of approximately 25% to the price as calculated on the basis of average of weekly closing price on the stock exchange, Mumbai for 13 weeks prior to the date of the grant. As in the case of first grant, 25% of these options shall vest and become exercisable in June every year. Pursuant to this, the fourth 25% of the options vested in June 2012. The vested options were exercisable up to 5th June 2016.

The method of settlement of the above options is equity settled.

Details of options granted are as follows:

| Particulars | ESOS Schemes | | |
|---|-----------------------------|-----------------------------|-----------------|
| | 2001(3 rd Grant) | 2003(2 nd Grant) | Total |
| Options outstanding as at 31st March 2017 | - (2,08,000) | - (2,65,000) | - (4,73,000) |
| Granted during the year | - (-) | - (-) | - (-) |
| Lapsed during the year | - (1,38,500) | - (2,25,000) | - (3,63,500) |
| Exercised/ Allotted during the year | - (69,500) | - (40,000) | - (1,09,500) |
| Outstanding as at 31st March 2018 | - (-) | - (-) | - (-) |
| Exercisable as at 31st March 2018 | - - | - - | - - |

Figures in bracket denote previous year figures.

As at 31st March 2018, the group has received commitment deposit of INR Nil (2016-2017: Nil) from its directors and employees under ESOS 2001 and ESOS 2003.

Nil (2016-2017: 109,500) shares were exercised during the year. Weighted average share price at exercise date for the F.Y.2016-2017 was INR 345.47

The ESOS schemes were exercisable up to 5th June 2016. There are no outstanding ESOS exercisable shares as on 31st March 2018, hence there is no dilutive potential on earning per share.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31st March 2018 (contd...)**43. Financial instruments**

Financial instruments – Fair values and risk management

A. Accounting classification and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels. It does not include the fair value information for current financial assets and current financial liabilities not measured at fair value if their carrying amount is a reasonable approximation of fair value

| | INR in Lacs | | | | | | | | |
|--|-----------------------|------------------------|-----------------------|------------------------|------------------------|----------|-----------------|------------|--|
| | As at 31st March 2018 | | As at 31st March 2017 | | As at 1st April 2016 | | Carrying amount | Fair value | |
| | Carrying amount | Fair value | Carrying amount | Fair value | Level of input used in | Level 1 | Level 2 | | |
| | | Level of input used in | | Level of input used in | | | | | |
| | Level 1 | Level 2 | Level 1 | Level 2 | Level 1 | Level 2 | Level 1 | Level 2 | |
| Financial assets - Non-current | | | | | | | | | |
| At amortised cost | | | | | | | | | |
| Trade receivables | 1,378.67 | - | 1,378.67 | 1,753.71 | - | 1,753.71 | 2,181.45 | - | |
| Loans | 993.43 | - | 993.43 | 640.86 | - | 640.86 | 550.37 | - | |
| Others | 753.65 | - | 753.65 | 803.52 | - | 803.52 | 844.02 | - | |
| At FVTPL | | | | | | | | | |
| Investments * | 70.08 | - | 70.08 | 45.08 | - | 45.08 | 45.08 | - | |
| Financial assets - Current ** | | | | | | | | | |
| At amortised cost | | | | | | | | | |
| Trade receivables | 43,709.72 | | | 41,616.80 | | | 33,676.60 | | |
| Cash and cash equivalents | 6724.76 | | | 11,710.01 | | | 1,943.90 | | |
| Bank balances other than above | 19,592.72 | | | 5,057.75 | | | 1,464.33 | | |
| Loans | 1,688.24 | | | 1,793.18 | | | 1,187.58 | | |
| Others | 875.72 | | | 193.74 | | | 340.04 | | |
| At FVTPL | | | | | | | | | |
| Investments | 39.82 | 39.82 | - | 32.00 | 32.00 | - | 20.74 | 20.74 | |
| Financial liabilities - Non-current | | | | | | | | | |
| At amortised cost | | | | | | | | | |
| Borrowings | 3,339.87 | - | 3,339.87 | 2,968.63 | - | 2,968.63 | 2,277.84 | - | |
| Other financial liabilities | 885.96 | - | 885.96 | 857.31 | - | 857.31 | 817.44 | - | |
| Financial liabilities - Current ** | | | | | | | | | |
| Borrowings | 11,253.61 | | | 6,835.81 | | | 6,335.57 | | |
| Trade payables | 36,388.87 | | | 39,124.99 | | | 32,762.69 | | |
| Other financial liabilities | 4,187.92 | | | 3,214.66 | | | 2,529.78 | | |

* Excludes investments measured at cost

** The group has not disclosed the fair value of current financial instruments such as trade receivables, cash and cash equivalent, bank balances - others, loans, others, borrowings, trade payables and other financial liabilities because their carrying amounts are a reasonable approximation of fair value

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31st March 2018 (contd...)

43. Financial instruments (contd...)

B. Measurement of fair values

Valuation techniques and significant unobservable inputs

The following tables show the valuation techniques used in measuring Level 2 and Level 3 fair values, as well as the significant unobservable inputs used.

Financial instruments measured at fair value

| Type | Valuation technique |
|---|--|
| Forward contracts for foreign exchange contracts | Forward pricing : The fair value is determined using quoted forward exchange rates at the reporting date and present value calculations based on high credit quality yield curves in the respective currencies |
| Non current financial assets and liabilities measured at amortised cost | Discounted cash flow technique: The valuation model considers present value of expected payments discounted using an appropriate discounting rate. |
| Investments in unquoted preference shares | Discounted cash flow: The fair value is estimated considering net present value calculated using long term growth rate and discount rate. |
| Investments in unquoted equity shares | Discounted cash flow: Using long term growth rate. |

C. Financial risk management

The group has exposure to the following risks arising from financial instruments:

- Credit risk;
- Liquidity risk; and
- Market risk

(i) Risk management framework

The audit committee members of the company and the board of directors of the subsidiaries have overall responsibility for the establishment and oversight of the respective company's risk management framework.

The group's risk management policies are established to identify and analyses the risks faced by the group, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the group's activities. The group, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

The audit committee members of the company and the board of directors of the subsidiaries oversees how management monitors compliance with the group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the group. The board of directors is assisted in its oversight role by internal audit. Internal audit undertakes both regular and adhoc reviews of risk management controls and procedures, the major observations are periodically highlighted to the audit committee members of the company and the board of directors of the subsidiaries

(ii) Credit risk

Credit risk is the risk of financial loss to the group if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the group's receivables from customers.

Trade receivables

Credit risk is managed through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of customers to which the group grants credit terms in the normal course of business. In respect of trade receivables, the group is not exposed to any significant credit risk exposure to any single counter party or any group of counterparties having similar characteristics. Trade receivables consist of a large number of customers in various geographical areas. The group assesses the credit quality of the trade receivables based on market intelligence, customers payment history and defaults.

Cash and cash equivalents

The group held cash and cash equivalents of INR 6,724.76 Lacs as at 31st March 2018 (as at 31st March 2017: INR 11,710.01 Lacs, as at 1st April 2016: INR 1,943.90 Lacs). The cash and cash equivalents are held with banks with good credit ratings.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31st March 2018 (contd...)**43. Financial instruments (contd...)*****Other bank balances***

The group held other bank balances equivalents of INR 19,592.72 Lacs as at 31st March 2018 (as at 31st March 2017: INR 5,057.75 Lacs, as at 1st April 2016: INR 1,464.33 Lacs). The other bank balances are mainly surplus fund invested in bank fixed deposits and margin money against bank guarantees issued by bank on our behalf.

Investments

The group has invested an insignificant amount in listed securities. The group does not expect any losses.

Other financial assets

Other financial assets mainly comprise of tender deposits and security deposits which are given to customers or governmental agencies in relation to contracts executed and are assessed by the group for credit risk on a continuous basis.

(iii) Liquidity risk

Liquidity risk is the risk that the group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The group's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the group's reputation.

The group has obtained fund and non-fund based working capital limits from various banks. The group invests its surplus funds in bank fixed deposit.

Exposure to liquidity risk

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted and include estimated interest payments and exclude the impact of netting agreements.

As at 31st March 2018**INR in Lacs**

| | Carrying amount | Contractual cash flows * | | | | |
|--|------------------|--------------------------|------------------|-----------------|-----------------|-------------------|
| | | Total | Upto 1 year | 1-3 years | 3-5 years | More than 5 years |
| Non-derivative financial liabilities | | | | | | |
| (i) Borrowings ** | 5,222.12 | 6,376.81 | 2,363.13 | 2,711.20 | 1,302.48 | - |
| (ii) Other Non current financial liabilities | 885.96 | 885.96 | - | - | - | 885.96 |
| Current Financial liabilities | | | | | | |
| (i) Short term borrowings | 11,253.61 | 11,253.61 | 11,253.61 | - | - | - |
| (ii) Trade payables | 36,388.87 | 36,388.87 | 36,388.87 | - | - | - |
| (iii) Other financial liabilities | 2,305.67 | 2,305.67 | 2,305.67 | - | - | - |
| | 56,056.23 | 57,210.92 | 52,311.28 | 2,711.20 | 1,302.48 | 885.96 |

As at 31st March 2017**INR in Lacs**

| | Carrying amount | Contractual cash flows * | | | | |
|--|------------------|--------------------------|------------------|-----------------|-----------------|-------------------|
| | | Total | Upto 1 year | 1-3 years | 3-5 years | More than 5 years |
| Non-derivative financial liabilities | | | | | | |
| (i) Borrowings ** | 4,243.98 | 5,371.47 | 1,523.95 | 2,493.85 | 1,028.26 | 325.41 |
| (ii) Other Non current financial liabilities | 857.31 | 857.31 | | | | 857.31 |
| Current Financial liabilities | | | | | | |
| (i) Short term borrowings | 6,835.81 | 6,835.81 | 6,835.81 | - | - | - |
| (ii) Trade payables | 39,124.99 | 39,124.99 | 39,124.99 | - | - | - |
| (iii) Other financial liabilities | 1,939.30 | 1,939.30 | 1,939.30 | - | | - |
| | 53,001.39 | 54,128.88 | 49,424.05 | 2,493.85 | 1,028.26 | 1,182.72 |

* Contractual cash flows includes interest payout in the respective years on borrowings.

** Including current maturity of long term borrowings

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31st March 2018 (contd...)

43. Financial instruments (contd...)

As at 1st April 2016

INR in Lacs

| | Carrying amount | Contractual cash flows * | | | | |
|--|------------------|--------------------------|------------------|-----------------|---------------|-------------------|
| | | Total | Upto 1 year | 1-3 years | 3-5 years | More than 5 years |
| Non-derivative financial liabilities | | | | | | |
| (i) Borrowings ** | 3,254.79 | 3,988.89 | 1,519.19 | 1,702.92 | 469.15 | 297.63 |
| (ii) Other Non-current financial liabilities | 817.44 | 817.44 | - | - | - | 817.44 |
| Current Financial liabilities | | | | | | |
| (i) Short term borrowings | 6,335.57 | 6,335.57 | 6,335.57 | - | - | - |
| (ii) Trade payables | 32,762.69 | 32,762.69 | 32,762.69 | - | - | - |
| (iii) Other financial liabilities | 1,522.83 | 1,522.83 | 1,522.83 | - | - | - |
| | 44,693.32 | 45,427.42 | 42,140.28 | 1,702.92 | 469.15 | 1,115.07 |

* Contractual cash flows includes interest payout in the respective years on borrowings.

** Including current maturity of long term borrowings

Interest rate risk:

Interest rate risk can be either fair value interest rate risk or cash flow interest rate risk. Fair value interest rate risk is the risk of changes in fair values of fixed interest bearing investments because of fluctuations in the interest rates, in cases where the borrowings are measured at fair value through profit or loss. Cash flow interest rate risk is the risk that the future cash flows of floating interest bearing investments will fluctuate because of fluctuations in the interest rates.

Exposure to interest rate risk:

Group's interest rate risk arises primarily from borrowings. The interest rate profile of the group's interest-bearing financial instruments is as follows.

| | As at 31st March 2018 INR in Lacs | As at 31st March 2017 INR in Lacs | As at 1st April 2016 INR in Lacs |
|---|---|---|--|
| Fixed rate instruments | | | |
| Financial assets - measured at amortised cost | | | |
| Loans to related parties | 878.10 | 840.46 | 750.24 |
| Other bank balances - On deposit account | 5,203.88 | 166.90 | 148.16 |
| Other bank balances - On margin money account | 14,345.19 | 4,852.60 | 1,281.66 |
| | 20,427.17 | 5,859.96 | 2,180.06 |
| Financial liabilities - measured at amortised cost | | | |
| Long term borrowing* | 3,129.64 | 1,964.59 | 1,970.57 |
| Short term borrowings | 1,460.82 | 1,309.84 | 943.01 |
| | 4,590.46 | 3,274.43 | 2,913.58 |
| Variable rate loan | | | |
| Financial liabilities - measured at amortised cost | | | |
| Long term borrowings* | 2,092.48 | 2,279.39 | 1,284.22 |
| Short term borrowings | 9,792.79 | 5,525.97 | 5,392.56 |
| | 11,885.27 | 7,805.36 | 6,676.78 |

* Including current maturity of long term borrowings

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31st March 2018 (contd...)**43. Financial instruments (contd...)**Fair value sensitivity analysis for fixed-rate instruments:

The group does not account for any fixed-rate borrowings at fair value through profit or loss. Therefore, a change in interest rates at the reporting date would not affect profit or loss.

Cash flow sensitivity analysis for variable-rate instruments:

A reasonably possible change of 100 basis points in interest rates at the reporting date would have increased (decreased) equity and profit or loss by the amount shown below. This analysis assumes that all other variables remain constant.

| | 31st March 2018 | | 31st March 2017 | |
|-------------|-----------------|-------------|-----------------|-------------|
| | Increase | Decrease | Increase | Decrease |
| | (-) | + | (-) | + |
| | INR in Lacs | INR in Lacs | INR in Lacs | INR in Lacs |
| 1% Movement | (118.85) | 118.85 | (78.05) | 78.05 |

The risk estimates provided assume a change of 100 basis points interest rate for the interest rate benchmark as applicable to the borrowings summarised above. This calculation also assumes that the change occurs at the balance sheet date and has been calculated based on risk exposures outstanding as at that date. The period end balances are not necessarily representative of the average debt outstanding during the period.

(iv) **Market risk**

The group is exposed to market risk through its use of financial instruments and specifically to currency risk, interest rate risk and certain other price risks, which result from both its operating and investing activities.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The group's exposure to the risk of changes in market interest rates are managed by major borrowing at fixed interest rates. As at year end the group did not have substantial floating rate borrowings.

Foreign currency risk

The group is exposed to currency risk on account of its revenue generating and operating activities in foreign currency. The functional currency of the group is Indian Rupee. The exchange rate between the Indian rupee and foreign currencies has changed substantially in recent periods and may continue to fluctuate substantially in the future.

Exposure to currency risk:

The currency profile of financial assets and financial liabilities as at 31st March 2018, 31st March 2017 and 1st April 2016 are as below:

As at 31st March 2018**INR in Lacs**

| | USD | EUR | SAR | AED | Others |
|---|------------------|----------------|-----------------|---------------|---------------|
| Financial assets | | | | | |
| Loans to subsidiaries | 257.82 | - | - | - | - |
| Cash and cash equivalents | 3,572.67 | - | - | 160.01 | 40.36 |
| Trade and other receivables | 15,490.40 | 59.69 | 1,141.21 | 720.60 | 529.66 |
| | 19,320.89 | 59.69 | 1,141.21 | 880.61 | 570.02 |
| Financial liabilities | | | | | |
| Trade and other payables | 5,394.12 | 88.16 | 26.77 | 51.80 | 335.17 |
| Borrowings | 203.84 | - | - | - | - |
| | 5,597.96 | 88.16 | 26.77 | 51.80 | 335.17 |
| Net statement of financial position exposure | 13,722.93 | (28.47) | 1,114.44 | 828.81 | 234.85 |
| Forward exchange contracts | - | - | - | - | - |
| Net exposure | 13,722.93 | (28.47) | 1,114.44 | 828.81 | 234.85 |

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31st March 2018 (contd...)

43. Financial instruments (contd...)

As at 31st March 2017

INR in Lacs

| | USD | EUR | SAR | AED | Others |
|---|------------------|-------------------|---------------|---------------|--------------|
| Financial assets | | | | | |
| Loans to subsidiaries | 229.09 | - | - | - | - |
| Cash and cash equivalents | 10,020.40 | - | - | 44.78 | 26.90 |
| Trade and other receivables | 16,104.75 | 20.25 | 994.01 | 582.83 | 64.04 |
| | 26,354.24 | 20.25 | 994.01 | 627.61 | 90.94 |
| Financial liabilities | | | | | |
| Trade and other payables | 4,289.78 | 718.37 | 17.98 | 52.59 | 3.97 |
| Borrowings | 189.81 | - | - | - | - |
| | 4,479.59 | 718.37 | 17.98 | 52.59 | 3.97 |
| Net statement of financial position exposure | 21,874.65 | (698.12) | 976.03 | 575.02 | 86.97 |
| Forward exchange contracts | (349.52) | (355.37) | - | - | - |
| Net exposure | 21,525.13 | (1,053.49) | 976.03 | 575.02 | 86.97 |

As at 1st April 2016

INR in Lacs

| | USD | EUR | SAR | AED | Others |
|---|-----------------|---------------|-----------------|-----------------|---------------|
| Financial assets | | | | | |
| Loans to subsidiaries | 159.02 | - | - | - | - |
| Cash and cash equivalents | 88.19 | 4.17 | - | 187.02 | 89.13 |
| Trade and other receivables | 7,340.20 | 15.26 | 1,182.23 | 1,117.12 | 590.71 |
| | 7,587.41 | 19.43 | 1,182.23 | 1,304.14 | 679.84 |
| Financial liabilities | | | | | |
| Trade and other payables | 3,793.81 | 24.02 | 18.39 | 52.80 | 12.45 |
| Borrowings | 188.28 | - | - | - | - |
| | 3,982.09 | 24.02 | 18.39 | 52.80 | 12.45 |
| Net statement of financial position exposure | 3,605.32 | (4.59) | 1,163.84 | 1,251.34 | 667.39 |
| Forward exchange contracts | (474.67) | - | - | - | - |
| Net exposure | 3,130.65 | (4.59) | 1,163.84 | 1,251.34 | 667.39 |

Sensitivity analysis:

A reasonably possible strengthening (weakening) of the Indian Rupee against foreign currency at 31st March would have affected the measurement of financial instruments denominated in US dollars and affected equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases.

INR in Lacs

| | Profit or loss | | | |
|--------------------|-----------------|-----------------|-----------------|-----------------|
| | 31st March 2018 | | 31st March 2017 | |
| | Strengthening | Weakening | Strengthening | Weakening |
| 1% movement | | | | |
| USD | 137.23 | (137.23) | 215.25 | (215.25) |
| EUR | (0.28) | 0.28 | (10.54) | 10.54 |
| SAR | 11.14 | (11.14) | 9.76 | (9.76) |
| AED | 8.29 | (8.29) | 5.75 | (5.75) |
| Others | 2.35 | (2.35) | 0.87 | (0.87) |
| | 158.73 | (158.73) | 221.09 | (221.09) |

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31st March 2018 (contd...)

44. First Time Adoption of Ind AS

For the purposes of reporting as set out in note 3.1, the group has transitioned our basis of accounting from Indian generally accepted accounting principles ("previous GAAP") to Ind AS. The accounting policies set out in note 3.7 have been applied in preparing the consolidated financial statements for the year ended 31st March 2018, the comparative information presented in these financial statements for the year ended 31st March 2017 and in the preparation of an opening Ind AS balance sheet at 1st April 2016 (the "transition date").

In preparing opening Ind AS balance sheet, the group has adjusted amounts reported in consolidated financial statements prepared in accordance with previous GAAP. An explanation of how the transition from previous GAAP to Ind AS has affected the financial performance, cash flows and financial position is set out in the following tables and the notes that accompany the tables. On transition, the group did not revise estimates previously made under previous GAAP except where required by Ind AS.

Explanation of transition to Ind AS

In preparing the consolidated financial statement, the group has applied the below mentioned optional exemptions and mandatory exceptions.

Property, plant and equipment and intangible assets exemption:

The group has elected to use the exemption available under Ind AS 101 to continue the carrying value for all of its property, plant and equipment, and intangible assets as recognised in the consolidated financial statements as at the date of transition to Ind AS, measured as per the previous GAAP and use that as its deemed cost as at the date of transition (1st April 2016).

Investment in equity shares other than Subsidiaries, Joint Ventures and Associates

The group has designated its investment in equity shares other than subsidiaries, joint ventures and associates held as at 1st April 2016 as fair value through profit or loss based on facts and circumstances at the date of transition to Ind AS.

Investment in Associates

The group has elected to use the exemption to measure all investments in associates as recognised in the consolidated financial statements as at the date of transition to Ind AS, measured as per the previous GAAP and use that as its deemed cost as at the date of transition (1st April 2016).

Non-controlling interest

Ind AS requires entities to attribute the profit or Loss and each component of other comprehensive income to the owners of the parent and to the non-controlling interests. This requirement needs to be followed even if this results in the non-controlling interest having a deficit balance. Ind AS requires the above requirement to be followed prospectively from the date of transition. Consequently, the group has applied the above requirement prospectively.

Business combination

Under Ind AS, for business combinations after the date of transition, the assets and liabilities are recognised at their respective fair values on the date of acquisition. The Company, however, has chosen to grandfather past business combinations entered into prior to the date of transition.

Derecognition of financial assets and financial liabilities

The group has elected to use the exemption for derecognition of financial assets and liabilities prospectively i.e. after 1st April 2016.

Classification and measurement of financial assets

Ind AS 101 requires an entity to assess classification of financial assets on the basis of facts and circumstances existing as on the date of transition. Further, the standard permits measurement of financial assets accounted at amortised cost based on facts and circumstances existing at the date of transition if retrospective application is impracticable.

Accordingly, the group has determined the classification of financial assets based on facts and circumstances that exist on the date of transition. Measurement of financial assets accounted at amortised cost has been done retrospectively except where the same is impracticable.

Leases

Appendix C to Ind AS 17 requires an entity to assess whether a contract or arrangement contains a lease. In accordance with Ind AS 17, this assessment should be carried out at the inception of the contract or arrangement. Ind AS 101 provides an option to make this assessment on the basis of facts and circumstances existing at the date of transition to Ind AS, except where the effect is expected to be not material.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31st March 2018 (contd...)

44. First Time Adoption of Ind AS (contd...)

Reconciliation of Comprehensive income for the year ended on 31 March 2017

| Particulars | Footnote reference | As on 31 March 2017 |
|--|--------------------|--------------------------------------|
| | | INR in Lacs (Net of deferred tax) |
| Profit under previous GAAP | | 2,923.23 |
| Summary of Ind AS adjustments | | |
| Timing of revenue recognition | (f) | (160.81) |
| Arrangement fees amortised on EIR basis | (d) | (0.72) |
| Current Investments measured at fair value | (a) | 11.26 |
| Discounting of retention money | (g) | 188.12 |
| Service concession arrangement | (i) | (78.57) |
| Re-measurement cost of net defined benefit liability | (b) | (34.52) |
| Consolidation of IEI Shareholding (Staff Welfare) Trusts | (h) | (30.85) |
| Others | (k) | 60.78 |
| Deferred tax asset on indexation benefit of land | (e) | 6.29 |
| Total Ind AS adjustments | | (39.02) |
| Comprehensive income under Ind AS | | 2,884.21 |

Reconciliation of equity as at 31st March 2017 and 1st April 2016

| Particulars | Footnote reference | As on 1 April 2016 (Net of deferred tax) INR in Lacs | As on 31 March 2017 (Net of deferred tax) INR in Lacs |
|--|--------------------|--|---|
| Net worth under previous GAAP | | 17,013.46 | 19,791.88 |
| Summary of Ind AS adjustments | | | |
| Timing of revenue recognition | (f) | (645.73) | (806.54) |
| Arrangement fees amortised on EIR basis | (d) | 5.44 | 4.72 |
| Current Investments measured at fair value | (a) | 15.82 | 27.08 |
| De-recognition of proposed dividend and tax thereon | (c) | 479.81 | - |
| Discounting of retention money | (g) | (979.97) | (791.85) |
| Consolidation of IEI Shareholding (Staff Welfare Trusts) | (h) | (2,027.49) | (1,978.49) |
| Service concession arrangement | (i) | (314.85) | (390.30) |
| Non-controlling interest | (j) | - | 245.66 |
| Others | (k) | 397.06 | 457.87 |
| Deferred tax asset on indexation benefit of land | (e) | 107.45 | 113.74 |
| Total Ind AS adjustments | | (2,962.46) | (3,118.11) |
| Net worth under Ind AS | | 14,051.00 | 16,673.77 |

There were no material differences between the Statement of Cash Flows presented under Ind AS and the Previous GAAP

Notes to reconciliations

(a) FVTPL financial assets:

Under Indian GAAP, the group accounted for investments in unquoted and quoted equity shares as investment measured at cost less provision for other than temporary diminution in the value of investments. Under Ind-AS, the group has designated such investments as FVTPL investments. Ind-AS requires FVTPL investments to be measured at fair value. At the date of transition to Ind AS, difference between the fair value of the instruments and its Previous GAAP carrying amount has been recognised in retained earnings.

(b) Employee benefits:

Both under Indian GAAP and Ind-AS, the group recognised costs related to its post-employment defined benefit plan on an actuarial basis. Under Indian GAAP, the entire cost, including actuarial gains and losses, are charged to profit or loss. Under Ind-AS, re-measurements comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets excluding amounts included in net interest on the net defined benefit liability are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31st March 2018 (contd...)**44. First Time Adoption of Ind AS (contd...)**(c) Proposed dividend:

Under Indian GAAP, proposed dividends are recognised as a liability in the period to which they relate, irrespective of when they are declared. Under Ind-AS, a proposed dividend is recognised as a liability in the period in which it is declared by the group (usually when approved by shareholders in a general meeting) or paid.

(d) Interest bearing loans and borrowings:

Under Indian GAAP, transaction costs incurred in connection with interest bearing loans and borrowings are amortised upfront and charged to profit or loss for the period. Under Ind-AS, transaction costs are included in the initial recognition amount of financial liability and charged to profit or loss using the effective interest method.

(e) Deferred tax assets (net):

Indian GAAP requires deferred tax accounting using the income statement approach, which focuses on differences between taxable profits and accounting profits for the period. Ind-AS 12 requires entities to account for deferred taxes using the balance sheet approach, which focuses on temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base. The application of Ind-AS 12 approach has resulted in recognition of deferred tax on new temporary differences which was not required under Indian GAAP.

(f) Timing of revenue recognition:

Impact pertains to the difference in timing of revenue recognition on account of transition to Ind AS.

(g) Discounting of retention money:

Under Ind AS, revenue is measured at fair value of the consideration received or receivable. Accordingly, retention money has been recognised at its present value under Ind AS

(h) Consolidation of IEI Shareholding (Staff Welfare Trusts):

It includes adjustment on account of consolidation of employee benefit trusts

(i) Service concession arrangement:

Under Ind AS, specific guidance is applicable by private sector operators involved in provision of public sector infrastructure assets and services. Under previous GAAP, there was no authoritative guidance for accounting for such arrangements. Based on the recognition and measurement guidance under Ind AS, the group has recognized its rights under the service concession as receivable under service concession arrangement.

(j) Non controlling interest:

Under Ind AS, losses attributable to non-controlling interest are allocated to them. Under the previous GAAP, only profits, if any were attributable to non-controlling interest. Group has attributed the profit or loss to the owners of the Company and to the non-controlling interest. This has been attributed even if this results in the non-controlling interest having a deficit balance.

(k) Other impacts:

It includes adjustment on account of capitalisation of general borrowing costs pertaining to Capital-Work-in-progress and interest cost recognized on vendor bills discounting facility.

45. Contracts in progress (CIP):

INR in Lacs

| Sr. No. | Particulars | 2017-18 | 2016-17 |
|---------|---|------------|------------|
| A. | Aggregate amount recognized as contract revenue | 36,785.04 | 35,293.15 |
| B. | In respect of contracts in progress as on 31st March: | | |
| | 1) Aggregate amount of costs incurred and recognized profits (less recognized losses) | 143,265.81 | 154,062.14 |
| | 2) Amount of customer advance | 22,769.54 | 19,905.06 |
| | 3) Amount of retentions | 6,596.53 | 8,218.93 |
| C. | Gross amount due from customers for contract work | 156.72 | 1,983.40 |

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31st March 2018 (contd...)

46. Segment

I. Information about business segments

| | INR in Lacs | | | | | | | |
|---|-------------|------------|------------|------------|-------------------|------------|-------------|------------|
| | Engineering | | Chemicals | | Consumer Products | | Unallocated | Total |
| | 31.03.2018 | 31.03.2017 | 31.03.2018 | 31.03.2017 | 31.03.2018 | 31.03.2017 | 31.03.2017 | 31.03.2018 |
| Revenue | | | | | | | | |
| External Sales | 60,670.46 | 60,889.90 | 33,886.95 | 33,512.27 | 10,860.14 | 10,244.98 | 1.75 | 1.09 |
| Inter-segmental Sales | 2,805.61 | 3,152.96 | 1,463.66 | 1,600.54 | - | - | - | - |
| Other Income | 407.29 | 206.24 | 23.35 | 42.05 | 8.31 | 0.06 | 39.39 | 108.47 |
| Total Revenue | 63,883.36 | 64,249.10 | 35,373.96 | 35,154.86 | 10,868.45 | 10,245.04 | 41.14 | 124.97 |
| Less: Eliminations | | | | | | | 40.48 | 110,342.04 |
| Add : Interest Income | | | | | | | 1,522.41 | (4,269.27) |
| Total Enterprise Revenue | | | | | | | 881.32 | 109,814.45 |
| | | | | | | | 1,522.41 | 881.32 |
| | | | | | | | 107,595.18 | 105,942.27 |
| Result | | | | | | | | |
| Segment Results | 3,519.70 | 2,203.76 | 4,982.96 | 5,463.41 | (300.32) | (371.49) | (105.57) | (123.12) |
| Unallocated Expenditure | | | | | | | | |
| net of unallocated Income | | | | | | | | |
| Finance Cost | | | | | | | (1,118.27) | (1,118.27) |
| Interest Income | | | | | | | (1,056.35) | (1,056.35) |
| Profit before Taxation | | | | | | | | |
| Other Information | | | | | | | | |
| Segment Assets | 74,100.92 | 67,504.44 | 23,486.49 | 19,683.58 | 3,141.99 | 3,227.50 | 1,423.02 | 1,418.36 |
| Segment Liabilities | 55,745.47 | 54,709.82 | 12,967.70 | 11,290.19 | 1,846.78 | 2,180.34 | 244.12 | 206.68 |
| Capital Expenditure | 4,917.98 | 679.87 | 732.32 | 1,449.30 | 36.44 | 22.18 | - | 0.28 |
| Depreciation | 268.49 | 234.31 | 843.79 | 748.90 | 41.77 | 37.71 | 6.15 | 6.10 |
| Non Cash Expenditure other than Depreciation | 160.57 | 97.33 | 110.63 | 90.02 | 167.87 | 144.62 | 1.92 | 0.49 |
| Additions to property, plant and equipment | 5,856.39 | | | | | | (111.34) | (158.05) |

II. Information about geographical segments

| | India | Outside India | Total |
|--|------------|---------------|------------|
| | 31.03.2018 | 31.03.2018 | 31.03.2018 |
| External revenue (Net) | 67,614.15 | 68,268.25 | 32,729.96 |
| Carrying amount of segment assets | 75,803.74 | 60,613.39 | 30,718.66 |
| Additions to property, plant and equipment | 5,856.39 | 2,076.26 | 54.38 |
| | | | |
| | | | 189.05 |
| | | | 5,910.77 |
| | | | 2,265.31 |

III. Notes:

- (a) The group's operations are organized into three business segments, namely:
 - Engineering division – comprising of water treatment plants, spares and services in connection with the plants.
 - Chemicals – comprising of resins, water treatment chemicals and speciality chemicals.
 - Consumer Products – comprising of water purification equipments for homes, institutions and communities.
- (b) The segment revenue in the geographical segments considered for disclosure are as follows:
 - Revenue within India includes sales to customers located within India and earnings in India. Revenue outside India includes sales to customers located outside India and earnings outside India.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31st March 2018 (contd...)**47. Related party disclosures (As identified by the management):**

| | | |
|----|---|---|
| a) | Associates | Aquanomics Systems Limited IEI Water-Tech (M) Sdn. Bhd., Malaysia *Astha Technical Services Limited** Ion Exchange PSS Co. Limited, Thailand * Ion Exchange Financial Products Pvt. Limited * |
| b) | Joint venture | Ion Exchange Waterleau Limited |
| c) | Key management personnel | Mr. Rajesh Sharma - Chairman & Managing Director Mr. Dinesh Sharma - Executive Director Mr. Aankur Patni - Executive Director |
| d) | Non-executive directors | Dr. V. N. Gupchup Mr. M. P. Patni Mr. T. M. M. Nambiar Mr. P. Sampathkumar Mr. Abhiram Seth Mr. Shishir Tamotia Mrs. Kishori Udeshi |
| e) | Relatives of key management personnel | Mr. Mahabir Patni - Father of Mr. Aankur Patni Mrs. Nirmala Patni - Mother of Mr. Aankur Patni Mrs. Aruna Sharma - Wife of Mr. Rajesh Sharma Mrs. Poonam Sharma - Wife of Mr. Dinesh Sharma Mrs. Nidhi Patni - Wife of Mr. Aankur Patni Ms. Pallavi Sharma - Daughter of Mr. Rajesh Sharma |
| f) | Enterprise owned or significantly influenced by key management personnel or their relatives | Ion Foundation |
| g) | Post-employment benefit plans | Ion Exchange (India) Limited's Provident Institution Ion Exchange (India) Limited's Management Staff Gratuity Fund Ion Exchange Staff Superannuation Scheme Ion Exchange India Limited – Gratuity Fund Trust |

* Associate companies of subsidiaries

** Astha Technical Services Limited merged with Total Water Management Services (India) Limited, a subsidiary w.e.f. 1st April 2017.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31st March 2018 (contd...)

47. Related party disclosures (contd...)

- I. Transactions during the year with related parties with outstanding balances as at year-end:

INR in Lacs

| Nature of Transactions | Year | Associates/ Joint Venture | Key Managerial Personnel / Relative | Others | Total |
|---|---------|------------------------------|---|--------|----------|
| Sale of goods | 2017-18 | 4,218.72 | - | 8.20 | 4,226.92 |
| | 2016-17 | 3,560.28 | - | 8.82 | 3,569.10 |
| Sales returns | 2017-18 | - | - | - | - |
| | 2016-17 | 34.21 | - | - | 34.21 |
| Services rendered | 2017-18 | 1.46 | - | - | 1.46 |
| | 2016-17 | 8.93 | - | - | 8.93 |
| Rental income | 2017-18 | 15.33 | - | - | 15.33 |
| | 2016-17 | 15.33 | - | - | 15.33 |
| Interest income on loans and advances | 2017-18 | 165.75 | - | - | 165.75 |
| | 2016-17 | 160.94 | - | - | 160.94 |
| Management fees | 2017-18 | 66.35 | - | - | 66.35 |
| | 2016-17 | 72.10 | - | - | 72.10 |
| Purchase of goods | 2017-18 | 110.15 | - | - | 110.15 |
| | 2016-17 | 119.93 | - | - | 119.93 |
| Services received | 2017-18 | 164.61 | - | - | 164.61 |
| | 2016-17 | 191.35 | - | - | 191.35 |
| Loans and advances given | 2017-18 | 334.60 | - | - | 334.60 |
| | 2016-17 | 213.67 | - | 0.56 | 214.23 |
| Loans and advances repaid | 2017-18 | 2.52 | - | - | 2.52 |
| | 2016-17 | 125.00 | - | 0.56 | 125.56 |
| Dividend paid | 2017-18 | 1.80 | 97.07 | - | 98.87 |
| | 2016-17 | 1.54 | 83.10 | - | 84.64 |
| Remuneration | 2017-18 | - | 876.40 | - | 876.40 |
| | 2016-17 | - | 727.84 | - | 727.84 |
| Director sitting fees | 2017-18 | - | 36.90 | - | 36.90 |
| | 2016-17 | - | 39.60 | - | 39.60 |
| Directors commission paid during the year | 2017-18 | - | 70.00 | - | 70.00 |
| | 2016-17 | - | 56.00 | - | 56.00 |

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31st March 2018 (contd...)**47. Related party disclosures (contd...)**

- I. Transactions during the year with related parties with outstanding balances as at year-end (contd...):

INR in Lacs

| Nature of Transactions | Year | Associates/ Joint Venture | Key Managerial Personnel / Relative | Others | Total |
|--|------------|------------------------------|---|--------|----------|
| CSR expenses | 2017-18 | - | - | 98.60 | 98.60 |
| | 2016-17 | - | - | 74.20 | 74.20 |
| Corporate guarantees discharged | 2017-18 | 387.70 | - | - | 387.70 |
| | 2016-17 | 128.00 | - | - | 128.00 |
| Contribution to post-employment benefit plans | 2017-18 | - | - | 404.11 | 404.11 |
| | 2016-17 | - | - | 383.49 | 383.49 |
| Outstanding loans and advances | 31.03.2018 | 900.35 | - | - | 900.35 |
| | 31.03.2017 | 865.21 | - | - | 865.21 |
| | 01.04.2016 | 774.99 | - | - | 774.99 |
| Advance to supplier | 31.03.2018 | - | - | - | - |
| | 31.03.2017 | 195.41 | - | - | 195.41 |
| | 01.04.2016 | 191.17 | - | - | 191.17 |
| Outstanding receivables (Net of payable) excluding loans and advances | 31.03.2018 | 1,875.95 | 0.07 | - | 1,876.02 |
| | 31.03.2017 | 1,586.05 | 0.27 | - | 1,586.32 |
| | 01.04.2016 | 1,242.77 | - | - | 1,242.77 |
| Outstanding payables (Net of receivables) excluding loans and advances | 31.03.2018 | - | - | - | - |
| | 31.03.2017 | 5.40 | - | - | 5.40 |
| | 01.04.2016 | 13.23 | - | - | 13.23 |
| Investment in equity shares / debentures | 31.03.2018 | 319.23 | - | 0.10 | 319.33 |
| | 31.03.2017 | 331.07 | - | 0.10 | 331.17 |
| | 01.04.2016 | 331.07 | - | 0.10 | 331.17 |
| Corporate guarantees (Outstanding) | 31.03.2018 | 1,241.84 | - | - | 1,241.84 |
| | 31.03.2017 | 1,629.54 | - | - | 1,629.54 |
| | 01.04.2016 | 1,754.20 | - | - | 1,754.20 |

- II. Related party-wise transactions during the year with outstanding balances as at year-end:

INR in Lacs

| Particulars | Relationship | 2017-18 | 2016-17 |
|-------------------------------------|---------------|----------|----------|
| Sale of goods* | | | |
| Aquanomics Systems Ltd. | Associate | 4,188.48 | 3,541.04 |
| Ion Exchange PSS Co. Ltd., Thailand | Associate | 30.24 | 15.89 |
| Ion Exchange Waterleau Ltd. | Joint Venture | - | 3.35 |
| Ion Foundation | Others | 8.20 | 8.82 |

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31st March 2018 (contd...)

47. Related party disclosures (contd...)

II. Related party-wise transactions during the year with outstanding balances as at year-end:

INR in Lacs

| Particulars | Relationship | 2017-18 | 2016-17 |
|---|---------------|---------|---------|
| Sales returns | | | |
| Ion Exchange PSS Co. Ltd., Thailand | Associate | - | 34.21 |
| | | | |
| Services rendered | | | |
| Ion Exchange Waterleau Ltd. | Joint Venture | 1.46 | 8.93 |
| | | | |
| Rental income | | | |
| Ion Exchange Waterleau Ltd. | Joint Venture | 15.33 | 15.33 |
| | | | |
| Interest income on loan and advances | | | |
| Ion Exchange Waterleau Ltd. | Joint Venture | 165.75 | 160.94 |
| | | | |
| Management fees | | | |
| Aquanomics Systems Ltd. | Associate | 66.35 | 72.10 |
| | | | |
| Purchase of goods* | | | |
| Aquanomics Systems Ltd. | Associate | 109.47 | 111.35 |
| Ion Exchange Waterleau Ltd. | Joint Venture | 0.68 | 8.58 |
| | | | |
| Services received | | | |
| Astha Technical Services Ltd.*** | Associate | - | 13.00 |
| Ion Exchange Waterleau Ltd. | Joint Venture | 164.61 | 178.35 |
| | | | |
| Loans and advances given | | | |
| Astha Technical Services Ltd.*** | Associate | - | 0.05 |
| Ion Exchange PSS Co. Ltd. | Associate | 106.44 | 91.66 |
| Ion Exchange Waterleau Ltd. | Joint Venture | 228.16 | 121.96 |
| Ion Foundation | Others | - | 0.56 |
| | | | |
| Loans and advances repaid | | | |
| Ion Exchange Waterleau Ltd. | Joint Venture | - | 125.00 |
| Aquanomics Systems Ltd | Associate | 0.02 | - |
| Ion Exchange Financial Products Pvt. Ltd. | Associate | 2.50 | - |
| Ion Foundation | Others | - | 0.56 |
| | | | |
| Dividend paid | | | |
| Aquanomics Systems Ltd. | Associate | 0.04 | 0.03 |
| Ion Exchange Financial Products Pvt. Ltd. | Associate | 1.76 | 1.51 |
| Mr. Rajesh Sharma | KMP | 27.34 | 23.44 |
| Mr. Dinesh Sharma | KMP | 20.60 | 17.66 |
| Mr. Aankur Patni | KMP | 8.91 | 7.64 |
| Mr. Mahabir Prasad Patni | KMP | 24.91 | 21.35 |
| Dr. V. N. Gupchup | KMP | 3.79 | 3.25 |
| Mr. Abhiram Seth | KMP | 2.76 | 2.25 |
| Mr. T. M. M. Nambiar | KMP | 1.97 | 1.69 |
| Mr. P. Sampath Kumar | KMP | 0.88 | 0.75 |
| Relatives of Key Management Personnel | KMP | 5.91 | 5.07 |

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31st March 2018 (contd...)**47. Related party disclosures (contd...)**

- II. Related party-wise transactions during the year with outstanding balances as at year-end:

INR in Lacs

| Particulars | Relationship | 2017-18 | 2016-17 |
|---|---------------|---------|---------|
| Remuneration | | | |
| Mr. Rajesh Sharma | KMP | 370.82 | 342.21 |
| Mr. Dinesh Sharma | KMP | 166.08 | 154.87 |
| Mr. Mahabir Prasad Patni | KMP | 171.57 | 80.61 |
| Mr. Aankur Patni | KMP | 167.93 | 150.15 |
| Director sitting fees | | | |
| Mr. Rajesh Sharma | KMP | 1.35 | 1.35 |
| Mr. Dinesh Sharma | KMP | 1.25 | 1.25 |
| Mr. Aankur Patni | KMP | 1.25 | 1.25 |
| Mr. Mahabir Prasad Patni | KMP | 3.25 | 4.00 |
| Dr. V. N. Gupchup | KMP | 8.20 | 9.25 |
| Mr. T. M. M. Nambiar | KMP | 4.25 | 4.75 |
| Mr. P. Sampath Kumar | KMP | 3.25 | 2.75 |
| Mr. Abhiram Seth | KMP | 3.50 | 4.75 |
| Mr. Shishir Tamotia | KMP | 3.25 | 3.50 |
| Mrs. Kishori Udeshi | KMP | 7.35 | 6.75 |
| Directors commission paid during the year | | | |
| Mr. Mahabir Prasad Patni | KMP | 10.00 | 8.00 |
| Dr. V. N. Gupchup | KMP | 10.00 | 8.00 |
| Mr. T. M. Mohan Nambiar | KMP | 10.00 | 8.00 |
| Mr. P. Sampath Kumar | KMP | 10.00 | 8.00 |
| Mr. Abhiram Seth | KMP | 10.00 | 8.00 |
| Mr. Shishir Tamotia | KMP | 10.00 | 8.00 |
| Mrs. Kishori Udeshi | KMP | 10.00 | 8.00 |
| CSR expenses | | | |
| Ion Foundation | Others | 98.60 | 74.20 |
| Corporate guarantees discharged | | | |
| Ion Exchange PSS Co. Ltd. | Associate | 387.70 | - |
| Ion Exchange Waterloo Ltd. | Joint Venture | - | 128.00 |
| Contribution to post-employment benefit plans | | | |
| Ion Exchange (India) Limited's Provident Institution | Others | 151.92 | 135.20 |
| Ion Exchange (India) Limited's Management Staff Gratuity Fund | Others | 85.00 | 106.20 |
| Ion Exchange Staff Superannuation Scheme | Others | 146.43 | 135.27 |
| Ion Exchange India Limited – Gratuity Fund Trust | Others | 20.76 | 6.82 |

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31st March 2018 (contd...)

47. Related party disclosures (contd...)

II. Related party-wise transactions during the year with outstanding balances as at year-end:

INR in Lacs

| Particulars | Relationship | As at 31st March 2018 | As at 31st March 2017 | As at 1st April 2016 |
|--|---------------|--------------------------|--------------------------|-------------------------|
| Outstanding loans and advances | | | | |
| Aquanomics Systems Ltd. | Associate | - | 0.02 | 0.02 |
| Astha Technical Services Ltd.*** | Associate | - | 1.92 | 1.87 |
| Ion Exchange Financial Products Pvt. Ltd.** | Associate | 22.25 | 24.75 | 24.75 |
| Ion Exchange PSS Co. Ltd. | Associate | 119.53 | 193.98 | 102.29 |
| Ion Exchange Waterleau Ltd. | Joint Venture | 758.57 | 644.54 | 646.06 |
| Advance to supplier | | | | |
| Astha Technical Services Ltd.*** | Associate | - | 195.41 | 191.17 |
| Outstanding receivables (Net of payable) excluding loans and advances | | | | |
| Aquanomics Systems Ltd. | Associate | 1,182.13 | 821.76 | 755.99 |
| IEI Water Tech (M) Sdn. Bhd., Malaysia | Associate | 3.04 | 2.03 | 2.03 |
| Ion Exchange PSS Co. Ltd., Thailand | Associate | 449.56 | 466.55 | 299.20 |
| Ion Exchange Waterleau Ltd. | Joint Venture | 241.22 | 295.71 | 185.55 |
| Ion Foundation | Others | 0.07 | 0.27 | - |
| Outstanding payables (Net of receivable) excluding loans and advances | | | | |
| Astha Technical Services Ltd.*** | Associate | - | 5.40 | 13.23 |
| Investment in equity shares | | | | |
| Aquanomics Systems Ltd. | Associate | 68.00 | 57.00 | 57.00 |
| Astha Technical Services Ltd.*** | Associate | - | 22.84 | 22.84 |
| Ion Exchange Waterleau Ltd. | Joint Venture | 251.23 | 251.23 | 251.23 |
| Ion Foundation | Others | 0.10 | 0.10 | 0.10 |
| Corporate guarantees (Outstanding) | | | | |
| Aquanomics Systems Ltd. | Associate | 1,100.00 | 1,100.00 | 1,100.00 |
| Ion Exchange PSS Co. Ltd., Thailand | Associate | 141.84 | 529.54 | 526.20 |
| Ion Exchange Waterleau Ltd. | Joint Venture | - | - | 128.00 |

* Gross amount has been considered.

** Provision has been made in respect of the said amount.

*** Astha Technical Services Limited merged with Total Water Management Services (India) Limited, a subsidiary w.e.f. 1st April 2017.

III. Stock options granted to key management personnel during the year: Nil (2016-17: Nil).

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31st March 2018 (contd...)

- 48.** In response to the SEBI (Collective Investment Schemes) Regulations, 1999 (the "Guidelines"), notified by Securities and Exchange Board of India (SEBI) on 15th October 1999, Ion Exchange Enviro Farms Limited (IEEFL) had applied for registration to SEBI on 14th December 1999. In response, SEBI had granted provisional registration to IEEFL on 13th February 2001, subject to certain conditions. The provisional registration was subsequently extended and expired on 13th February 2003.

IEEFL applied to SEBI seeking exemptions from provisions of the regulations, because it was not able to comply with certain requirements of SEBI (CIS) Regulations, 1999. The SEBI did not grant exemption and further vide letter dated 7th January 2003, SEBI called upon IEEFL to show cause why the provisional registration granted to it should not be revoked. After hearing IEEFL's submission, SEBI vide order dated 27th November 2003 directed IEEFL to wind up the scheme and refund the monies with returns to investors.

Against the aforesaid order IEEFL filed an appeal before Securities Appellate Tribunal (SAT) which vide its order pronounced on 5th May 2006 upheld that SEBI order in so far as it relates to refund the monies along with the return to the investors by IEEFL and to wind up of the scheme.

IEEFL had filed appeal against the order of SAT in Hon'ble Supreme Court of India on 4th July 2006. The Hon'ble Supreme Court of India dismissed the IEEFL's appeal on 26th February 2013. IEEFL, in order to comply with SAT order dated 5th May 2006 had submitted a letter on 17th May 2013 to SEBI seeking its directions to comply with the SAT order.

Subsequent to this there was a meeting with SEBI officials on 27th November 2013, wherein some additional details about compliance of the scheme and financial results etc. were called for which have been duly complied with vide letter dated 13th December 2013. Pursuant to this, IEEFL has initiated actions in line with the aforesaid meetings with SEBI officials and letters submitted to SEBI.

Subsequent to SEBI order of 30th December 2015, for closure of the CIS Scheme (which inter-alia included directions to refund INR 2,006 Lacs to investors, as per the earlier order of 27th November 2003) IEEFL was granted a personal hearing on 3rd February 2016 and additional information called for was submitted on 23rd March 2016. IEEFL had requested permission to wind up the scheme in terms of rule 73(1) to (9) of CIS Regulations as it has completed all obligations towards the investors, i.e. sale of lands and development and maintaining the lands thereafter, as per agreements.

As SEBI refused to accede to IEEFL's request, IEEFL has preferred a fresh appeal at Securities Appellate Tribunal (SAT) on 9th February 2017 - appeal No. (I) 40 of 2017- citing practical difficulties in execution of the SEBI order for refund to all investors as investors have already received their lands / refunds as per the agreements.

IEEFL's plea in SAT is for issuing suitable directions to SEBI for verifying the documentary proofs submitted by IEEFL for conveying of lands, refunds made and thereafter calling outstanding claims, if any, and thereafter declaring wind up of the scheme in terms of the CIS Regulations. Appeal has been already admitted by SAT and the matter is pending before it.

- 49.** Maintenance expenses recoverable of Ion Exchange Enviro Farms Limited (IEEFL), represent expenses incurred on sites sold under the scheme, which are to be recovered from future income generated by sale of intercrops and main crops. The recovery is dependent on farm activities. The Management expects that there will be sufficient future returns from crop/land sales to completely recover all these expenses.

No provision is considered necessary by the management for the balance as at the end of INR 268.60 Lacs (31st March 2017: INR 275.98 Lacs, 1st April 2016: INR 282.66 Lacs) as future returns from crop sales and sale of land will be available to recover the same.

- 50.** Security deposit for land INR 183.05 Lacs (31st March 2017: INR 183.05 Lacs, 1st April 2016: INR 185.44 Lacs) represent amount paid by Ion Exchange Enviro Farms Limited (IEEFL) for acquiring agricultural land, inclusive of stamp duty and registration charges, which are unsold as at 31st March 2018. IEEFL has conducted valuation of land and found the market value are higher than the original cost and hence the company has not made provisions for the same.

51. Advances for repurchase INR 319.31 Lacs (31st March 2017: INR 320.31 Lacs, 1st April 2016: INR 320.55 Lacs) represents amounts paid by Ion Exchange Enviro Farms Limited (IEEFL) to investors for purchase of sites sold to them in earlier years, at prices announced by the IEEFL from time to time. These amounts are paid to investors on their execution of an irrevocable Power of Attorney in favour of the IEEFL's nominees for sale thereof at future date.

52. Capital expenditure incurred on research and development during the year is INR 71.69 Lacs (2016-17: INR 110.41 Lacs). Revenue expenditure of INR 728.67 Lacs (2016-17: INR 643.24 Lacs) incurred on research and development has been expensed to the statement of profit and loss under various expense heads.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31st March 2018 (contd...)

53. Lease

A. Operating Lease

Group as lessee:

The Group has entered into lease agreements for certain items of plants and machineries. The lease agreement is for 5 years. There are no restrictions placed upon the group by entering into this lease.

Further minimum rentals payable under non-cancellable operating leases are as follows:

| | 31st March 2018 INR in Lacs | 31st March 2017 INR in Lacs | 1st April 2016 INR in Lacs |
|---|--|--|---------------------------------------|
| Within one year | 63.41 | 126.81 | 126.81 |
| After one year but not more than five years | Nil | 63.41 | 63.41 |
| More than five years | Nil | Nil | Nil |

Group as lessor:

The group has entered into commercial property lease of its surplus office. The lease agreement is for 5 years. The lease includes a clause to enable upward revision by 15% after completion of 3 years from the date of commencement of the lease agreement.

Further minimum rentals receivable under non-cancellable operating lease are as follows:

| | 31st March 2018 INR in Lacs | 31st March 2017 INR in Lacs | 1st April 2016 INR in Lacs |
|---|--|--|---------------------------------------|
| Within one year | 76.94 | 102.59 | 92.56 |
| After one year but not more than five years | Nil | 76.94 | 179.54 |
| More than five years | Nil | Nil | Nil |

B. Finance Lease

Group as lessee

The group has entered into lease agreement for certain items of plant and machineries (including capital work-in-progress) and office equipment. The lease terms are between 3 and 4 years and can be renewed at the option of the group. There is no escalation clause in the lease agreement. There are no subleases. Future minimum lease payment (MLP) under finance leases together with the present value of the net MLP are as follows

| | 31st March 2018 INR in Lacs | 31st March 2017 INR in Lacs | 1st April 2016 INR in Lacs |
|---|--|--|---------------------------------------|
| Total minimum lease payments at the year end | 487.86 | 345.78 | 209.29 |
| Less: Amount representing finance charges | 85.95 | 46.73 | 27.30 |
| Present value of minimum lease payments (Rate of interest: 4.95% p.a. to 10.94% p.a.) | 401.91 | 299.05 | 181.99 |
| | | | |
| Minimum lease payments: | | | |
| Not later than one year [Present value INR 483.94 Lacs as on 31st March 2018 (INR 360.75 Lacs as on 31st March 2017, INR 178.86 Lacs as on 1st April 2016)] | 601.66 | 441.37 | 216.18 |
| Later than one year but not later than five years [Present value INR 351.55 Lacs as on 31st March 2018 (INR 370.21 Lacs as on 31st March 2017 and INR 313.81 Lacs as on 1st April 2016)] | 452.44 | 516.98 | 436.24 |

54. Capital and other commitments

Estimated amount of contracts (net of advances) remaining to be executed on capital account not provided for is INR 524.29 Lacs (31st March 2017: INR 223.72 Lacs, 1st April 2016: INR 757.03 Lacs).

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31st March 2018 (contd...)**55. Contingent liabilities**

Contingent liabilities not provided for:

(a) Guarantee given by the group on behalf of:

- i) Associates – INR 1,241.84 Lacs (31st March 2017: INR 1,629.54 Lacs, 1st April 2016: INR 1,626.20 Lacs)
- ii) Joint venture – INR Nil, (31st March 2017: INR Nil, 1st April 2016: INR 128.00 Lacs)
- iii) Others – INR 38.88 Lacs (31st March 2017: INR 38.88 Lacs, 1st April 2016: INR 38.88 Lacs)

(b) Demand raised by authorities against which the group has filed an appeal.

- i) Income tax – INR 285.27 Lacs (31st March 2017: INR 298.06 Lacs, 1st April 2016: INR 206.21 Lacs)
- ii) Excise duty – INR 16.79 Lacs (31st March 2017: INR 16.79 Lacs, 1st April 2016: INR 16.79 Lacs)
- iii) Service tax – INR 12.79 Lacs (31st March 2017: INR 13.32 Lacs, 1st April 2016: INR 10.53 Lacs)
- iv) Sales tax / VAT – INR 1,024.98 Lacs (31st March 2017: INR 986.14 Lacs, 1st April 2016: INR 1,042.21 Lacs)
- v) Customs Duty – INR 22.58 Lacs (31st March 2017: INR 22.58 Lacs, 1st April 2016: INR 22.58 Lacs)

(c) Claims against the group arising in the course of business not acknowledged as debts (to the extent ascertainable) INR 1,747.41 Lacs (31st March 2017: INR 447.41 Lacs, 1st April 2016: INR 516.15 Lacs).

Note: Future cash outflows/uncertainties, if any, in respect of above are determinable only on receipt of judgments/decisions pending with various forums/authorities.

56. Details of dues to micro and small enterprises as defined under the MSMED Act, 2006 (on the basis of the information and records available with Management)

| | 31st March 2018 INR in Lacs | 31st March 2017 INR in Lacs | 1st April 2016 INR in Lacs |
|---|--------------------------------|--------------------------------|-------------------------------|
| The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year | | | |
| Principal amount due to micro and small enterprises | 109.27 | 186.78 | 225.78 |
| Interest due on above | 6.38 | 6.89 | 3.62 |
| | 115.65 | 193.67 | 229.40 |
| The amount of interest paid by the buyer in terms of section 16 of the MSMED Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year | - | - | - |
| The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act, 2006. | - | - | - |
| The amount of interest accrued and remaining unpaid at the end of each accounting year. | 38.09 | 31.71 | 18.08 |
| The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act, 2006. | - | - | - |

57. Back charges represent reimbursement of costs incurred by customers on the group's behalf in the course of contract execution.

58. Capital advance includes amount of INR 25.33 Lacs (31st March 2017: INR 25.33 Lacs, 1st April 2016: INR 25.33 Lacs) paid for acquiring furnished office premises at Hyderabad, the ownership of which is under legal dispute for which transfer formalities are in progress.

59. Equity accounted Investees

Information of interest of the group in its equity accounted investees:

| | Note reference | 31st March 2018 INR in Lacs | 31st March 2017 INR in Lacs | 1st April 2016 INR in Lacs |
|----------------------------|--------------------|--------------------------------|--------------------------------|-------------------------------|
| Interest in Joint Ventures | See Note (A) below | (40.66) | (84.42) | (20.36) |
| Interest in Associates | See Note (B) below | 297.93 | 244.85 | 196.14 |

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31st March 2018 (contd...)

59. Equity accounted Investees (contd...)

[A] Interest in joint ventures

| Sr No | Name | Country of Incorporation | Proportion of Ownership Interest | | |
|-------|--------------------------------|--------------------------|----------------------------------|-----------------|----------------|
| | | | 31st March 2018 | 31st March 2017 | 1st April 2016 |
| 1 | Ion Exchange Waterleau Limited | India | 50.00% | 50.00% | 50.00% |

The principal place of business of all the entities listed above is the same as their respective country of incorporation.

Note :

Ion Exchange Waterleau Limited provides single point responsibility of total environmental solutions for industrial and municipal needs for waste water and sewage treatment, solid waste treatment and disposal, hazardous waste management, air pollution control and renewable energy generation.

The following table comprises the financial information of the group's joint venture and their respective carrying amount.

| | Ion Exchange Waterleau Limited | | |
|--|--------------------------------|--------------------------------|-------------------------------|
| | 31st March 2018 INR in Lacs | 31st March 2017 INR in Lacs | 1st April 2016 INR in Lacs |
| Percentage ownership interest | 50% | 50% | 50% |
| Summarised financial information (net of consolidated adjustment) | | | |
| Non current assets | 26.01 | 28.07 | 33.67 |
| Current assets (excluding cash and cash equivalent) | 158.10 | 230.59 | 297.63 |
| Cash and cash equivalent | 8.84 | 19.18 | 60.75 |
| Non Current liabilities (non current liabilities other than trade payables and other non current liabilities and provisions) | (7.26) | (10.32) | (9.93) |
| Current liabilities (current liabilities other than trade payables and other current liabilities and provisions) | (34.21) | (28.16) | (32.38) |
| Trade Payables and other current liabilities | (232.80) | (408.21) | (390.46) |
| Net assets | (81.33) | (168.83) | (40.72) |
| % of Group share of net assets | 50.00% | 50.00% | 50.00% |
| Groups share of net assets | (40.66) | (84.42) | (20.36) |
| Carrying amount of interest in Joint Ventures recognised as liability for equity accounted investees in other financial liabilities | (40.66) | (84.42) | (20.36) |

| | Ion Exchange Waterleau Limited | |
|---|--|--|
| | Year ended 31st March 2018 INR in Lacs | Year ended 31st March 2017 INR in Lacs |
| Revenue | 166.01 | 188.49 |
| Interest income | - | 3.52 |
| Depreciation and amortisation | (2.58) | (4.61) |
| Interest expense | (165.76) | (160.94) |
| Income tax expense | - | - |
| Other comprehensive income | - | - |
| Total comprehensive income | (141.11) | (126.06) |
| Groups share of profit | (70.56) | (63.03) |
| Groups share of OCI | - | - |
| Groups share of total comprehensive income | (70.56) | (63.03) |
| Dividend received from the joint venture | - | - |

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31st March 2018 (contd...)**59. Equity accounted Investees (contd...)****[B] Interest in associates**

(I) List of material associates of the group

| Sr No | Name | Country of Incorporation | 31st March 2018 | 31st March 2017 | 1st April 2016 |
|-------|----------------------------------|--------------------------|-----------------|-----------------|----------------|
| 1 | Aquonomics Systems Limited | India | 48.42% | 48.42% | 48.42% |
| 2 | Astha Technical Services Limited | India | * | 44.89% | 44.89% |

The principal place of business of all the entities listed above is the same as their respective country of incorporation.

Fair Value of material listed associates

There is no material listed associate of the Group

The following table comprises the financial information of the Corporation's material Associates and their respective carrying amount.

| | Aquonomics Systems Limited | | |
|---|-----------------------------------|------------------------|-----------------------|
| | 31st March 2018 | 31st March 2017 | 1st April 2016 |
| | INR in Lacs | INR in Lacs | INR in Lacs |
| Percentage ownership interest | 48.42% | 48.42% | 48.42% |
| Summarised financial information (net of consolidated adjustment) | | | |
| Non current assets | 80.57 | 70.96 | 71.05 |
| Current assets (excluding cash and cash equivalent) | 2,375.61 | 2,513.42 | 1,870.22 |
| Cash and cash equivalent | 85.40 | 124.29 | 122.01 |
| Non Current liabilities (non current liabilities other than trade payables and other non current liabilities and provisions) | (25.14) | (23.26) | (20.06) |
| Current liabilities (current liabilities other than trade payables and other current liabilities and provisions) | (384.55) | (504.61) | (258.33) |
| Trade payables and other current liabilities | (1,516.59) | (1,684.86) | (1,404.08) |
| Net assets | 615.30 | 495.93 | 380.81 |
| Groups share of net assets | 297.93 | 240.13 | 184.39 |
| Carrying amount of interest in associates | 297.93 | 240.13 | 184.39 |

| | Aquonomics Systems Limited | |
|---|-----------------------------------|------------------------|
| | Year ended | Year ended |
| | 31st March 2018 | 31st March 2017 |
| Revenue | 6,649.56 | 7,118.74 |
| Interest Income | 5.64 | 11.57 |
| Depreciation and amortisation | 9.02 | 10.26 |
| Interest Expense | 35.88 | 28.64 |
| Income tax expense | 61.50 | 78.70 |
| Other Comprehensive Income | - | - |
| Total comprehensive income | 120.27 | 124.28 |
| Groups share of profit | 58.24 | 60.18 |
| Consolidated adjustments | 8.77 | 4.76 |
| Groups share of OCI | - | - |
| Groups share of total comprehensive Income | 67.01 | 64.94 |
| Dividend received from the associate | 9.20 | 9.20 |

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31st March 2018 (contd...)

59. Equity accounted Investees (contd...)

| | Astha Technical Services Limited | |
|---|---|---------------------------------------|
| | 31st March 2017 INR in Lacs | 1st April 2016 INR in Lacs |
| Percentage ownership interest | 44.89% | 44.89% |
| Summarised financial information | | |
| Non current assets | 73.43 | 67.20 |
| Current assets (excluding cash and cash equivalent) | 24.86 | 46.51 |
| Cash and cash equivalent | 2.68 | 14.44 |
| Non current liabilities (Non current liabilities other than trade payables and other non current liabilities and provisions) | - | - |
| Current liabilities (Current liabilities other than trade payables and other current liabilities and provisions) | (90.44) | (99.38) |
| Trade payables and other current liabilities | - | (2.59) |
| Net assets | 10.53 | 26.18 |
| Groups share of net assets | 4.72 | 11.75 |
| Carrying amount of interest in associate | 4.72 | 11.75 |

| | Astha Technical Services Limited |
|---|---|
| | Year ended 31st March 2017 INR in Lacs |
| Revenue | 17.51 |
| Interest income | 1.13 |
| Depreciation and amortisation | 0.52 |
| Interest expense | - |
| Income tax expense | (6.75) |
| Other comprehensive income | - |
| Total comprehensive income | (15.65) |
| Groups share of profit | (7.03) |
| Groups share of OCI | - |
| Groups share of total comprehensive Income | (7.03) |
| Dividend received from the associate | - |

Astha Technical Services Limited merged with Total Water Management Services (India) Limited, a subsidiary w.e.f. 1st April 2017 (Refer note 65)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31st March 2018 (contd...)**60. Non Controlling Interests**

Below is the list of partly owned subsidiaries of the group and the respective share of the non-controlling interests.

| Sr No | Name | Country of Incorporation | Non-controlling interest | | |
|-------|--|--------------------------|--------------------------|-----------------|----------------|
| | | | 31st March 2018 | 31st March 2017 | 1st April 2016 |
| 1 | Ion Exchange & Co. LLC | Oman | 49.00% | 49.00% | 49.00% |
| 2 | Ion Exchange Safic Pty Ltd. | South Africa | 40.00% | 40.00% | 40.00% |
| 3 | Global Composite and Structurals Ltd. | India | 26.08% | 26.08% | 26.08% |
| 4 | Ion Exchange Enviro Farms Ltd. | India | 20.40% | 20.40% | 20.40% |
| 5 | Ion Exchange Projects and Engineering Ltd. | India | 8.19% | 8.19% | 8.19% |
| 6 | Aqua Investments (India) Ltd. | India | 0.58% | 0.58% | 0.58% |
| 7 | Watercare Investments (India) Ltd. | India | 0.57% | 0.57% | 0.57% |
| 8 | Total Water Management Services (India) Ltd. | India | 29.81% | 0.01% | 0.01% |

The following table comprises the information relating to each of the groups subsidiaries that has material NCI, before any intra group eliminations.

31st March 2018

| Particulars | Ion Exchange LLC - Oman INR in Lacs | Ion Exchange Safic Pty Ltd. INR in Lacs | Global Composite and Structurals Ltd. INR in Lacs | Ion Exchange Enviro Farms Ltd. INR in Lacs |
|---|--|--|--|---|
| NCI percentage | 49.00% | 40.00% | 23.32% | 20.40% |
| Non Current Assets | 104.86 | 40.57 | 550.19 | 1,204.96 |
| Current Assets | 1,148.49 | 311.90 | 693.77 | 25.02 |
| Non Current Liabilities | (36.71) | - | - | (1,566.46) |
| Current Liabilities | (423.72) | (699.90) | (3,001.98) | (2,354.66) |
| Net Assets | 792.92 | (347.43) | (1,758.02) | (2,691.14) |
| Net assets attributable to NCI | 388.53 | (138.97) | (409.97) | (548.99) |
| Revenue | 1,821.57 | 739.44 | 497.25 | 108.66 |
| Profit | 237.42 | (52.50) | (208.11) | (379.84) |
| Other Comprehensive Income | - | - | - | 0.04 |
| Total Comprehensive Income | 237.42 | (52.50) | (208.11) | (379.80) |
| Profit allocated to NCI | 116.33 | (21.00) | (48.53) | (77.49) |
| OCI allocated to NCI | - | - | - | - |
| Total comprehensive income allocated to NCI | 116.33 | (21.00) | (48.53) | (77.49) |
| Cash flow from operating activities | 49.32 | 74.18 | 157.85 | 30.58 |
| Cash flow from investing activities | (22.47) | (3.84) | 0.75 | 0.94 |
| Cash flow from financing activities | (152.34) | - | (172.16) | (25.76) |
| Net Increase (decrease) in cash and cash equivalents | (125.49) | 70.34 | (13.56) | 5.76 |
| Dividends paid to Non-controlling interest | - | - | - | - |

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31st March 2018 (contd...)

31st March 2017

| Particulars | Ion Exchange LLC - Oman INR in Lacs | Ion Exchange Safic Pty Ltd. INR in Lacs | Global Composite and Structurals Ltd. INR in Lacs | Ion Exchange Enviro Farms Ltd. INR in Lacs |
|---|---|---|--|--|
| NCI percentage | 49.00% | 40.00% | 23.32% | 20.40% |
| Non Current Assets | 111.39 | 48.89 | 593.77 | 1,221.13 |
| Current Assets | 1,117.01 | 130.56 | 959.92 | 33.72 |
| Non Current Liabilities | (27.84) | - | - | (1,565.71) |
| Current Liabilities | (494.99) | (445.00) | (3,121.60) | (2,000.48) |
| Net Assets | 705.57 | (265.55) | (1,567.91) | (2,311.34) |
| Net assets attributable to NCI | 345.73 | (106.22) | (365.64) | (471.51) |
| Revenue | 1,761.27 | 569.28 | 152.71 | 124.07 |
| Profit / (Loss) | 86.46 | (41.57) | (346.74) | (290.96) |
| Other Comprehensive Income | - | - | - | (0.06) |
| Total Comprehensive Income | 86.46 | (41.57) | (346.74) | (291.02) |
| Profit allocated to NCI | 42.37 | (16.63) | (80.86) | (59.36) |
| OCI allocated to NCI | - | - | - | (0.01) |
| Total comprehensive income allocated to NCI | 42.37 | (16.63) | (80.86) | (59.37) |
| Cash flow from operating activities | 259.74 | 2.76 | 261.17 | (250.10) |
| Cash flow from investing activities | (93.05) | (2.23) | 0.75 | (0.28) |
| Cash flow from financing activities | (177.57) | - | (247.73) | 231.15 |
| Net Increase/(decrease) in cash and cash equivalents | (10.88) | 0.53 | (14.19) | (19.23) |
| Dividends paid to Non-controlling interest | - | - | - | - |

1st April 2016

| Particulars | Ion Exchange LLC - Oman INR in Lacs | Ion Exchange Safic Pty Ltd. INR in Lacs | Global Composite and Structurals Ltd. INR in Lacs | Ion Exchange Enviro Farms Ltd. INR in Lacs |
|---------------------------------------|---|---|--|--|
| NCI percentage | 49.00% | 40.00% | 23.32% | 20.40% |
| Non Current Assets | 32.21 | 43.56 | 640.38 | 934.42 |
| Current Assets | 1,166.07 | 153.61 | 945.92 | 35.21 |
| Non Current Liabilities | (36.26) | - | (341.22) | (1,564.90) |
| Current Liabilities | (345.55) | (398.10) | (2,477.24) | (1,425.05) |
| Net Assets | 816.47 | (200.93) | (1,232.16) | (2,020.32) |
| Net assets attributable to NCI | 400.07 | (80.37) | (287.34) | (412.15) |

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31st March 2018 (contd...)

61. Service concession arrangement

Ion Exchange Purified Drinking Water Private Limited (IEPDWPL), has entered into a service concession arrangement with Indian Railways Catering and Tourism Corporation Limited (IRCTC) the regulator, to construct, operate and maintain a packaged drinking water plant (the plant).

Under the terms of agreement, the IEPDWPL is to construct, operate and maintain the plant and supply packaged drinking water (PDW) in PET bottles exclusively to regulator for the period starting on the commencement date i.e 11th June 2015 and ending on 31st March 2031 i.e for a period of 15 years and 9 months.

The plant will be transferred to IRCTC at the end of the service concession period.

The IEPDWPL in turn has a right to charge the regulator at the agreed rate as stated in the service concession arrangement. Further, IRCTC has assured minimum sales volume during the concession period.

On the date of transition, in terms of the Ind AS requirements IEPDWPL has credited reserves equivalent to fair value of the cost of project construction with corresponding debit to financial asset at its present value of the annuities which it will receive over the period of concession arrangement. Further IEPDWPL has de-recognised property, plant and equipment (PPE) as appearing in the previous GAAP.

Accordingly, IEPDWPL has reclassified the PPE of INR 1085.26 Lacs at the carrying value to financial asset of INR 993.57 Lacs and the balance has been credited to retained earnings of INR 91.69 Lacs

The IEPDWPL has derecognised depreciation on PPE provided under previous GAAP of Rs 64.50 Lacs (31 March 2017: Rs. 57.96 Lacs); recognised interest income of Rs. 68.70 Lacs (31 March 2017: Rs. 71.97 Lacs) and reversal of revenue of Rs.115.52 Lacs (31 March 2017: Rs. 115.52 Lacs). Thus recognising profit of Rs.30.75 Lacs (31 March 2017: Rs. 16.01 Lacs) under the service concession arrangement.

62. Capital Management

The group's objective is to maximise the shareholders' value by maintaining an optimum capital structure. Management monitors the return on capital as well as the debt equity ratio and makes necessary adjustments in the capital structure for the development of the business.

The group's debt to equity ratio as at 31st March 2018 was 0.82 (31st March 2017: 0.66 and 1st April 2016 0.68)

Note: For the purpose of computing debt to equity ratio, Equity includes Equity share capital and Other equity and Debt includes Long term borrowings, Short term borrowings and Current maturities of long term borrowings.

63. Consequent to the introduction of Goods and Services Tax (GST) with effect from 1st July 2017, Central Excise, Value Added Tax (VAT) etc. have been subsumed into GST. In accordance with Indian Accounting Standard - 18 on Revenue and Schedule III of the Companies Act, 2013, unlike Excise Duties, levies like GST, VAT etc. are not part of Revenue.

64. In March 2018, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) Amendment Rules, 2018, notifying Ind AS 115 'Revenue from Contracts with Customers' (New Revenue Standard), which replaces Ind AS 11 'Construction Contracts' and Ind AS 18 'Revenue'. The core principle of the new revenue standard is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Some of the key changes introduced by the new revenue standard include additional guidance for multiple-element arrangements, measurement approaches for variable consideration, adjustments for time value of money etc. Significant additional disclosures in relation to revenue are also prescribed. The New Revenue Standard also provides two broad alternative transition options – Retrospective Method and Cumulative Effect Method – with certain practical expedients available under the Retrospective Method. The group is in the process of evaluating the impact of the new revenue standard on the present and future arrangements and shall determine the appropriate transition option once the said evaluation has been completed.

Also, appendix B to Ind AS 21, foreign currency transactions and advance consideration was notified along with the same notification which clarifies the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income, when an entity has received or paid advance consideration in a foreign currency. The group is in the process of evaluating the effect of these on the consolidated financial statements.

The amendments will come into force from 1st April 2018.

65. In the current year, Astha Technical Services Limited, an associate was amalgamated with Total Water Management Services (India) Limited w.e.f. 1st April 2017 as per order of The National Company Law Tribunal, Mumbai Bench dated 24th August 2017. On amalgamation adjustment on change in investment in subsidiaries and associates in retained earnings is INR 56.01 Lacs and minority interest is credited by INR 2.89 Lacs which is included in Other Equity.

In the previous year, IEI Environmental Management Sdn. Bhd., a subsidiary of Ion Exchange (India) Limited has become 100% wholly owned subsidiary by purchase of additional 40% from its minority share holders. On purchase of shares from minority shareholder of IEI Environmental Management Sdn. Bhd., minority interest is credited by INR 12.07 Lacs which is included in Other Equity as adjustment on change in investments in subsidiaries and associates.

66. Statement of net assets, profit and loss and other comprehensive income attributable to owners and non-controlling interest for the year ending 31st March 2018

| | Name of the entity | Country of incorporation | Net assets, i.e. total assets, minus total liabilities | | Share in profit and loss | | Share in other comprehensive income | | Share in total comprehensive income | |
|---------------------|--|--------------------------|--|--------------------|--------------------------------------|--------------------|---|--------------------|---|--------------------|
| | | | As % of consolidated net assets | Amount INR in Lacs | As % of consolidated profit and loss | Amount INR in Lacs | As % of consolidated other comprehensive income | Amount INR in Lacs | As % of consolidated total comprehensive income | Amount INR in Lacs |
| | Ion Exchange (India) Limited | | 111.93 | 31,338.68 | 108.90 | 4,774.49 | (3.55) | (17.65) | 97.44 | 4,756.84 |
| Subsidiaries | | | | | | | | | | |
| 1 | Ion Exchange Enviro Farms Ltd. | India | (9.61) | (2,691.14) | (8.66) | (379.84) | 0.01 | 0.04 | (7.78) | (379.80) |
| 2 | Watercare Investments (India) Ltd. | India | 3.70 | 1,036.52 | 0.27 | 11.94 | 40.27 | 200.46 | 4.35 | 212.40 |
| 3 | Aqua Investments (India) Ltd. | India | 5.05 | 1,414.80 | 0.41 | 17.93 | 55.53 | 276.39 | 6.03 | 294.32 |
| 4 | Ion Exchange Asia Pacific Pte. Ltd. | Singapore | 0.54 | 150.71 | (3.19) | (139.84) | - | - | (2.86) | (139.84) |
| 5 | Ion Exchange Asia Pacific (Thailand) Ltd. | Thailand | (2.17) | (607.51) | 0.06 | 2.44 | - | - | 0.05 | 2.44 |
| 6 | PT Ion Exchange Asia Pacific | Indonesia | 0.35 | 99.00 | 0.05 | 2.06 | - | - | 0.04 | 2.06 |
| 7 | IEI Environmental Management (M) Sdn. Bhd. | Malaysia | (0.60) | (168.01) | 0.14 | 6.11 | - | - | 0.13 | 6.11 |
| 8 | Ion Exchange Environment Management (BD) Ltd. | Bangladesh | 0.90 | 251.45 | 0.43 | 19.07 | - | - | 0.39 | 19.07 |
| 9 | Ion Exchange WTS (Bangladesh) Ltd. | Bangladesh | (0.01) | (3.67) | 0.05 | 2.05 | - | - | 0.04 | 2.05 |
| 10 | Ion Exchange LLC | USA | (0.74) | (206.59) | 2.33 | 102.06 | - | - | 2.09 | 102.06 |
| 11 | Ion Exchange And Company LLC * | Oman | 2.83 | 792.92 | 5.42 | 237.42 | - | - | 4.86 | 237.42 |
| 12 | Ion Exchange Projects And Engineering Ltd. | India | (4.76) | (1,332.79) | (1.23) | (53.77) | (0.93) | (4.61) | (1.20) | (58.38) |
| 13 | Global Composite & Structural Ltd. | India | (6.28) | (1,758.02) | (4.75) | (208.11) | - | - | (4.26) | (208.11) |
| 14 | Total Water Management Services (India) Ltd. | India | 0.21 | 58.74 | 0.13 | 5.84 | 8.67 | 43.11 | 1.00 | 48.95 |
| 15 | Ion Exchange Safic Pty. Ltd. | South Africa | (1.24) | (347.43) | (1.06) | (46.37) | - | - | (0.95) | (46.37) |
| 16 | Ion Exchange Purified Drinking Water Pvt. Ltd. | India | (0.10) | (29.47) | 0.70 | 30.76 | - | - | 0.63 | 30.76 |
| | | | 100.00 | 27,998.19 | 100.00 | 4,384.24 | 100.00 | 497.74 | 100.00 | 4,881.98 |
| a) | Adjustment arising out of consolidation | | | (7,987.54) | | (356.15) | | (631.21) | | (987.36) |
| b) | Adjustment arising out of consolidation | | | - | | (10.57) | | - | | (10.57) |
| c) | Non Controlling interests | | | 283.52 | | (31.69) | | - | | (31.69) |
| | Total | | | 20,294.17 | | 3,985.83 | | (133.47) | | 3,852.36 |

* Adapted as per Ind AS for consolidation.

67. Information with regard to other matters, as required by Schedule III to the Act is either nil or not applicable to the group for the year.

As per our report of even date

For B S R & Co. LLP
Chartered Accountants
Firm's Registration No.: 101248W/W-100022

For and on behalf of the board of directors of
ION EXCHANGE (INDIA) LIMITED
CIN - L74999MH1964PLC014258

BHAVESH DHUPELIA
Partner
Membership no.: 042070

RAJESH SHARMA
Chairman & Managing Director
DIN - 00515486

M. P. PATNI
Director
DIN - 00515553

MILIND PURANIK
Company Secretary

Place : Mumbai
Date : 23rd May 2018

N. M. RANADIVE
Executive Vice President - Finance

Place : Mumbai
Date : 23rd May 2018

FORM AOC - 1

[Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rule, 2014]
Statement containing salient features of the financial statement of subsidiaries / associate companies / joint ventures

Part A : Subsidiaries

| Sr. no. | Name of the subsidiary | The date since when subsidiary | Financial year ending on | Country of incorporation | Reporting currency | Exchange rate as at 31.03.2018 | Equity Share capital | Other Equity | Total assets | Total liabilities | Investments in holding company, subsidiaries and associates (including other income) | Profit / (Loss) before taxation | Provision for taxation | Profit / (Loss) after taxation | Other comprehensive income | Total comprehensive income | Proposed dividend (including dividend already paid, if any) | % of shareholding |
|---------|---|--------------------------------|--------------------------|--------------------------|--------------------|--------------------------------|----------------------|-------------------|--------------|-------------------|--|---------------------------------|------------------------|--------------------------------|----------------------------|----------------------------|---|-------------------|
| 1 | Ion Exchange Enviro Farms Ltd | 21.08.1997 | 31.03.2018 | India | INR | 1.00 | 69.47 (2,760.61) | 1,229.98 | 3,921.12 | - | 108.66 (379.84) | - | (379.84) | 0.04 | (379.80) | - | 79.60 | |
| 2 | Watercare Investments (India) Ltd. | 01.04.1999 | 31.03.2018 | India | INR | 1.00 | 178.02 | 858.50 | 1,038.33 | 1.81 | 916.45 | 14.58 | 14.04 | 2.10 | 11.94 | 200.46 | 212.40 | - |
| 3 | Aqua Investments (India) Ltd. | 01.04.1999 | 31.03.2018 | India | INR | 1.00 | 177.02 | 1,237.78 | 1,416.87 | 2.07 | 1,263.47 | 18.98 | 18.40 | 0.47 | 17.93 | 276.39 | 294.32 | - |
| 4 | Ion Exchange Asia Pacific Pie. Ltd. | 12.08.2004 | 31.03.2018 | Singapore | USD | 65.0441 | 1,285.95 (1,135.24) | 1,705.06 | 1,554.35 | 92.69 | 701.29 (139.84) | - | (139.84) | - | (139.84) | - | 100.00 | |
| 5 | Ion Exchange Asia Pacific (Thailand) Ltd. * | 12.04.2007 | 31.03.2018 | Thailand | THB | 2,097.8 | 83.91 (691.42) | 553.75 | 1,161.26 | - | 52.45 | 2.44 | - | 2.44 | - | 2.44 | - | 100.00 |
| 6 | PT Ion Exchange Asia Pacific* | 01.08.2017 | 31.03.2018 | Indonesia | IDR | 0.0047 | 96.99 | 2.01 | 196.99 | 97.99 | - | 147.07 | 2.35 | 0.29 | 2.06 | - | 2.06 | - |
| 7 | IEI Environmental Management (M) Sdn. Bhd. | 11.03.2004 | 31.03.2018 | Malaysia | MYR | 16.8539 | 42.13 (210.14) | 118.00 | 286.01 | - | 34.56 | 2.66 (3.45) | 6.11 | - | 6.11 | - | 100.00 | |
| 8 | Ion Exchange Environment Management (BD) Ltd. | 01.04.2006 | 31.03.2018 | Bangladesh | BDT | 0.7916 | 44.22 | 207.23 | 700.68 | 449.23 | - | 1,079.30 | 36.07 | 17.00 | 19.07 | - | 19.07 | - |
| 9 | Ion Exchange WTS (Bangladesh) Ltd. | 31.01.2010 | 31.03.2018 | Bangladesh | BDT | 0.7916 | 21.75 (25.42) | - | 3.67 | - | 0.36 | 3.15 | 1.10 | 2.05 | - | 2.05 | - | |
| 10 | Ion Exchange LLC | 01.03.2007 | 31.03.2018 | USA | USD | 65.0441 | 455.31 (661.90) | 1,895.56 | 2,102.15 | - | 2,609.39 | 112.90 | 10.84 | 102.06 | - | 102.06 | - | |
| 11 | Ion Exchange And Company LLC | 01.08.2006 | 31.03.2018 | Oman | OMR | 169.2626 | 507.79 | 593.75 (1,561.97) | 460.43 | - | 1,833.08 | 188.27 | 28.01 | 160.26 | - | 160.26 | 152.34 | |
| 12 | Ion Exchange Projects And Engineering Ltd. | 11.04.2011 | 31.03.2018 | India | INR | 1.00 | 1,521.52 (2,854.31) | 5,800.45 | 7,133.24 | 9.84 | 3,512.59 (53.77) | - | (53.77) | (4.61) | (58.38) | - | 91.81 | |
| 13 | Global Composite & Structural Ltd. | 29.03.2012 | 31.03.2018 | India | INR | 1.00 | 293.55 (2,051.57) | 1,243.96 | 3,001.98 | 5.00 | 497.25 (208.11) | - | (208.11) | - | (208.11) | - | 73.92 | |
| 14 | Total Water Management Services (India) Ltd. | 01.04.2012 | 31.03.2018 | India | INR | 1.00 | 10.89 | 47.85 | 96.29 | 37.55 | - | 105.64 | 41.85 | 36.01 | 5.84 | 43.11 | 48.95 | - |
| 15 | Ion Exchange Safic Pty. Ltd. | 01.07.2012 | 31.03.2018 | South Africa | ZAR | 5,521.5 | 0.06 (347.49) | 352.47 | 699.90 | - | 739.44 (30.56) | 15.81 | (46.37) | - | (46.37) | - | 60.00 | |
| 16 | Ion Exchange Purified Drinking Water Pvt.Ltd. | 25.09.2013 | 31.03.2018 | India | INR | 1.00 | 1.00 (30.47) | 1,325.10 | 1,354.57 | - | 1,513.17 | 43.24 | 12.48 | 30.76 | - | 30.76 | - | 100.00 |

* Holding through subsidiary company – Ion Exchange Asia Pacific Pte. Ltd., Singapore

Notes :

Subsidiaries yet to commence operation : None

Subsidiaries liquidated or sold during the year : None

Part B : Associates and Joint Ventures

| Sr. no. | Name of the Associates / Joint Ventures | Joint Venture | Associates | | | |
|---------|--|---------------|--|------------------------|--|-----------------------------|
| | | | IEI Water-Tech (M) Sdn. Bhd. ** | Aquonomics Systems Ltd | Ion Exchange Financial Products Pvt. Ltd.* | Ion Exchange PSS Co. Ltd.** |
| 1 | Latest audited Balance Sheet Date | 31.03.2018 | 31.12.2017 | 31.03.2018 | 31.03.2018 | 31.03.2018 |
| 2 | Date on which the Associate or Joint Venture was associated or acquired | 24.11.2005 | 06.07.2005 | 31.03.2006 | 01.04.1999 | 30.09.2011 |
| 3 | Share of Associate / Joint Ventures held by company on year end | | | | | |
| | - Number of shares | 2,500,000 | 300,000 | 460,000 | 2,450 | 14,700 |
| | - Amount of Investment (net of impairment, if any) (Rs. in Lacs) | 250.00 | - | 46.00 | 0.25 | 26.65 |
| | - Extent of holding % | 50.00% | 30.00% | 48.42% | 24.02% | 49.00% |
| 4 | Description of how there is significant influence | Joint Venture | Significant influence due to percentage of share capital | | | |
| 5 | Reason why the Associate / Joint Ventures is not considered | N.A. | N.A. | N.A. | N.A. | N.A. |
| 6 | Net worth attributable to shareholding as per latest audited balance sheet (Rs. in Lacs) | (799.23) | - | 298.58 | 55.44 | (166.01) |
| 7 | Total Comprehensive income | | | | | |
| | i. Considered in consolidation # (Rs. in Lacs) | (140.55) | - | 120.27 | 1.60 | (62.15) |
| | ii. Not considered in consolidation (Rs. in Lacs) | - | - | - | 54.91 | - |

* Holding through subsidiary companies – Aqua Investments (India) Limited and Watercare Investments (India) Limited.

** Holding through subsidiary Ion Exchange Asia Pacific Pte. Ltd., Singapore

Considered in consolidation as per applicable accounting standard

Note :

Associates / Joint Ventures yet to commence operation : None

Associates / Joint Ventures liquidated or sold during the year : Astha Technical Services Limited (amalgamated with Total Water Management Services (I) Limited, a subsidiary w.e.f. 01.04.2017)

For and on behalf of the board of directors of
ION EXCHANGE (INDIA) LIMITED

RAJESH SHARMA
Chairman & Managing Director
DIN - 00515486

M. P. PATNI
Director
DIN – 00515553

MILIND PURANIK
Company Secretary

N. M. RANADIVE
Executive Vice President - Finance

Place : Mumbai
Date : 23rd May 2018

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 Contact Details
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 DP ID No.
 Client ID No.

Purchaser's Signature

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Ion Exchange (India) Ltd.

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Filter

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Iron remover

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ecoRO

Kitchenmate

AutoSoft 2

AutoSoft 3

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 • Delhi: 011 - 3345 1228 / 29 • Gurugram: 0124 - 427 2661 • Noida: 0120 - 456 6444 • Chennai: 044 - 3910 2919
 • Bengaluru - Mahadevpura: 080 - 2204 2888 • Bengaluru - R.T.Nagar: 080 - 4128 3534 / 41 • Mysore: 0821 - 424 8767 • Hyderabad: 040 - 3066 3133

Ion Exchange (India) Ltd.

Corporate Office: Ion House, Dr. E. Moses Road, Mahalaxmi, Mumbai-400 011, India. Call: 022-2788 1234 | SMS: ZEROB to 56181 | Email: zerob@ionexchange.co.in | Web: www.zerobonline.com

Facebook: ZeroB Water Purifier Water Softener Twitter: TheZeroB YouTube: Zero B Water Purifier

ION EXCHANGE

Refreshing the Planet

Ion Exchange (India) Limited

CIN: L74999MH1964PLC014258

Registered Office : Ion House, Dr. E. Moses Road, Mahalaxmi, Mumbai 400 011.

ATTENDANCE SLIP

(To be handed over at the entrance of the Meeting Venue)

54th Annual General Meeting on Friday, 7th September, 2018 at 11.00 a.m.

at Ravindra Natya Mandir, P.L. Deshpande Maharashtra Kala Academy, Near Siddhivinayak Temple, Sayani Road, Prabhadevi, Mumbai – 400 025

Regd. Folio No. _____ DP ID _____ Client ID _____ No. of Shares held _____

Signature _____

Name of the attending Member (in BLOCK letters)

Signature _____

Name of Proxy (in BLOCK letters)

Signature _____

Notes:

- Interested Joint Shareholders may obtain attendance slips from the Registered Office of the Company.
- Shareholders/Joint Shareholders and Proxy are requested to bring the attendance slip with them. Duplicate slips will not be issued at the entrance of the meeting venue.

ION EXCHANGE

Refreshing the Planet

Ion Exchange (India) Limited

CIN: L74999MH1964PLC014258

Registered Office : Ion House, Dr. E. Moses Road, Mahalaxmi, Mumbai 400 011.

PROXY FORM

[Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014]

| | | |
|-----------------------|---|--|
| Name of the member(s) | : | |
| Registered Address | : | |
| E- mail Id | : | |
| Folio No./ Client ID | : | |
| DP ID | : | |

I/We, being the member (s) of shares of Ion Exchange (India) Limited, hereby appoint

- Name :
Address.....
.....
or failing him
 - Name :
Address.....
.....
or failing him
 - Name :
Address.....
.....
- E-mail Id :
Signature:.....
- E-mail Id :
Signature:.....
- E-mail Id :
Signature:.....

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 54th Annual General Meeting of the company, to be held on the 7th day of September 2018 at 11.00 a.m. at Ravindra Natya Mandir, P.L. Deshpande Maharashtra Kala Academy, Near Siddhivinayak Temple, Sayani Road, Prabhadevi, Mumbai – 400 025 and at any adjournment thereof in respect of such resolutions as are indicated below:

- Adoption of Audited standalone and Audited consolidated financial statements, Report of the Board of Directors and Auditors for the financial year ended March 31, 2018.
- Approval of Dividend.
- Appointment of Mr. M.P. Patni who retires by rotation and being eligible, offers himself for re-appointment.
- Ratification of Appointment of Auditors.
- Appointment of M/s. Charantimath Associates as Branch Auditors.
- Ratification of Cost Auditors Remuneration.

Signed this..... day of..... 20....

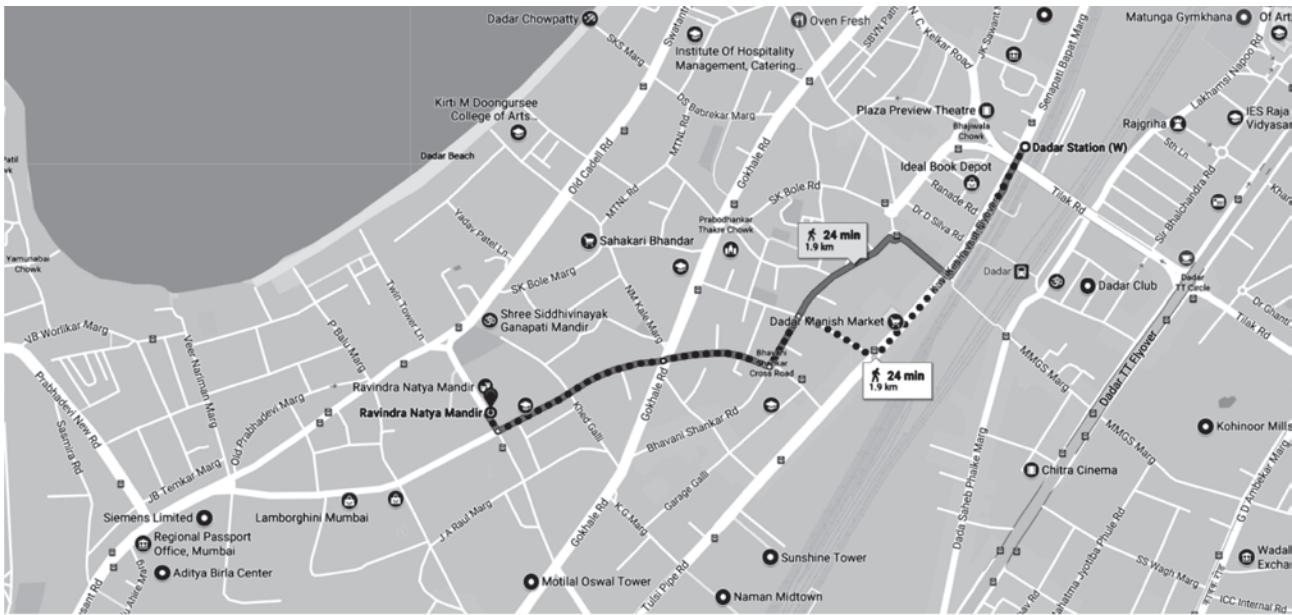
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| Affix Revenue stamp |
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Signature of shareholder

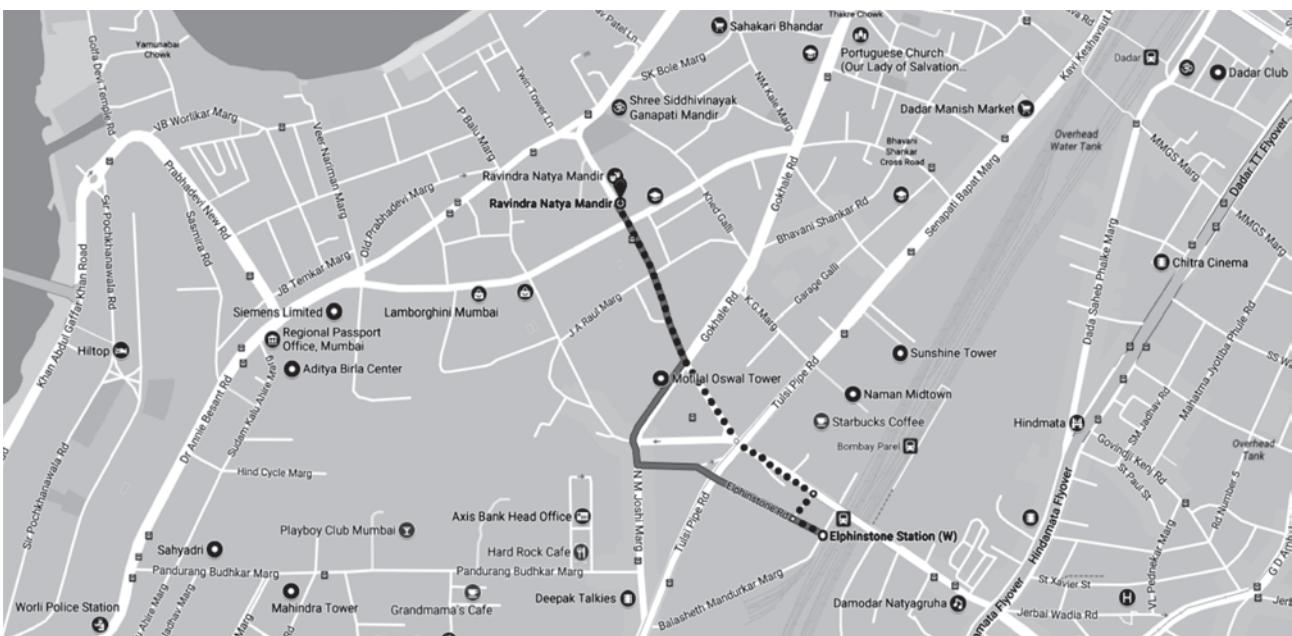
Signature of Proxy holder(s)

Note: This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.

Dadar Station (W) to Ravindra Natya Mandir



Elphinstone Station (W) to Ravindra Natya Mandir





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