



September 18, 2017

The Corporate Relationship Dept  
Bombay Stock Exchange 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) Regulation, 2015, please find enclosed herewith Annual Report for the year ended 31<sup>st</sup> March 2017 containing Notice of the 53<sup>rd</sup> Annual General Meeting, held on Friday, 15<sup>th</sup> September, 2017 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**

Encl:a/a



## SUSTAINABLE SOLUTIONS GLOBALLY

53<sup>rd</sup> Annual Report  
2016-17



Effluent Treatment Solutions  
for **Complex** Effluent Waste



**High-loaded** Fluidised Media Reactor



Complete Zero Liquid Discharge



Advanced Sewage Recycle Systems



Highest Recovery Home Water  
RO with **Inbuilt** Sanitisation



**Novel** Integrated Permeate Channel  
(IPC) Membrane Bio-reactor for  
Sewage Treatment

# **Ion Exchange...**

## **Transcending Geographies with Sustainable Solutions**

Environmental, economic and social indicators tell us that modernisation, due to its negligence towards the environment, is leading to unsustainability. Ours is a world of looming challenges and increasingly limited resources. Sustainable development offers the best chance to adjust our course.

Water is at the core of sustainability and is critical for socio-economic development, healthy ecosystems and for human survival itself.

At Ion Exchange, we take great pride in being the harbingers of positive change and also in being a global icon that provides sustainable solutions in the water and environment management domain. We generate superior value for our customers through our comprehensive sustainable solutions like municipal sewage & industrial effluent recycle and zero liquid discharge, using advanced technologies.

In our endeavour to create a healthy, sustainable and refreshing environment, we have expanded our geographic reach. Through the years, we have established our business in Asia, Africa, North America and other continents with the aim of delivering environmentally friendly solutions.

Today, we stand strong by providing the best quality of products and services and abide by our vision

**'To be the leader in our business which is so vital to people's lives and the environment.'**

**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
Mrs. K. J. Udeshi	Director

**REGISTERED OFFICE**

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

**SENIOR MANAGEMENT**

Rajesh Sharma	Chairman & Managing Director
Aankur Patni	Executive Director
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 Third Annual General Meeting of the members of Ion Exchange (India) Limited will be held on Friday, 15<sup>th</sup> September, 2017 at 11.00 a.m. at Ravindra Natya Mandir, P.L. Deshpande Maharashtra Kala Academy, Near Siddhivinayak Temple, Sayani Road, Prabhadevi, Mumbai – 400 025 to transact the following business:

### ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Standalone Financial Statements and Audited Consolidated Financial Statements of the Company for the financial year ended 31<sup>st</sup> March, 2017 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 2018 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, 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 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 31<sup>st</sup> March, 2018, 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."

7. **Re-appointment of Mr. Rajesh Sharma as Chairman & Managing Director of the Company**

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

"RESOLVED THAT pursuant to the provisions of Sections 196, 197, 198 and other applicable provisions, if any of the Companies Act, 2013 read with Schedule V and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 of the said Act (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) and subject to the approval of Central Government, if any, consent of the members be and is hereby accorded to the

re-appointment of Mr. Rajesh Sharma as Chairman & Managing Director for a period of 5 years commencing from 1<sup>st</sup> April, 2017 and to the payment of remuneration as set out in the agreement to be entered into by the Company with Mr. Rajesh Sharma.

RESOLVED FURTHER THAT the Board of Directors (hereinafter referred to as 'the Board' which term shall be deemed to include the Nomination and Remuneration Committee constituted by the Board) of the Company be and is hereby authorized to make modification to the terms of the re-appointment and / or remuneration and / or agreement with Mr. Rajesh Sharma, as it considers appropriate and / or as may be required by the Central Government in accordance with any provision under the Act, for the time being in force (including any statutory modification(s) or re-enactment(s) thereof).

RESOLVED FURTHER THAT in the event of absence or inadequacy of profits in any financial year during the tenure of the Chairman & Managing Director, Mr. Rajesh Sharma, the Company shall pay him remuneration by way of salary and perquisite as set out in the explanatory statement annexed to this Notice.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to vary or increase the remuneration payable to the Chairman & Managing Director, Mr. Rajesh Sharma, to the extent the Board may consider appropriate and as permitted in accordance with any provision under the Act read with Schedule V, as amended from time to time and the Company will not have to take further approvals as long as the remuneration payable to the Chairman & Managing Director, Mr. Rajesh Sharma does not exceed the maximum permissible under the relevant Act, rules and regulations that are for the time being in force including any statutory modification or re-enactment thereof."

**Registered Office:**

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

By Order of the Board

Milind Puranik  
Company Secretary

Mumbai, 23<sup>rd</sup> May, 2017

**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 , 7<sup>th</sup> September, 2017 to Friday, 15<sup>th</sup> September, 2017 (both days inclusive).
3. Details of Directors seeking appointment / re-appointment as required under Regulation 36(3) of the Listing Regulations & Secretarial Standard on General Meetings.

Name	Mr. Rajesh Sharma	Mr. M.P.Patni
Designation	Chairman and Managing Director	Non-Executive Director
Date of Birth	23.09.1954	25.09.1945
Date of first Appointment on the Board	26.03.1996	28.09.2001
Qualification	B.Sc., LLB	B.E. (Mechanical)
Expertise	Mr. Rajesh Sharma joined the Company in 1974 and during his career with the Company has held a number of sales, marketing and management positions. Before taking up the office of Managing Director since April 2000.	Mr. Patni has wide range of experience in the marketing of heavy and medium engineering equipments, water treatment plants and allied items since last 49 years. He has considerable exposure in handling large projects of national importance.

Name	Mr. Rajesh Sharma	Mr. M.P.Patni
Terms and Conditions of Appointment or Re-appointment	5 years commencing from 1st April 2017	NA
Details of remuneration sought to be paid	As stated in explanatory statement.	NA
Remuneration last drawn	Rs. 3,42,20,726/-	NA
Chairman/Director of Other Companies	1. Watercare Investments (India) Ltd. 2. Ion Exchange Enviro Farms Ltd. 3. Power Water Financial Services Pvt. Ltd. 4. Ion Exchange Asia Pacific Pte. Ltd. (Singapore) 5. Aqua Investments (India) Limited 6. Ion Exchange Waterleau Ltd. 7. IEI Environmental Management (M) Sdn. Bhd (Malaysia) 8. IEI WaterTech (M) Sdn. Bhd. (Malaysia) 9. Ion Exchange & Co. LLC (Oman) 10. Ion Exchange LLC (USA) 11. Ion Exchange Projects & Engineering Ltd. 12. Ion Foundation 13. Ion Exchange PSS Ltd. (Thailand) 14. Ion Exchange Safic (Pty.) Ltd. (South Africa) 15. Ion Exchange Purified Drinking Water Private Limited 16. Global Procurement Consultants Limited	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. 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)	Member of the following committees of Ion Exchange (India) Ltd. 1. Stakeholders Relationship Committee 2. Corporate Social Responsibility Committee	Member of the following committees of Ion Exchange (India) Ltd. 1. Employee Stock Option Compensation Committee 2. Nomination and Remuneration Committee 3. Corporate Social Responsibility Committee Member of the following committees of Ion Exchange Projects and Engineering Limited. 1. Audit Committee
No of Board Meetings attended	Six out of Six	Six out of Six
Number of shares held in the Company	7,81,218	7,11,747
Relationship with other Directors	Brother of Mr. Dinesh Sharma	Father of Mr. Aankur Patni

4. Dividend, if declared at the meeting will be paid on or before 20<sup>th</sup> September, 2017 to those members (holding shares in physical form) whose names appear on the Register of members as on 15<sup>th</sup> September, 2017 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 2008-2009 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 2009-2010 and subsequent years are advised to write to our R&T.

In terms of Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 as amended by the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Amendment

Rules, 2017 Equity shares in respect to which dividend has not been encashed for seven consecutive years or more are required to be transferred to Investors Education & Protection Fund (IEPF) pursuant to section 124(6) of the Companies Act, 2013. Relevant details in this respect are uploaded on the Company's website <http://www.ionindia.com> in investors section. The Company sends communication in this respect to concerned shareholders from time to time as may be necessary. Shareholders are requested to contact Company or RTA to encash the unclaimed dividend.

7. 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.
8. 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.
9. 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.
10. The Notice of the AGM along with the Annual Report 2016-17 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.
11. To support the 'Green Initiative', the Members who have not registered their e-mail addresses are requested to register the same with TSRDL/Depositories.

**12. 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 Listing Regulations 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 14<sup>th</sup> September, 2017 (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](mailto: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 14<sup>th</sup> September, 2017 (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 11<sup>th</sup> September, 2017 (9:00 am) and ends on 14<sup>th</sup> September, 2017 (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 8<sup>th</sup> September, 2017 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 Shareholder - Login
  - (iv) Put user ID and password as initial password/PIN noted in step (i) above. Click Login.
  - (v) Password change menu appears. Change the password/PIN with new password of your choice with minimum 8 digits/characters or combination thereof. Note new password. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
  - (vi) Home page of remote e-voting opens. Click on remote e-voting: Active Voting Cycles.
  - (vii) Select "EVEN" of "Ion Exchange (India) Limited".
  - (viii) Now you are ready for remote e-voting as Cast Vote page opens.
  - (ix) Cast your vote by selecting appropriate option and click on "Submit" and also "Confirm" when prompted.
  - (x) Upon confirmation, the message "Vote cast successfully" will be displayed.
  - (xi) Once you have voted on the resolution, you will not be allowed to modify your vote.
  - (xii) 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: [yvchakra@gmail.com](mailto:yvchakra@gmail.com) with a copy marked to [evoting@nsdl.co.in](mailto: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 Sr.No. (ii) to Sr. No. (xii) 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](https://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 8<sup>th</sup> September 2017.

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. 8<sup>th</sup> September 2017, may obtain the login ID and password by sending a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) or to the Registrars M/s.TSR Darashaw Limited at [csg-unit@tsrdarashaw.com](mailto: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](https://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 scrutinizer, by use of "Ballot Paper" or "Poling 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](http://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, 23<sup>rd</sup> May, 2017

## 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 to 7 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 commends 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, 2018.

Remuneration payable to M/s. Kishore Bhatia & Associates, Cost Auditors of the Company for the financial year ended March 31, 2018 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, 2017.

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 commends the Resolution at Item No. 6 for 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.

### Item Nos. 7

The Board of Directors at their meeting held on 23<sup>rd</sup> March 2017 re-appointed Mr. Rajesh Sharma as Chairman and Managing Director for five years commencing from 1<sup>st</sup> April 2017. The Remuneration Committee and the Board approved the terms of remuneration payment at its meeting held on 23<sup>rd</sup> March, 2017. The appointment is subject to the provisions of Sections 196, 197, 198 and other applicable provisions, if any of the Companies Act, 2013 read with Schedule V and Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 of the said Act (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) and subject to the approval of Central Government, if any. The main terms and conditions of the appointment are as under:

Basic Salary : Rs.15,75,000/- (Rupees Fifteen Lacs Seventy five Thousand only) per month. On the expiry of every 12 months from the effective date of this Agreement (i.e. 1<sup>st</sup> April 2017) the basic salary shall stand increased by Rs.1,25,000/- (Rupees One Lac Twenty Five Thousand only) per month.

Commission : For each financial year at a rate to be decided by the Board of Directors but not exceeding 5 % of the net profits of the Company.

Housing :  
i) Free furnished accommodation in case the accommodation is owned by the Company.  
ii) In case the accommodation is hired by the Company, expenditure by the Company on hiring furnished accommodation for the Chairman & Managing Director will be subject to the ceiling of 60% of the basic salary over and above 10% payable by the Managing Director.  
iii) In case no accommodation is provided by the Company, the Chairman & Managing Director shall be entitled to House Rent Allowance subject to the ceiling of 60 % of the Basic Salary.

Provident Fund : 12% of the Basic Salary or as per the provisions of the Employees Provident Funds and Miscellaneous Provisions Act, 1952 and relevant rules thereof, in force.

Superannuation : 15% of the Basic Salary

Gratuity : 15 days Basic Salary for each year of service.

Contribution to the provident fund, superannuation fund or annuity fund and encashment of leave at the end of the tenure will not be included in the computation of ceiling on perquisites to the extent these either singly or put together are not taxable under the Income Tax Act, 1961.

Leave Travel : Rs.5,00,000/- (Rupees Five Lacs only) for the Chairman & Managing Director and Allowance his family, once a year incurred in accordance with the rules specified by the Company.

Insurance: Provision of term Insurance, Medical and Accident Insurance for self and family. The premium not to exceed Rs.10,00,000/- (Rupees Ten Lacs) per annum.

Medical Benefits : Reimbursement of medical expenses for the Chairman & Managing Director, spouse and dependent children.

Club Fees : Fees of clubs subject to a maximum of two clubs. This will not include admission and life membership fees.

The Expenditure incurred by the Company on gas, electricity, water and furnishings shall be valued as per the Income Tax Rules, 1962 and shall not exceed Rs.2,00,000/- (Rupees Two Lac) per annum.

Provision of car with driver and telephone at residence will not be considered as perquisites.

In case when in any financial year during the current tenure of the Chairman & Managing Director, the Company has no profits or profits are inadequate, remuneration will be payable to the Chairman & Managing Director as set out hereinabove.

The other terms and conditions of the appointment of Mr. Rajesh Sharma are as under:

1. Mr. Rajesh Sharma shall be entrusted with powers of management of the business of the Company. He shall faithfully and diligently serve the Company as Chairman & Managing Director and exercise such other powers and functions as may be conferred on him by the Board.
2. Mr. Rajesh Sharma shall be posted in Mumbai.
3. Any discovery, invention made by Mr. Rajesh Sharma shall belong to the Company.
4. Mr. Rajesh Sharma shall maintain secrecy in regard to the affairs of the Company.
5. Mr. Rajesh Sharma shall not engage in any other business during the tenure of the Agreement.
6. The Company will reimburse Mr. Rajesh Sharma expenses incurred by him for travelling and entertainment in connection with the business of the Company.
7. So long as Mr. Rajesh Sharma functions as the Chairman & Managing Director, he shall not be interested directly or indirectly in any selling agency of the Company.
8. Should Mr. Rajesh Sharma by reason of ill-health or accident remain absent for a period of 180 days in a period of twelve consecutive months, the Company will be entitled to terminate his Agreement.
9. The Company shall be entitled to determine the Agreement, should Mr. Rajesh Sharma be negligent in discharge of his duties.
10. Either party shall be entitled to determine this Agreement by giving to the other six months' notice in writing. Pursuant to the determination of the agreement by the Company, for and during the balance remaining period of Agreement OR 6 months from the date of determination whichever is later, the Chairman & Managing Director shall be entitled to and the Company shall accordingly pay to the Chairman & Managing Director remuneration at the same rates specified in the schedule hereto.
11. After the termination of Mr. Rajesh Sharma's appointment he will not represent himself as being interested in the Company's business.

None of the director or key managerial personnel (KMP) or relatives of directors or KMP is concerned or interested in the said Resolution, except Mr. Dinesh Sharma as relative and Mr. Rajesh Sharma as the resolution is for his appointment and remuneration payment.

The Board commends the Resolution at Item No. 7 for approval by the Members.

The draft agreement to be entered in to with Mr. Rajesh Sharma is available for inspection at the Registered office of the company on working days between 2:00 to 4:00 p.m.

**Registered Office:**

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

By Order of the Board

Milind Puranik  
Company Secretary

Mumbai, 23<sup>rd</sup> May, 2017

## DIRECTORS' REPORT

To  
The Members,

Your Directors have pleasure in presenting the 53<sup>rd</sup> Annual Report and Accounts for the year ended 31<sup>st</sup> March, 2017.

### FINANCIAL RESULTS

The highlights of the financial results are as follows:

	Year ended March 2017 (Rs. in Lacs)	Year ended March 2016 (Rs. in Lacs)
Profit before taxation	7,020	5,136
Less: Provision for taxation :		
Current tax	2,401	1,720
Previous year's tax	44	--
Deferred tax	(20)	(33)
Profit after tax	<hr/> 4,595	<hr/> 3,449
Add: Balance in statement of Profit & Loss Account brought forward from previous year	12,586	9,630
Profit balance available for appropriation	<hr/> <hr/> 17,181	<hr/> <hr/> 13,079

### OPERATIONS

During the financial year ended 31<sup>st</sup> March, 2017, the net profit after tax of the company has increased by 33% to Rs. 4,595 Lacs as compared to previous year's net profit after tax of Rs. 3,449 lacs. The turnover of the Company increased to Rs. 972 crores as compared to Rs. 832 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 31<sup>st</sup> March, 2017.

### FUTURE OUTLOOK

India continues to remain in a bright spot in the global economy with the economic growth at 7.1 percent in FY17. The country's economic fundamentals have improved over the past couple of years owing to strong government reforms and an accommodative monetary policy which was aided by benign commodity prices. India has the potential to surpass the developing economies and become the third largest economy by 2030 as per the projections by the US government agency.

International Monetary Fund (IMF) has projected India's immediate term growth in GDP to be at 7.2%. This will have an all round positive impact in the demand for company's products and services. However rising NPAs, a temporary slow down due to introduction of GST and negative corporate sentiment have emerged as threats to derail the projected growth momentum.

The growth in the nation's industrial sector coupled with the rising residential sector and the rapid urbanization will lead to an increase in the demand of water, wastewater treatment and solid waste management plants in India. The recent court directive banning the functioning of industries that do not have a primary effluent treatment plant installed, is a big boost to the entire water treatment industry in our country.

Depleting ground water reserves and water scarcity will also lead to an increase in water re-use and recycling practices which will drive the demand for municipal as well as industrial wastewater and recycle plants. Further the government's directive that industries should adopt Zero Liquid Discharge concept whilst treating the waste and reuse nearly 100 percent of the treated effluent will also lead to a demand for wastewater treatment plants equipments thereby stimulating growth.

The demand of water and wastewater management is likely to pick up as industrial capex picks up, showing a direct correlation between the two. The Make in India initiatives, Swachh Bharat Abhiyan and the Namami Gange projects are expected to create significant opportunities in municipal segment. As per reports, The National Mission for Clean Ganga (NMCG) has in principle approved 26 projects under the Centre's 'Namami Gange' programme. These projects are expected to be tendered progressively over the next two years.

Your company is well poised to take advantage of all the above mentioned opportunities and several initiatives announced by the government like the Swachh Bharat Mission, the Clean Ganga initiative, the National Rural Drinking Water Programme, coupled with the stricter enforcement of environmental norms to drive the demand for water and waste water solutions in the

future.

On its proven capability to provide wide spectrum, complete water and environment solutions in India and geographies it serves, your company will mitigate negative factors affecting growth.

## **FINANCIAL RESOURCES**

### **Fixed Deposits**

The Company has discontinued accepting Fixed Deposits from Public and shareholders.

The Company has not accepted any deposit, 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 31<sup>st</sup> March, 2017, the Subsidiary companies M/s. Aqua Investments (India) Limited posted profit after tax of Rs. 14.19 lacs compared to Rs. 12.44 lacs of the previous year and M/s. Watercare Investments (India) Ltd. posted profit after tax of Rs. 10.65 lacs compared to Rs. 10.59 lacs of the previous year.

### **Ion Exchange Enviro Farms Limited (IEEFL)**

During the year under review, company clocked a turnover of Rs. 71.02 Lacs as against Rs. 56.10 Lacs in the previous year.

The company has now made an appeal to Securities Appellate Tribunal (SAT) citing practical difficulties in formal closure of the CIS scheme as per SEBI's fresh directions, as most of the investors have already received their land/refund as per the agreement.

### **Ion Exchange Asia Pacific Pte Ltd., Singapore and Ion Exchange Asia Pacific (Thailand) Ltd., Thailand**

The Company achieved a consolidated turnover of Rs. 1031.64 lacs for the year under review.

Uncertain economic conditions in South East Asia continued during the year under review resulting in continued deferment of capital expenditure by customers. During the year company has renewed its focus on other South East geographies and has received encouraging response from these new geographies.

Management is confident of a turnaround in the near future.

### **IEI Environmental Management [M] SDN.BHD, Malaysia**

The Company achieved a turnover of Rs. 6.24 lacs for the year under review.

The Company's main activity is trading in water filtration equipments, 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. 1087.95 lacs for the year under review. The Company registered profit after tax of Rs. 22.22 lacs

The company continued to make a profit but the socio -political situation in Bangladesh is affecting the Business and profitability. The textile segment in Bangladesh is showing positive signs. We are also targeting infrastructure projects in Bangladesh

### **Ion Exchange WTS (Bangladesh) Limited, Bangladesh**

The Company is currently not in operation.

### **Ion Exchange & Co. LLC, Oman**

The Company achieved a turnover of Rs. 1,944.43 lacs for the year under review as against Rs. 1,845.31 lacs for the previous year. It registered a profit after tax at Rs. 179.44 lacs as compared to Rs.366.45 lacs for previous year.

During the year margins under O & M sector were under pressure and company has taken effective steps for cost optimization and improving operating efficiencies.

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

Company continues its focus to consolidate the business considering oil crisis and its impact on local economy.

### **Ion Exchange LLC, USA**

The Company achieved a turnover of Rs. 2,344.91 lacs for the year under review as against Rs. 2,153.91 lacs for previous year. Due to higher turnover and operational efficiencies company improved its profit from 31.46 lacs to 64.32 lacs

This subsidiary address the resin needs of customers in USA & Canada.

The major focus continues to be marketing of Ion Exchange resins. Continued focus to promote speciality resins in the market has helped in improving the performance.

### **Ion Exchange Projects and Engineering Limited**

The Company achieved a turnover of Rs. 4,753.12 lacs for the year under review as against Rs. 3,126.01 lacs in the previous year. Although turnover of the company showed improvement of more than 50% over the previous year margins were under pressure.

Engineering and project management capabilities of the company will be utilized to execute larger orders of parent company and we are confident of overall improvement of performance in the coming years.

### **Global Composites and Structural Limited**

The Company achieved a turnover of Rs. 103.96 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**

Company's turnover showed improvement from 291.76 lacs of previous year to 564.18 lacs for the year under review.

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

Continued efforts of the company in South Africa & neighboring countries have resulted in improvement in the engineering segment which has resulted in increased turnover.

### **Total Water Management Services (India) Ltd**

The Company achieved a turnover of Rs. 26.73 lacs for the year under review.

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

### **Ion Exchange Purified Drinking Water Pvt. Ltd.**

The Company achieved a turnover of Rs. 1,630.39 Lacs for the year under review.

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 16 (1) (b) of the Listing Regulations.

### **BOARD PERFORMANCE EVALUATION**

Pursuant to the provisions of the Companies Act, 2013 and Regulation 17 of the Listing Regulations along with Guidance note on Board Evaluation issued by the Securities and Exchange Board of India on January 5, 2017, 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 31<sup>st</sup> March, 2017, 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 31<sup>st</sup> March, 2017 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. Randive	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 2016-17 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](http://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.

All related party transactions are placed before the audit committee as also to the board for approval. A statement giving details of all related party transactions are placed before the audit committee and board for review and approval on a quarterly basis. Suitable disclosure as required by accounting standards (AS-18) has been made in the notes to the financial statements.

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 for 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 ISO9001:2008 and Environmental Management system namely ISO14001:2004 have been adopted by your factories.

During the year 2016-17, your company's Hosur factory has been certified for ISO 9001:2015 standard.

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 Organization, New Delhi, 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 recognized 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 its 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 31<sup>st</sup> 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) drive, 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 the 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 31<sup>st</sup> March, 2017 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: 23<sup>rd</sup> May, 2017

**Annexure I**  
**Form No.MGT-9**

## EXTRACT OF ANNUAL RETURN

As on the financial year ended on 31st March 2017

[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	:	6 <sup>th</sup> 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: <a href="mailto:ieil@ionexchange.co.in">ieil@ionexchange.co.in</a> , Website: <a href="http://www.ionindia.com">www.ionindia.com</a>
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: <a href="mailto:csg-unit@tsrdarashaw.com">csg-unit@tsrdarashaw.com</a> Website: <a href="http://www.tsrdarashaw.com">www.tsrdarashaw.com</a>

**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	16.57%
2	Water Treatment Plant	37003,36000	45.42%
3	Chemical Additives	20119	17.30%

**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	99.99	2 (87)
<b>Foreign Subsidiaries</b>					
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 <sup>th</sup> 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)
<b>Associates</b>					
16	Ion Exchange Waterleau Limited Ion House Dr. E. Moses Road, Mahalaxmi, Mumbai 400 011	U45204MH2005PLC157554	Associate	50	2 (6)
17	Astha Technical Services Limited New Alipore Market Complex, BlockM, Phasel, 5th Floor, Kolkata West Bengal 700053	U74140WB2004PLC098283	Associate	44.89 (holding through Subsidiary Companies)	2 (6)
18	Aquonomics Systems Limited “Ellora Fiesta”, Office No. 605, Plot No. 8, Sector-11, Sanpada, Near Juinagar Railway Station, Navi Mumbai, Maharashtra - 400705	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 <sup>th</sup> 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 (01.04.2016)				No. of Shares held at the end of the year (31.03.2017)				% Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A.Promoters (including promoter group)</b>										
(1) <b>Indian</b>										
a)	Individual/HUF	32,97,917	0	32,97,917	22.66	32,97,917	0	32,97,917	22.49	-0.17
b)	Central Govt	0	0	0	0.00	0	0	0	0.00	0
c)	State Govt (s)	0	0	0	0.00	0	0	0	0.00	0
d)	Bodies Corp.	2,53,803	2,34,493	4,88,296	3.35	2,53,803	2,34,493	4,88,296	3.33	-0.02
e)	Banks/FI	0	0	0	0.00	0	0	0	0.00	0
f)	Any Other.... (Employee Welfare Trust)	1,22,500	25,50,014	26,72,514	18.36	1,22,500	25,50,014	26,72,514	18.22	-0.14
	<b>Sub-total(A)(1):-</b>	<b>36,74,220</b>	<b>27,84,507</b>	<b>64,58,727</b>	<b>44.37</b>	<b>36,74,220</b>	<b>27,84,507</b>	<b>64,58,727</b>	<b>44.04</b>	<b>-0.33</b>
(2) <b>Foreign</b>		0	0	0	0.00	0	0	0	0.00	0
a)	NRIs-Individuals	0	0	0	0.00	0	0	0	0.00	0
b)	Other– Individuals	0	0	0	0.00	0	0	0	0.00	0
c)	Bodies Corp.	0	0	0	0.00	0	0	0	0.00	0
d)	Banks/FI	0	0	0	0.00	0	0	0	0.00	0
e)	Any Other....	0	0	0	0.00	0	0	0	0.00	0
	<b>Sub-total(A)(2):-</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0</b>
	<b>Total share holding of Promoter (A) = (A) (1) + (A) (2)</b>	<b>36,74,220</b>	<b>27,84,507</b>	<b>64,58,727</b>	<b>44.37</b>	<b>36,74,220</b>	<b>27,84,507</b>	<b>64,58,727</b>	<b>44.04</b>	<b>-0.33</b>
<b>B. Public Shareholding</b>										
1. <b>Institutions</b>										
a)	Mutual Funds	1,19,060	5,184	1,24,244	0.85	43,211	5,184	48,395	0.33	-0.52
b)	Banks/FI	183	94	277	0.00	183	94	277	0.00	0
c)	Central Govt	0	0	0	0.00	0	0	0	0.00	0
d)	State Govt(s)	0	0	0	0.00	0	0	0	0.00	0
e)	Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0
f)	Insurance Companies	1,66,230	0	1,66,230	1.14	1,66,230	0	1,66,230	1.13	-0.01
g)	FII's	0	50	50	0	8000	50	8050	0.05	0.05
h)	Foreign Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0
i)	Others (specify)	0	0	0	0.00	0	0	0	0.00	0
	<b>Sub-total(B)(1):-</b>	<b>2,85,473</b>	<b>5,328</b>	<b>2,90,801</b>	<b>2.00</b>	<b>2,17,624</b>	<b>5,328</b>	<b>2,22,952</b>	<b>1.52</b>	<b>-0.48</b>
2. <b>Non-Institutions</b>										
a)	Bodies Corp.									
i)	Indian	11,45,487	12,510	11,57,997	7.95	15,52,571	10,980	15,63,551	10.66	2.71
ii)	Overseas	0	0	0	0	0	0	0	0	0

Category of Shareholders			No. of Shares held at the beginning of the year (01.04.2016)				No. of Shares held at the end of the year (31.03.2017)				% Change during the year
			Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
	b)	Individuals									
	i)	Individual shareholders holding nominal share capital upto Rs.1lakh	31,64,015	5,43,536	37,07,551	25.47	27,63,603	5,28,175	32,91,778	22.44	-3.03
	ii)	Individual shareholders holding nominal share capital in excess of Rs1 lakh	27,11,909	64,184	27,760,93	19.07	28,81,792	69,184	29,50,976	20.12	1.05
	c)	Others (specify)									
	i.	Trust	1,010	0	1,010	0.01	1,010	0	1,010	0.01	0
	ii.	NRI	1,63,273	1,707	1,64,980	1.13	1,75,958	1,707	1,77,665	1.21	0.08
	<b>Sub-total(B)(2):-</b>		<b>71,85,694</b>	<b>6,21,937</b>	<b>78,07,631</b>	<b>53.63</b>	<b>73,74,934</b>	<b>6,10,046</b>	<b>79,84,980</b>	<b>54.44</b>	<b>0.81</b>
	<b>Total Public Share holding (B) = (B) (1) + (B) (2)</b>		<b>74,71,167</b>	<b>6,27,265</b>	<b>80,98,432</b>	<b>55.63</b>	<b>75,92,558</b>	<b>6,15,374</b>	<b>82,07,932</b>	<b>55.96</b>	<b>0.33</b>
C.	<b>Shares held by Custodian for GDRs &amp; ADRs</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
	<b>Grand Total (A+B+C)</b>		<b>1,11,45,387</b>	<b>34,11,772</b>	<b>1,45,57,159</b>	<b>100</b>	<b>1,12,66,778</b>	<b>33,99,881</b>	<b>1,46,66,659</b>	<b>100</b>	<b>0</b>

**(ii) Shareholding of Promoters (including Promoter Group)**

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year (01.04.2016)			Shareholding at the end of the year (31.03.2017)			% 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	7,81,218	5.37	0	7,81,218	5.33	0	-0.04
2	Mahabir Prasad Patni	7,11,747	4.89	0	7,11,747	4.85	0	-0.04
3	Dinesh Sharma	5,88,521	4.04	0	5,88,521	4.01	0	-0.03
4	Aankur Patni	2,54,668	1.75	0	2,54,668	1.74	0	-0.01
5	Bimal Jain	4,14,098	2.84	0	4,14,098	2.82	0	-0.02
6	Poonam Sharma	49,650	0.34	0	49,650	0.34	0	0
7	Aruna Sharma	1,07,895	0.74	0	1,07,895	0.74	0	0
8	Uma Ranganathan	3,73,274	2.56	0	3,73,274	2.55	0	-0.01
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
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	0.35	0	50,422	0.34	0	-0.01
14	Aqua Investments (India) Ltd.	2,53,803	1.74	0	2,53,803	1.73	0	-0.01

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year (01.04.2016)			Shareholding at the end of the year (31.03.2017)			% 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	
15	Watercare Investments (India) Ltd.	1,84,071	1.26	0	1,84,071	1.26	0	0
16	Trust (HMIL)	9,600	0.07	0	9,600	0.03	0	-0.04
17	Trust (IEIL)	26,62,914	18.29	0	26,62,914	18.15	0	-0.14
	<b>TOTAL</b>	<b>64,58,727</b>	<b>44.37</b>		<b>64,58,727</b>	<b>44.01</b>		<b>-0.36</b>

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

During the year under review, there is no change with respect to the shares held by the promoters. However, there is a change in the percentage to capital because of issuance and allotment of additional equity shares by the Company upon exercise of equity stock option by the employees during the FY 2016-17.

**(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 1,2016	% 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	8,00,000	5.51	-	-	-	8,00,000	5.45
	<b>At the end of the year (31-03-2017)</b>	-	-	-	-	-	<b>8,00,000</b>	<b>5.45</b>
2	Hampton Investments Private Limited	4,59,552	3.16	-	-	-	4,59,552	3.16
				01-07-2016	Purchase	123	4,59,675	3.13
				30-09-2016	Purchase	207	4,59,882	3.14
				27-01-2017	Sell	9,350	4,50,532	3.07
				24-02-2017	Purchase	75	4,50,607	3.07
				10-03-2017	Sell	1,120	4,49,487	3.06
	<b>At the end of the year (31-03-2017)</b>	-	-	-	<b>Sell</b>	<b>7,700</b>	<b>4,41,787</b>	<b>3.01</b>
3	Mukul Mahavir Prasad Agrawal	2,50,946	1.72	-	-	-	2,50,946	1.71
	<b>At the end of the year (31-03-2017)</b>	-	-	-	-	-	<b>2,50,946</b>	<b>1.71</b>
4	General Insurance Corporation of India	1,66,230	1.14	-	-	-	1,66,230	1.13
	<b>At the end of the year (31-03-2017)</b>	-	-	-	-	-	<b>1,66,230</b>	<b>1.13</b>
5	Ajay Anoop Popat	1,17,242	0.81	-	-	-	1,17,242	0.81
	<b>At the end of the year (31-03-2017)</b>	-	-	17-07-2016	Esop Allotment	1,17,242	0.81	0.94
	<b>At the end of the year (31-03-2017)</b>	-	-	-	-	-	<b>1,37,242</b>	<b>0.94</b>

Sr. No.	Name of the Shareholders	No. of Shares at the beginning of the year April 1, 2016	% of total shares of the company	Date wise Increase / Decrease in Share holding during the year specifying the reasons			Cumulative Share-holding during the year	% of Total shares of the company
				Date	Reasons	Increase / Decrease	No. of shares	
6	Devi Menon	1,10,000	0.76	-	-	-	1,10,000	0.75
	<b>At the end of the year (31-03-2017)</b>	-	-	-	-	-	<b>1,10,000</b>	<b>0.75</b>
7	Nitin Tandon	96,300	0.66	-	-	-	96,300	0.66
	<b>At the end of the year (31-03-2017)</b>	-	-	-	-	-	<b>96,300</b>	<b>0.66</b>
8	Priyanka Finance Private Limited	-	-	-	-	-	-	-
	<b>At the end of the year (31-03-2017)</b>	-	-	-	-	-	<b>68,000</b>	<b>0.47</b>
9	Maverick Financial Services Pvt. Ltd	-	-	-	-	-	-	-
	<b>At the end of the year (31-03-2017)</b>	-	-	-	-	-	<b>67,670</b>	<b>0.46</b>
10	Suman Vasant Rajadhyaksha	63,946	0.44	-	-	-	63,946	0.44
	<b>At the end of the year (31-03-2017)</b>	-	-	-	-	-	<b>63,946</b>	<b>0.44</b>

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

Sr. No.	Name of the Shareholders	No. of Shares at the beginning of the year April 1, 2016	% of total shares of the Company	Date wise Increase / Decrease in Share holding during the year specifying the reasons			Cumulative Share-holding during the year	% of Total shares of the company
				Date	Reasons	Increase / Decrease	No. of shares	
1	Rajesh Sharma	7,81,218	5.37	-	-	-	7,81,218	5.33
	<b>At the end of the year (31-03-2017)</b>	-	-	-	-	-	<b>7,81,218</b>	<b>5.33</b>
2	Mahabir Prasad Patni	7,11,747	4.89	-	-	-	7,11,747	4.85
	<b>At the end of the year (31-03-2017)</b>	-	-	-	-	-	<b>7,11,747</b>	<b>4.85</b>
3	Dinesh Sharma	5,88,521	4.04	-	-	-	5,88,521	4.01
	<b>At the end of the year (31-03-2017)</b>	-	-	-	-	-	<b>5,88,521</b>	<b>4.01</b>
4	Aankur Patni	2,54,668	1.75	-	-	-	2,54,668	1.74
	<b>At the end of the year (31-03-2017)</b>	-	-	-	-	-	<b>2,54,668</b>	<b>1.74</b>
5	Vijay Narhar Gupchup	1,08,234	0.74	-	-	-	1,08,234	0.74
	<b>At the end of the year (31-03-2017)</b>	-	-	-	-	-	<b>1,08,234</b>	<b>0.74</b>

Sr. No.	Name of the Shareholders	No. of Shares at the beginning of the year April 1, 2016	% 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	
6	Abhiram Seth	75,000	0.52	-	-	-	75,000	0.52
				23-12-2016	Purchase	250	75,250	0.51
				31-12-2016	Purchase	3,500	78,750	0.54
	<b>At the end of the year (31-03-2017)</b>	-	-	-	-	-	<b>78,750</b>	<b>0.54</b>
7	Thekkekara Meloth Mohan Nambiar	56,200	0.39	-	-	-	56,200	0.38
	<b>At the end of the year (31-03-2017)</b>	-	-	-	-	-	<b>56,200</b>	<b>0.38</b>
8	Parthasarathy Sampath Kumar	25,000	0.17	-	-	-	25,000	0.17
	<b>At the end of the year (31-03-2017)</b>	-	-	-	-	-	<b>25,000</b>	<b>0.17</b>
9	Milind Puranik	11,351	0.08	-	-	-	11,351	0.08
				8-4-2016	Sell	100	11,251	0.08
				15-04-2016	sell	100	11,151	0.08
				22-04-2016	Sell	450	10,701	0.07
				17-06-2016	Esop Allotment	5,000	15,701	0.11
				8-7-2016	Sell	200	15,501	0.11
	<b>At the end of the year (31-03-2017)</b>	-	-	-	-	-	<b>15,501</b>	<b>0.11</b>
10	Nandkumar Manohar Ranadive	34,000	0.23	-	-	-	34,000	0.23
				17-06-2016	Esop Allotment	6,000	40,000	<b>0.27</b>
	<b>At the end of the year (31-03-2017)</b>	-	-	-	-	-	<b>40,000</b>	<b>0.27</b>

**V. INDEBTEDNESS:**

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

(Amount in Rupees)

		<b>Secured Loans excluding deposits</b>	<b>Unsecured Loans</b>	<b>Deposits</b>	<b>Total Indebtedness</b>
	<b>Indebtedness at the beginning of the financial year</b>				
i)	Principal Amount	36,97,80,113	24,75,25,000	63,96,000	62,37,01,113
ii)	Interest due but not paid	-	-	-	-
iii)	Interest accrued but not due	25,53,564	4,02,994	2,76,000	32,32,558
	<b>Total (i+ii+iii)</b>	<b>37,23,33,677</b>	<b>24,79,27,994</b>	<b>66,72,000</b>	<b>62,69,33,671</b>
	<b>Change in Indebtedness during the financial year</b>				
●	Addition	50,89,70,467	14,50,00,000	-	65,39,70,467
●	Reduction	15,10,24,707	32,68,00,000	53,41,000	48,31,65,707
	<b>Net Change</b>	<b>35,79,45,760</b>	<b>(18,18,00,000)</b>	<b>(53,41,000)</b>	<b>17,08,04,760</b>
	<b>Indebtedness at the end of the financial year</b>				
i)	Principal Amount	72,77,25,873	6,57,25,000	10,55,000	79,45,05,873
ii)	Interest due but not paid	-	-	-	-
iii)	Interest accrued but not due	27,22,308	5,50,086	-	32,72,394
	<b>Total (i+ii+iii)</b>	<b>73,04,48,181</b>	<b>6,62,75,086</b>	<b>10,55,000</b>	<b>79,77,78,267</b>

**VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL:**

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

<b>Sr. No.</b>	<b>Particulars of Remuneration</b>	<b>Name of MD/WTD/Manager</b>			<b>Total Amount (Rs.)</b>
		<b>Rajesh Sharma</b>	<b>Dinesh Sharma</b>	<b>Aankur Patni</b>	
1.	Gross salary				
	(a) Salary as per provisions contained in section 17 (1) of the Income-taxAct,1961	2,79,02,334	1,28,65,903	1,25,30,364	<b>5,32,98,601</b>
	(b) Value of perquisites u/s17(2) Income-taxAct,1961	7,83,452	1,39,600	3,730	<b>9,26,782</b>
	(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	55,34,940	24,81,180	24,81,180	<b>1,04,97,300</b>
	<b>Total(A)</b>	<b>3,42,20,726</b>	<b>1,54,86,683</b>	<b>1,50,15,274</b>	<b>6,47,22,683</b>

**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	
<b>1.</b>	<b>Independent Directors</b>							
●	Fee for attending board/ committee meetings	9,25,000	4,75,000	2,75,000	4,75,000	3,50,000	6,75,000	<b>31,75,000</b>
●	Commission	8,00,000	8,00,000	8,00,000	8,00,000	8,00,000	8,00,000	<b>48,00,000</b>
●	Others, please specify							
	<b>Total(1)</b>	<b>17,25,000</b>	<b>12,75,000</b>	<b>10,75,000</b>	<b>12,75,000</b>	<b>11,50,000</b>	<b>14,75,000</b>	<b>79,75,000</b>

2. Other Non- Executive Directors

Sr. No.	Particulars of Remuneration	Name of Directors M. P. Patni	Total Amount (Rs.)
<b>2.</b>	<b>Other Non- Executive Directors</b>		
1	Fee for attending board/committee meetings	4,00,000	<b>4,00,000</b>
2	Commission	8,00,000	<b>8,00,000</b>
3	Others, please specify	-	
	<b>Total(2)</b>	<b>12,00,000</b>	<b>12,00,000</b>
	<b>Total(B)=(1+2)</b>		<b>91,75,000</b>
	<b>Total Managerial Remuneration (A+B)</b>		<b>7,38,97,683</b>

## 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	19,95,099	52,98,682	72,93,781
	(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	12,73,250	15,27,900	28,01,150
3.	Sweat Equity	-	-	-
4.	Commission - As % of profit - others, specify...	-	-	-
5.	Others, please specify	2,51,935	5,82,214	8,34,149
	<b>Total</b>	<b>35,55,867</b>	<b>74,51,281</b>	<b>1,10,07,148</b>

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

On behalf of the Board of Directors

**Rajesh Sharma**  
Chairman & Managing Director

Mumbai

Date : 23<sup>rd</sup> May, 2017

**Annexure II**  
**FORM MR - 3**  
**SECRETARIAL AUDIT REPORT**  
**FOR THE FINANCIAL YEAR ENDED 31<sup>st</sup> MARCH, 2017**

[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 authorized 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 31<sup>st</sup> March, 2017 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 31<sup>st</sup> March, 2017 according to the provisions of:

- i. The Companies Act, 2013 (the Act) and the rules made thereunder;
- ii. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- iii. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- iv. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment and Overseas Direct Investment.
- v. 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 (Issue of Capital and Disclosure Requirements) Regulations, 2009 (Not applicable to the Company during the audit period).
  - d. The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014
  - e. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; (Not applicable to the Company during the audit period)
  - f. 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;
  - g. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; (Not applicable to the Company during the audit period) and

- h. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; (Not applicable to the Company during the audit period)

We further report that the Company has a compliance system in place and we have examined the relevant documents and records on test-check basis with respect to other Acts as applicable which are as under:

vi. Other applicable acts:

- a) The Factories Act, 1948.
- b) The Industrial Dispute Act, 1947. (ID Act)
- c) The Equal Remuneration Act, 1976.
- d) The Employees' Provident Funds and Miscellaneous Provisions Act, 1952.
- e) The Payment of Bonus Act, 1965.
- f) The Payment of Gratuity Act, 1972.
- g) The Payment of Wages Act, 1936.
- h) The Child Labour (Prohibition and Regulation) Act, 1986.
- i) The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.
- j) The Environment (Protection) Act, 1986.
- k) The Water (Prevention and Control of Pollution) Act, 1974.
- l) The Air (Prevention and Control of Pollution) Act, 1981.
- m) The Bombay Shops & Establishment Act, 1948.
- n) The Central Sales Tax Act, 1956.
- o) The Professional Tax Act, 1975.
- p) The Income Tax Act, 1961.
- q) The Service Tax (Finance Act, 1994).
- r) The Water Cess Act, 1977.
- s) The Maharashtra Value Added Tax, 2002.
- t) The Sale of Goods Act, 1930.
- u) The Customs Act, 1962.
- v) The Negotiable Instrument Act, 1881
- w) The Information Technology Act, 2000
- x) The Indian Contract Act, 1872

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 Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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

We further report that:

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

Adequate notice is given to all Directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days 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 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.

We further report that during the year under report, the company has not undertaken event/action having a major 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 P. MAHESHWARI]

PARTNER

FCS No. : 2405

COP No. : 1432

Place : Mumbai

Date : 23<sup>rd</sup> May, 2017

Note: This report is to be read with our letter of even date that 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 P. MAHESHWARI]

PARTNER

FCS No. : 2405

COP No. : 1432

Place : Mumbai

Date : 23<sup>rd</sup> May, 2017

### 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.

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](http://www.ionindia.com/pdf/ionindia/CSR%20Policy.pdf)

2. The Composition of the CSR Committee:

Name	Chairman / Member
Dr. V. N. Gupchup	Chairman
Mrs. 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. 37,09,29,393/-
4. Prescribed CSR Expenditure (2% per cent of the amount as in item 3 above): Rs.74,18,588/-
5. Details of CSR spent during the financial year.
  - (a) Total amount spent during the financial year: Rs. 74,20,000/-
  - (b) Amount unspent, if any: Nil
  - (c) Manner in which the amount spent during the financial year is detailed below.

Sr. 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) Over-heads	Cumulative exp up to reporting period	Amount spent : Direct or through implementing agency
1	Drinking water purification plant - Indro 403 to Family of Disabled (428 beneficiaries)	Water	Najafgarh, New Delhi	2,00,000	1,79,674	1,79,674	1,79,674 (through implementing agency)
2	Iron Removal Tube Well Attachment : Govt. Primary School (700 students)	Water	Raisen (M.P)	2,10,000	1,97,274	1,97,274	1,97,274 (Direct)
3	Indro 405 plant : Govt. Primary School plus two villages (1700 beneficiaries)	Water	Morena (M.P)	3,25,000	3,16,666	3,16,666	3,16,666 (Direct)

Sr. 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 up to reporting period	Amount spent : Direct or through implementing agency
4	Educational assistance to Chitkul Primary School (420 students)	Education	Medak, Patancheru (A.P)	3,23,340	3,11,503	3,11,503	3,11,503 (Direct)
5	Tree plantation at New Gurukul Girls High School cum Jr College (640 students)	Environment	Lakdaram, Patancheru (A.P)	50,000	50,201	50,201	50,201 (Direct)
6	Educational assistance to Zilla Parishat High School (320 students)	Education	Lakdaram, Patancheru (A.P)	1,60,800	1,54,800	1,54,800	1,54,800 (Direct)
7	School infrastructure development at Aanganwadi Play School (40 children)	Education	Lakdaram, Patancheru (A.P)	49,600	47,558	47,558	47,558 (Direct)
8	Educational assistance to Timbaktu Collective (50 students)	Education	Anantapur (A.P)	1,61,060	1,61,060	1,61,060	1,61,060 (through implementing agency)
9	Drinking water unit : Parents Association of Deaf Children (240 children)	Drinking water	Mysore	12,000	10,401	10,401	10,401 (through implementing agency)
10	Education thru the medium of Sport to Magic Bus Foundation (100 students)	Education	Medak, Patancheru (A.P)	1,20,000	1,42,315	1,42,315	1,42,315 (through implementing agency)
11	Education thru the medium of Sport to Magic Bus Foundation (100 students)	Education	Kancheepuram (T.N)	1,20,000	142315	142315	142315 (through implementing agency)
12	Education thru the medium of Sport to Magic Bus Foundation (100 students)	Education	Bangalore	1,20,000	1,42,315	1,42,315	1,42,315 (through implementing agency)
13	Health Camp at Bethel Educational & Social Service Org (BESSO) (71 students)	Health & Hygiene	Hosur	20,000	19,521	19,521	19,521 (through implementing agency)
14	Educational Assistance to Jnana Mandira Orphanage & Home for Destitute (3 students)	Education	Bangalore	50,000	48,000	48,000	48,000 (through implementing agency)
15	Educational Assistance to Home of Faith Charitable Trust & Orphanage (13 students)	Education	Bangalore	50,000	52,000	52,000	52,000 (through implementing agency)

Sr. 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) Over-heads	Cumulative exp up to reporting period	Amount spent : Direct or through implementing agency
16	Educational assistance to Socare Ind (170 students)	Education	Bangalore	1,25,000	1,25,000	1,25,000	1,25,000 (through implementing agency)
17	Educational Assistance & Drinking Water assistance to Shishu Mandir Orphanage & School (225 students)	Education Drinking water	Bangalore	1,52,560	1,36,994	1,36,994	1,36,994 (through implementing agency)
18	Education assistance to Kids Centre (46 students)	Education	Kolkatta	2,04,560	2,13,580	2,13,580	2,13,580 (through implementing agency)
19	Drinking water assistance to Love Charity Childrens Home (59 children)	Water	Bidanasi, Cuttack	10,000	9,313	9,313	9,313 (through implementing agency)
20	Iron Removal Hand Pump Attachment : Basudev Bidyapitha (400 students)	Water	Cuttack	31,000	31,106	31,106	31,106 (Direct)
21	Iron Removal Hand Pump Attachments : Binishpur Grampanchayat (1500 beneficiaries)	Water	Cuttack	60,000	62,211	62,211	62,211 (Direct)
22	Rural Piped Water Supply Scheme - Indian Lampak (3082 beneficiaries)	Water	Chandanpur, Puri	13,18,620	13,41,620	13,41,620	13,41,620 (Direct)
23	Educational assistance to Bethesda Life Centre (90 students)	Education	Santa Cruz, Goa	75,000	75,580	75,580	75,580 (through implementing agency)
24	Educational assistance to St. Joseph's Convent (150 students)	Education	Verna, Goa	50,000	58,530	58,530	58,530 (Direct)
25	Educational assistance to Govt. Primary School (25 students)	Education	Malcornem, Goa	50,000	47,140	47,140	47,140 (Direct)
26	Educational assistance to Hind Education Society (student fees) (20 students)	Education	Salcete, Goa	1,62,152	1,62,152	1,62,152	13,41,620 (Direct)
27	Educational assistance to Lokvishwas Pratistan (40 students)	Education	Ponda, Goa	25,000	25,500	25,500	75,580 (through implementing agency)
28	Drinking water assistance to St.Mary's High School (1080 beneficiaries)	Water	Salcete, Goa	30,000	25,928	25,928	58,530 (Direct)

Sr. 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) Over-heads	Cumulative exp up to reporting period	Amount spent : Direct or through implementing agency
29	Classroom infrastructure to Sarangpur Prathamik Shala (495 students)	Education	Bharuch, Gujarat	1,00,000	1,07,921	1,07,921	47,140 (Direct)
30	Ankleshwar Industries Association (3500 beneficiaries)	Health & Hygiene	Katpor, Ta.Hansot	30,000	30,000	30,000	1,62,152 (Direct)
31	Occupational therapist for Indian Council for Mental Health (360 beneficiaries)	Education	Navi Mumbai	1,98,000	1,98,000	1,98,000	25,500 (Direct)
32	Vocational Training in domestic water purifiers at Light of Life Trust, Karjat (16 students)	Education	Karjat, Raigad	1,50,000	1,32,481	1,32,481	25,928 (Direct)
33	'Running for a Cause' at the Standard Chartered Mumbai Marathon January 2017 supporting Light of Life Trust (39 students)	Education	Karjat, Raigad	4,00,000	3,88,430	3,88,430	3,88,430 (through implementing agency)
34	E-Teach English & 3 facilitators to vernacular primary schools through Learning Space Foundation (3094 students)	Education	Wada, Dist. Thane	3,38,800	3,38,800	3,38,800	3,38,800 (through implementing agency)
35	Teaching assistance to The Anchorage (24 students)	Education	Mumbai, Maharashtra	1,89,000	1,89,000	1,89,000	1,89,000 (through implementing agency)
36	Educational assistance to Chetna Learning Centre (75 students)	Education	Mumbai, Maharashtra	2,00,000	1,97,110	1,97,110	1,97,110 (through implementing agency)
37	Teaching assistance to Vasundhara Charitable Trust (15000 beneficiaries)	Education	Sindhudurg, Maharashtra	1,20,000	1,20,000	1,20,000	1,20,000 (through implementing agency)
38	Indian Association for Promotion of Adoption & Child Welfare (IAPA) (2 beneficiaries)	Health & Hygiene	Mumbai, Maharashtra	60,000	60,000	60,000	60,000 (through implementing agency)
39	Educational assistance to Shiksha Amrit Foundation (10 students)	Education	Navi Mumbai, Maharashtra	1,53,260	1,53,150	1,53,150	1,53,150 (Direct)
40	Sanitation facilities thru NGO Habitat for Humanity at Chafewadi Ashram School (347 students)	Sanitation	Karjat, Raigad, Maharashtra	4,23,000	3,38,400	3,38,400	3,38,400 (through implementing agency)

Sr. 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 up to reporting period	Amount spent : Direct or through implementing agency
41	Higher Education	Education		3,50,000	3,87,690	3,87,690	3,87,690 (Direct)
42	C/F 2015-16 : Installation charges of Indro 803 plant at 2 villages in Melmavarthur	Water	Kanchee puram (T.N)		29,440	29,440	29,440 (Direct)
43	C/F 2015-16 : Purchase of chemicals for Lampak-10 supplied to Village Pindkapar, Nagpur	Water	Nagpur, Maharashtra		9,562	9,562	9,562 (Direct)
44	2015-16: Sanitation facilities thru NGO SWADES/S.H.A.R.E. to 3 schools: Sainik Vikas Madhyamik Vidyalay Fauji, Aambavade 226 students; Shri Chhatrapati Shivaji High School, Mumurshi 202 students; New English School, Chandawe 279 students (Total 707 beneficiaries)	Sanitation	Raigad, Maharashtra		3,13,448	3,13,448	3,13,448 (through implementing agency)
	Administrative Overheads				17,524	17,524	17,524
	Amount contributed for which activity is in progress				1,18,787	1,18,787	1,18,787
					<b>74,20,000</b>	<b>74,20,000</b>	<b>74,20,000</b>

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/-

**Rajesh Sharma**

Chairman & Managing Director

Sd/-

**Dr. V. N. Gupchup**

Chairman of CSR Committee

Mumbai

Date : 23<sup>rd</sup> May, 2017

## 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 electricity consumption in the Patancheru Plant for 2016-17 remained same as last year even though there was production increase by 8.1% due to higher capacity reactor and reduction in number of batches. Availability of power from State Electricity Board continued to be good, contributing lower cost of energy for the Plant.
  - 2. The water consumption(purchase) in the Patancheru Plant reduced by 32% with the operation of ETP RO and recycle of RO water.
  - 3. At Ankleshwar Factory Company has installed IBR boiler replacing 6 nos old Non IBR boilers. IBR boiler is giving 94% efficiency with Dry steam with Natural Gas Fuel, where as Non IBR Boiler was giving 60% to 70% efficiency with wet steam with same fuel. This resulted in considerable saving of fuel. Approx Saving of 3,60,000 NM3 gas consumption resulting into saving of approx. Rs. 1 crore.
- (ii) the steps taken by the company for utilizing alternate sources of energy; - NIL
- (iii) the capital investment on energy conservation equipments; -

Capital Investment: Rs 105 Lakh

Following is the breakup of capital amount spent for the energy conservation equipment.

- |                    |          |
|--------------------|----------|
| 1. 10 KL REACTORS: | 60 Lakhs |
| 2. IBR Boiler:     | 45 Lakhs |

**(B) Technology absorption –**

- i) During the period, your Company has absorbed and commercialized several new technologies like
  - Advanced/ High rate biological reactors
  - Membrane processes for treatment, separation and purification
  - Thermal evaporation processes
  - Improving existing processes for manufacturing ion exchange resins, membranes, polymers, water treatment chemicals and enzymes.
  - Innovated and introduced several new consumer products and cost-effective water treatment solutions for rural markets.
- ii) Benefits derived as a result of the above include;
  - **Advanced/ High rate biological reactors:** Reduces total ownership cost for installing waste treatment systems in municipal and industrial applications
  - **Membrane process for treatment, separation and purification:** Helps improve the performance of existing treatment plants and process industries.
  - **Thermal evaporation process:** Helps maximizing water recoveries and achieve the objective of complete zero liquid discharge.
  - **Improving existing processes for manufacturing ion exchange resins, membranes, polymers, water treatment chemicals and enzymes:** Has resulted into product improvement and cost reduction.
  - **Innovated and introduced several new consumer products and cost-effective water treatment solutions for rural markets:** Has led to increase in market 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 : NA
- (iv) the expenditure incurred on Research and Development

Sr. No.		Location	
		Patancheru (Rs.)	Vashi, New Mumbai (Rs.)
a.	Capital Expenditure	95,03,205	15,37,776
b.	Revenue Expenditure	3,90,76,226	2,52,47,956
c.	<b>Total</b>	<b>4,85,79,431</b>	<b>2,67,85,732</b>
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. 2,59,44,77,354 and foreign exchange outgo was Rs. 1,55,87,42,720.

On behalf of the Board of Directors

**Rajesh Sharma**  
Chairman & Managing Director

Mumbai

Date : 23<sup>rd</sup> May, 2017

## MANAGEMENT DISCUSSION AND ANALYSIS REPORT

### A. INDUSTRY STRUCTURE AND DEVELOPMENT

#### Overview:

Ion Exchange (India) Ltd. (IEIL) is a leading end to end water solution provider to large industries and municipal corporations in India and has growing presence in several geographies in the world. The company is present across the entire water solution and management value chain including construction and maintenance of water treatment plants, manufacturing and supply of water treatment chemicals. The company has the widest range of technologies, products and service solutions which enables to offer total water and environment management solutions. The company's water management solution also extends beyond industries to home, hotels and hospitals under the brand name Zero B.

#### Global Economy:

The global economy was in the midst of a decade long slow growth environment characterized by productivity growth crisis. The labor shortage in mature economies and skill deficiencies in emerging markets have added challenges to global economic prospects. Global financial markets continue to face elevated levels of uncertainty notwithstanding the resilience to the outcomes of Brexit referendum and the US elections and rebalancing in China.

According to Goldman Sachs global growth expected for 2017 is likely to be 3.5 percent with US growth at 2-3 percent, Europe and Japan are on the recovery path. China is expected to grow by 6.5 percent.

Although the global economic outlook seems to be improving, the major head winds that could still have impact on the Company's growth are volatility due to economic turbulence in developed economies, some emerging countries, geopolitical uncertainties and antiglobalization sentiments.

#### Indian Economy:

Indian economy grew at 7.1 percent in FY17 from 8 percent in FY16. Despite some delays in domestic policy reforms and enduring fragilities in the banking system, investment demand is supported by rising FDI, and government efforts towards infrastructure investments and public-private partnerships. Economic activity is beginning to firm up after demonetization that resulted in massive cash shortages and economic disruptions at the end of last year and growth slowed to a multi-year low in Q3 FY 2016. The manufacturing PMI crossed into expansionary territory in January 2017 and imports rebounded. Despite the backdrop of moderate growth, the government stuck to a balanced budget for FY 2017. The budget pursued growth-supportive policies while targeting

a narrower deficit of 3.2% of GDP. These factors had a mixed impact on your company's performance with respect to its top line growth and also against projected profits.

#### Indian Water Industry:

India's water sector is mostly dominated by the government which has to provide social welfare programs to its people. This has led to a lot of interest from the private sector in the form of finance and technology for developing a sustainable water solutions ecosystem. Providing basic sanitation and availability of water is now considered as a fundamental right. Increased government regulations and stricter enforcement is also helping in sustaining the demand for water solutions in India.

As per a study by the Central Pollution Control Board (CPCB) in 2015, India generated a total of approximately 62,000 MLD of sewage. However the country had a capacity to treat approximately 23,000 MLD leaving a gap of approximately 39,000 MLD of sewage or 63 percent, which was left untreated and discharged in the local water bodies thereby causing large-scale water and ground contamination.

The industry remains fragmented and continues to show signs of consolidation with several international parties participating in acquisition of Indian companies. However it remains buoyant due to expected economic growth, Government policies and increased awareness to protect the environment.

### B. Highlights of Performance

#### **Standalone**

- Total income : INR 951.3 Crore registering a growth of 16.88% annually
- EBITDA : INR 93.80 Crore registering a growth of 30.28% annually
- EBITDA Margin : 9.86%
- Net Profit After Tax : INR 46 Crore registering a growth of 33.33% annually
- PAT Margin : 4.84%
- Diluted EPS : INR 31.36

#### **Consolidated**

- Total Income : INR 1,029.8 Crore registering a growth of 17.34% annually
- EBITDA : INR 83.3 Crore registering a growth of 33.92% annually
- EBITDA Margin : 8.09%

- Net Profit After Tax: INR 28.3 Crore registering a growth of 84.97% annually
- PAT Margin : 2.75%
- Diluted EPS : INR 19.94

**B. 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 higher turnover of INR 564 crores compared to INR 450 crores for the previous year.

Engineering is one of the key business segments of the company which contributes to almost 60 percent of the revenues. In this segment, the company designs, engineers, builds and maintains medium and large sized water and wastewater treatment plants which include seawater desalination, recycling and zero liquid discharge plants. Your company caters to a diverse range of industries and is the leading player in this segment.

Your company has started the execution for the USD 194 mn water supply project received from the Sri Lankan Water Board during the last quarter of FY17. Your company is hopeful that this project will add newer dimensions to the existing execution capabilities and help us to grow at a much faster rate in the future.

Given that water and wastewater management is a key area for investments by the government; your company is also well placed to benefit from the increased government focus on this segment.

Going forward, your company will selectively target projects in the Infrastructure and Municipal Segments in order to improve the growth further. Your company also plans to capitalise its experienced technology and application knowledge in Seawater Reverse Osmosis (SWRO), Recycle and ZLD, increasing application coverage of resin and membrane technologies and providing value engineering to maintain superior value to customers, gain market share and ensure better profitability.

**CHEMICALS**

The segment achieved Sales turnover of 315 crores compared to Rs.305 crores of the previous year.

Industrial Chemical Division took another significant step of installing a Manufacturing Plant in Morbi, Gujarat; for

producing ceramic chemicals. Close to 90% of India's Tile and ceramic manufacturing units are located in Morbi. Thus strategically having a ceramic chemical manufacturing unit closer to the customers will get quicker deliveries and pay much lesser transportation cost.

Bahrain Blending Facility which was started last year, has helped us to fulfill the growing Customer demands in the Gulf Countries.

During the year Water Treatment & Industrial Chemicals segment registered moderate growth.

The domestic sales of the conventional resins and specialty resins grew significantly. Specialty resins in Mining, catalyst and process chemicals areas continued the upward trend of previous years. We continued to develop new applications for specialty resins. Exports of resins to USA, Europe and Far Asian markets have also grown steadily.

Number of steps taken in energy conservation has helped Resin Division to reduce overheads.

The stronger portfolio of ion exchange resins and process chemicals are expected to give your company continued growth and healthy bottom line. Thus the outlook of this segment is positive.

**CONSUMER PRODUCTS**

The segment achieved a turnover of Rs. 104 crores during the year, registering 20 percent growth over last year. This segment caters to individual home water solutions through Home Water Solutions (HWS) division and Institution and Community Water Treatment Solutions.

Home Water Solutions (HWS) division which caters to residential units registered a growth of 13% over the previous year. The successful launch of Zero B Auto Soft in the previous year helped in achieving this growth. Besides this, the division also saw growth in most of the product categories that it operates in.

In this year HWS launched Zero B Icy Hot range of hot and cold water dispensers in the Counter top and free standing formats. The water dispensers have a good potential in the small commercial segment as well as new home markets.

This year HWS division shifted its marketing focus towards social media such as facebook & twitter by running concept and product related campaigns. This helped increase top of mind recall and awareness about Zero B products and solutions.

The Institutional division serves segments like Construction, Hospitality & Healthcare, Educational Institutions and Public Sector Undertakings such as

Defense, State Transport Corporations, Railways, and Central Public Works Department (CPWD) etc. These segments are expected to double their business in the next two years due to opportunities arising out of government's focus on sectors like Defense, Healthcare and Railway Infrastructure 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 Military Engineering Services & IRCTC. Ion Exchange's INDION Water Vending Machines specially designed for the Indian Railways are now successfully installed at a number of railway platforms across Chennai & Egmore clusters in Tamil Nadu. We will add more clusters in the near future to explore the business potential from this segment.

Your company offers a wide range of latest sewage treatment options. During this year the division launched the INDION Integrated Permeate Channel (IPC) Membrane Bio Reactor (MBR) which is now successfully piloted. Through aggressive sales campaigns your company is aiming to capture 10% market share of the MBR market.

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.

In the rural market your company continued to expand its presence by introducing existing technologies in new markets. It works closely with the various Government and Non Government Organizations across the country to take care of the drinking water needs of the rural communities. During this fiscal your company was also able to install sewage treatment plants in collaboration with an NGO.

As a part of the national rural drinking water programme, safe drinking water will be provided to over 28,000 arsenic and fluoride affected habitation over the next four years. The company's investment in this area spanning over a decade with comprehensive range of products to mitigate these problems will lead to good business opportunities in this sector.

In the current year your company will continue to provide ground and surface water treatment solutions as well as sewage treatment solutions to the rural communities.

## **EXPORTS**

During the year, your company has posted increased turnover of Rs.257 crores as compared to Rs. 175 crores of the previous year mainly driven by Engineering

segment.

Company has continued its growth in the resins market in North America. With the increased demand for water and waste water management solutions in the international markets, your company expects to continue its growth momentum in the export business.

## **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 risks 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 utilization of the assets to increase productivity, comprehensive financial reporting and compliance to regulatory and social obligations.

During the period under consideration, the Global economy was in the midst of economic slowdown with negative productivity index and a trend towards slow recovery by the end of the year. Towards the end of the year the outcome of US presidential election seemed to start a wave of policy reversals including a move towards protectionist economic policies. While we remain vigilant and have initiated steps to counter the risk, we have not been adversely impacted. The economies of Africa, Latin America and the European Union members didn't live upto the performance expectation. The revenue growth from these geographies were consequently lower. We, however, feel that this is a passing phase and doesn't warrant a strategic course correction on our part. We continue to invest in future prospects from these economies and our resident operations remain unaffected. The Chinese government continues to invest aggressively across the globe and open doors for Chinese products and services. We aspire to benefit from the ensuing growth in these regions with our superior quality products with the added advantage of increasing price trend of the Chinese products.

On the domestic front two major events namely Demonetisation and plan for GST roll out had impact on the operations of your company. Demonetisation had an impact almost across the industry segment albeit for varying periods. We feel that some industry segments have still not fully recovered from the event. Our revenues from such industries remained adversely affected. The GST roll out plan has compelled certain industries to defer the investments in capital assets and also the operational expenses, further all will need to make significant changes to commercial and other processes in order to match the regulatory requirement. The roll out of GST is expected to impact the industry business in the 1st quarter and the impact is likely to cascade

to the 2nd quarter. The uncertainties emanating from the Global and domestic events have had their impact on the Water Industry including on your company's business. Your management has been vigilant about the events on the global and domestic fronts and while we cannot remain unaffected from these large structural changes, we have tried to minimize the risks by being pro-active and being conservative.

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 competitiveness through cost reduction, value engineering and tie ups with vendors for quality products at 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 organizations 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 the Companies Act.

#### **E. Human Resources & Training**

The Human Resource function plays a key role in building an employee-friendly and performance-oriented work environment where employees feel respected and valued for their contribution to the Company.

Your company recognizes that talent management is a constantly evolving discipline which needs to be addressed. This stems from our belief that performance leads to recognition. Identifying and grooming high potential employees for greater responsibility and leadership roles has certainly enabled employee retention. Our reward and recognition schemes have also acted as motivating factors for employee satisfaction.

We strongly believe that employees need training to enhance their job function and to develop skills that open up opportunities for growth. Learning and development therefore forms an integral part for employee career growth. Regular technical training in total environment solutions as well as training in organizational development, executive/managerial development programs as well as job-function related

training, are an on-going feature. Besides, a series of competency enhancement programs were held for senior management teams.

Your company also has a well-designed succession plan in place to ensure business continuity and risk mitigation.

#### **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 public is correct and adequate. 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 Group's 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**

As a responsible Corporate, your Company continues to give priority to uplifting underprivileged sections of society across the country, especially around its operating units.

Some of the major initiatives undertaken by Ion Foundation relate to: remedial education to first generation learners, sponsorship of fees to talented and needy students, teacher assistance, "Running for a Cause" at the Standard Chartered Mumbai Marathon, installation of drinking water treatment systems, water purifiers, construction & maintenance of sanitation facilities, organizing health camps and tree plantation drives.

A vocational diploma course on 'Services of drinking water purification units' was started in February 2017 to provide meaningful livelihood opportunities to rural underprivileged youth.

Our "E-teach English" support to several Zilla Parishad Schools across Taluka Wada, Dist. Thane, has been well received and appreciated by students and teachers. This program enables maximum number of children in primary vernacular medium schools to learn English in a joyful manner through interactive audio-visual content that is linked with the syllabus prescribed by the Maharashtra Government.

We take pride in stating that as of date, we have reached out to as many as 1, 79,000 beneficiaries across the country through various CSR initiatives.

We believe in not just sponsoring projects but in bonding with the beneficiaries by making periodic visits and joining them in the celebration of important festivals.

The impact of our support is evident from the increase in number of enrolments at schools, regular attendance, a learning environment that is more collaborative than competitive, better health & hygiene conditions.

We are committed to making a difference in the lives of many more beneficiaries and we strongly believe that together, we can change the world for the better.

#### **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: 23<sup>rd</sup> May, 2017

## CORPORATE GOVERNANCE REPORT 2017

### 1. Philosophy

The essence of Corporate Governance lies in its transparency, its efficiency lies in its ability to protect the stakeholder's interest. This is precisely what your Company's governance process and practice ventured to achieve: a transparency and professionalism in action as well as the implementation of policies and procedure to ensure high ethical standards as well as responsible management.

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

### 2. Board of Directors (The Board)

#### i. Composition & Category of Directors [as on 31<sup>st</sup> March, 2017]

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. SampathKumar	Non-Executive, Independent
Mr. Abhiram Seth	Non-Executive, Independent
Mr. Shishir Tamotia	Non-Executive, Independent
Mrs. K.J. Udeshi	Non-Executive, Independent

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

#### ii. Board Meetings, Annual general meeting and Attendance of each Director

The Company held six Board Meetings during the year on 24.05.2016, 29.07.2016, 09.09.2016, 21.10.2016, 25.01.2017 and 23.03.2017. At every board meeting, the matters specified under Regulation 17 read with Schedule II (Part A) of Listing Regulations were placed and discussed.

The notice of each Board meeting is given in writing to each Director. The Agenda along with relevant notes and others 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 held on 09<sup>th</sup> September, 2016 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 (31/3/17)	Member/Chairman of committees of other company(s) (as on 31/3/17)
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	2 (including 1 chairman)
Mr. M. P. Patni	6	10	0
Mr. T. M. M. Nambiar	6	3	2 (including 1 chairman)
Mr. P. Sampath Kumar	5	0	0
Mr. Abhiram Seth	6	9	10 (including 3 chairmanship)
Mr. Shishir Tamotia	6	1	0
Mrs. K.J. Udeshi	5	7	11

#### iii. Inter – se relationship among Directors

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

Except for the above, there are no inter-se relationships 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](http://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 2016-17.

**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 24.05.2016, 29.07.2016, 21.10.2016 and 24.01.2017.

Name	Number of the Audit Committee meetings attended
Mr. T.M.M.Nambiar (Chairman)	4
Dr. V.N.Gupchup	4
Mr. Abhiram Seth	3

### 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 two meetings during the year on 23.05.2016 and 23.03.2017.

Name	Number of the Nomination and Remuneration meetings attended
Dr. V.N.Gupchup (Chairman)	2
Mr. M.P.Patni	2
Mr. Abhiram Seth	2

### 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 16(1)(b) of Listing Regulations 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 2016- 2017 is given hereunder.

Name	Tenure	Salary & Allowances (Rs.)	Contribution to Provident & other funds (Rs.)	Perquisites (Rs.)	Total (Rs.)
Mr. Rajesh Sharma	2016-17	2,79,02,334	55,34,940	7,83,452	3,42,20,726
Mr. Dinesh Sharma	2016-17	1,28,65,903	24,81,180	1,39,600	1,54,86,683
Mr. Aankur Patni	2016-17	1,25,30,364	24,81,180	3,730	1,50,15,274

Shares held and cash compensation paid to Non-Executive Directors for the year ended March 31, 2017.

Name of Director	Commission	Sitting fees	Total Compensation	No. of shares held
Dr. V. N. Gupchup	8,00,000	9,25,000	17,25,000	1,08,234
Mr. M. P. Patni	8,00,000	4,00,000	12,00,000	7,11,747
Mr. T. M. M. Nambiar	8,00,000	4,75,000	12,75,000	56,200
Mr. P. Sampath Kumar	8,00,000	2,75,000	10,75,000	25,000
Mr. Abhiram Seth	8,00,000	4,75,000	12,75,000	78,750
Mr. S.L. Tamotia	8,00,000	3,50,000	11,50,000	-
Ms. K.J. Udeshi	8,00,000	6,75,000	14,75,000	-

##### **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).

During the Financial year 2016-17, 1,09,500 Equity shares were exercised @ Rs. 94 per share aggregating to an amount of Rs. 1,02,93,000. The vested options of ESOS 2001 & ESOS 2003 scheme were exercisable only up to 5<sup>th</sup> June 2016.

##### **6. Stakeholders' Relationship (Grievance) Committee**

The members of the Committee are Dr. V. N. Gupchup (Non-executive and Independent), Mr. Rajesh Sharma and Mrs. 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	<b>Payments</b>		
a	Instruments found already paid / payment sent for electronic credit to Bank	4	4
b	Outdated, Duplicate Warrants and Changes on live warrants (where new instruments being issued)	101	98

c	Issue of new Drafts against unencashed Drafts/ Recovery Drafts	4	4
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	4	4
g	Miscellaneous	19	19
2	Annual Report	1	1
3	Bonus Issue	0	0
4	Change In Name / Status	1	1
5	Communication received through SEBI and other statutory/regulatory bodies	1	1
6	Conversion / Demerger - Scheme of Arrangement / Exchange/ Merger - Amalgamation of Cos/ Subdivision	20	20
7	Dematerialisation/ Rematerialisation of Securities	2	2
8	Dividend / Interest	0	0
9	Document Registration	6	6
10	Legal Matters	0	0
11	Loss of Securities	59	57
12	Nomination	0	0
13	Tax Exemption	0	0
14	Transfer of Securities	8	8
15	Transmission of Securities	10	10
16	Other Queries	37	35
<b>TOTAL</b>		<b>295</b>	<b>288</b>
<b>Request For</b>			
1	Change of Address	24	24
2	Change in Bank Details	7	7
3	Issue of New Certificates on Split/Consolidation/ Renewal	29	29
4	Nomination	1	1
5	Pan Updation	3	3
<b>TOTAL</b>		<b>64</b>	<b>64</b>
<b>GRAND TOTAL :</b>		<b>359</b>	<b>352</b>

### Share Transfer System

All activities relating to processing of share transfers in physical mode & dematerialization 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 2016 - 2017 the Stakeholders' Relationship committee held 35 meetings. Dr. V.N. Gupchup (Non - Executive), Mr. Rajesh Sharma and Mrs. 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 28<sup>th</sup> May, 2014, constituted "Corporate Social Responsibility Committee" pursuant to the provisions of Section 135 of the Companies Act, 2013.

During the year 2016-17, the Committee met two times on 28.07.2016 and 29.11.2016. 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
Mrs. K. J. Udeshi	1
Mr. M. P. Patni	1
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:

- 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;
- Recommend the amount of expenditure to be incurred on the activities referred to in clause (a); and
- 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 twice on May 23, 2016 & Jan 25, 2017 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.
- To Familiarize the Independent Directors about the Sri Lanka Project on Jan 25, 2017 Meeting.

All the Independent Directors were present at the Meeting. (except Mr. P. Sampath Kumar was absent on May 23, 2016.)

#### **Familiarization Programme for Directors**

At the time of appointing a Director, a formal letter of appointment is given, which inter alia explains the role,

functions, duties and responsibilities expected as a Director of the Company. The Director is also explained in details the Compliance required under Companies Act, 2013, Listing Regulations and other various statutes and an affirmation is obtained. The Chairman and Managing Director also have a one to one discussion with the newly appointed Directors to familiarise them with the Company's operations. Further, on an ongoing basis as a part of Agenda of Board / Committees Meetings, presentations are regularly made to the Independent Directors on various matters inter alia covering the Company's and its subsidiaries / associates, businesses and operations, industry and regulatory updates, strategy, finance, risk management framework, role, rights, responsibilities of the Independent Directors under various statutes and other relevant matters. The details of the familiarization programme for Directors are available on the Company's website- [www.ionindia.com](http://www.ionindia.com)

#### **9. Annual General Meetings**

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

<b>Year</b>	<b>Date</b>	<b>Time</b>	<b>Location</b>	<b>Special Resolutions Passed</b>
2013-2014	26.09.2014	11.00 a.m	Ravindra Natya Mandir, P.L. Deshpande, Maharashtra Kala Academy, Near Siddhivinayak Temple, Sayani Raod, Prabhadevi, Mumbai – 400 025	1. Authority to Board to create charge / mortgage / hypothecation under section 180 (1) (a) of the Companies Act, 2013. 2. Authority to Board to borrow money under Section 180(1) (c) of the Companies Act, 2013.
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.

#### **10. Postal Ballot:**

No Postal Ballot was conducted during F.Y. ended 2016-17.

(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](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.

#### **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 Regulation the Company has formulated a policy on dealing with Related Party Transaction. The policy is available on the website of the Company.

- 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 SEBI LODR, 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.
- h. Adoption of non-mandatory requirements of Listing Regulations is being reviewed by the Board from time to time.

## **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 Directors and employees to report unethical behavior and actual or suspected frauds, the Company has adopted the Whistleblower Policy as per Regulation 22 of Listing Regulation.

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 emailed & 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](http://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. General Shareholder Information**

### **i) Annual General Meeting**

Date : Friday, 15<sup>th</sup> September 2017

Time : 11.00 a.m.

Venue : Ravindra Natya Mandir, P.L.Deshpande Maharashtra Kala Academy, Near Siddhivinayak Temple, Sayani Road, Prabhadevi, Mumbai – 400 025.

### **ii) Financial Calendar Year 2017-18**

Financial year : 1<sup>st</sup> April to 31<sup>st</sup> March

Quarter ending June 30, 2017 : Last week of July, 2017

Quarter ending September 30, 2017 : Last week of October, 2017

Quarter ending December 31, 2017 : Last week of January, 2018

Year ending March 31, 2018 : Last week of May, 2018

**iii) Book closure date**

The Register of Members and the Share Transfer Books of the Company will remain closed from Thursday, 7<sup>th</sup> September, 2017 to Friday, 15<sup>th</sup> September, 2017 (both days inclusive) for determining the entitlement of shareholders to receive dividend for the year ended 31<sup>st</sup> March, 2017, if declared at the Annual general meeting,

**iv) Dividend payment date**

Dividend, if declared shall be paid on or before 20<sup>th</sup> September, 2017.

**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.

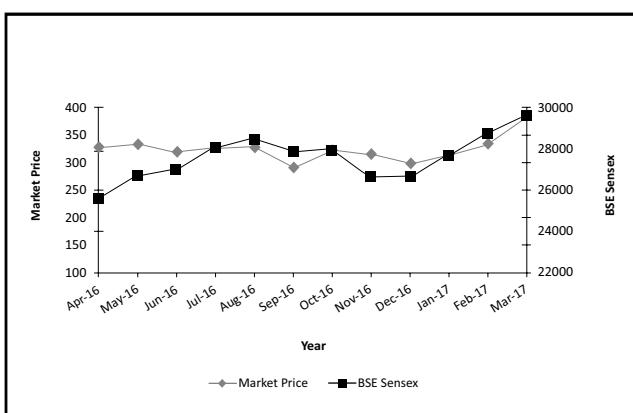
ISIN Number - INE570A01014.

**The Stock Exchange, Mumbai**

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

Month	High Price (Rs.)	Low Price (Rs.)
April 2016	354.60	299.00
May 2016	354.00	311.00
June 2016	336.00	300.55
July 2016	344.30	313.00
August 2016	353.50	299.80
September 2016	308.00	272.05
October 2016	359.80	280.00
November 2016	374.00	254.00
December 2016	319.00	276.00
January 2017	340.00	286.00
February 2017	354.00	313.00
March 2017	415.00	352.00

**Market Price v/s. S & P BSE Sensex**



**DISTRIBUTION OF HOLDINGS AS ON 31/03/2017**

DESCRIPTION	NO. OF SHARES	%	NO. OF HOLDERS	%		
1	500	14,21,917	9.69	12,829	86.97	
501	-	1000	6,30,734	4.30	814	5.59
1001	-	2000	6,41,717	4.38	435	2.99
2001	-	3000	3,03,230	2.07	119	0.82
3001	-	4000	1,83,076	1.25	51	0.35
4001	-	5000	2,55,609	1.74	55	0.38
5001	-	10000	8,88,476	6.06	121	0.83
10001	-	99999999	1,03,41,900	70.51	143	0.99
<b>TOTAL</b>	<b>1,46,66,659</b>	<b>100.00</b>	<b>14,567</b>	<b>100.00</b>		

**Shareholding Pattern as on 31st March 2017**

Category	Holdings	%
Promoter & Promoter Group	64,58,727	44.04
Mutual Funds & UTI	48,395	0.33
Banks, Financial Institutions & Insurance Companies	1,66,507	1.14
FII	8,050	0.05
Domestic Companies	15,64,561	10.67
Public	62,42,754	42.56
NRIs/OCBs	1,77,665	1.21
<b>Total</b>	<b>1,46,66,659</b>	<b>100.00</b>

**Dematerialisation of Shares and Liquidity**

The Company's Equity Shares are in compulsory demat i.e. electronic mode and as on 31<sup>st</sup> March, 2017, 76.82 % 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

**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, 2017, 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, 2016 to 31st March, 2017.

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<sup>rd</sup>, 2017

## **Independent Auditors' Report**

To  
**The Members of**  
**Ion Exchange (India) Limited**

### **Report on the Standalone Financial Statements**

We have audited the accompanying standalone financial statements of Ion Exchange (India) Limited ("the Company"), which comprise the Balance Sheet as at 31st March 2017, the Statement of Profit and Loss and the Cash Flow Statement for the year ended on that date, and a 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.

### **Management's Responsibility for the Standalone Financial Statements**

The Company's Board of Directors is responsible for the matters stated in sub-section 5 of Section 134 of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 ("the Rules"). 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 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 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 in accordance with the Standards on Auditing specified under sub-section 10 of Section 143 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 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 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 financial statements.

### **Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone 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 31st March 2017 and its profit and its cash flows for the year ended on that date.

### **Other Matter**

We did not audit the financial statements/information of one branch included in the standalone financial statements of the Company whose financial statements / financial information reflect total assets of Rs. 45,23,46,627 as at 31st March 2017 and total revenues of Rs. 89,52,30,288 for the year ended on that date, as considered in the standalone 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 and disclosures included in respect of this branch, is based solely on the report of such branch auditor.

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 of India in exercise of powers conferred by sub-section 11 of section 143 of the Act, we enclose in 'Annexure A' a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

2. As required by sub-section 3 of Section 143 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 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, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
  - (e) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Rules.
  - (f) On the basis of the written representations received from the Directors as on 31st March 2017 and taken on record by the Board of Directors, none of the Directors are disqualified as on 31st March 2017 from being appointed as a Director in terms of sub-section 2 of Section 164 of the Act.
  - (g) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in 'Annexure B' and
  - (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 financial statements – Refer Note 41 to the 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; and
    - 4. The Company has provided requisite disclosure in its standalone financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8th November 2016 to 30th December 2016 and these are in accordance with the books of accounts maintained by the Company. Refer to Note 54 to the standalone financial statements.

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

Place : Mumbai  
 Date : 23rd May 2017

**Bhavesh Dhupelia**  
 Partner  
 Membership No: 042070

## Annexure A to the Independent Auditor's Report - 31st March 2017

(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 12 to the standalone 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 31st March 2017	18,44,060	76,882
Net block as at 31st March 2017	18,44,060	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 five 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 two subsidiaries.
- (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 sub section 1 of Section 148 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 the 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, 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, duty of customs, duty of excise, value added tax, cess, professional tax and other material statutory dues were in arrears as at 31st March 2017 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, 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 course of our audit.
- (xi) According to the information and explanations given to us and based on our examination of the records, the Company has paid/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.
- (xiii) According to the information and explanations given to us and based on our examinations of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act, where
- (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.
- (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.
- (xvi) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the provisions of Clause 3(xvi) of the Order are not applicable to the Company.

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

Place : Mumbai  
Date : 23rd May 2017

**Bhavesh Dhupelia**  
Partner  
Membership No: 042070

## **Annexure B to the Independent Auditor's Report - 31st March 2017**

(Referred to in our report of even date)

### **Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Act**

We have audited the internal financial controls over financial reporting of Ion Exchange (India) Limited ("the Company") as of 31st March, 2017 in conjunction with our audit of the standalone 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 over financial reporting 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 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 Companies Act 2013 ("the Act").

**Auditor's Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting 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. 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 over financial reporting 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 over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, 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 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 over financial reporting.

**Meaning of Internal Financial Controls Over Financial Reporting**

A company's internal financial controls over financial reporting 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 controls over financial reporting 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 Over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, 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 over financial reporting to future periods are subject to the risk that the internal financial controls over financial reporting 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 over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March 2017, based on the internal controls over financial reporting 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 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 over financial reporting 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

**Bhavesh Dhupelia**

Partner

Membership No: 042070

Place : Mumbai

Date : 23rd May 2017

**Annexure I to the Independent Auditors' Report - 31st March 2017**

(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	1,20,40,964	24,00,000	1993-1994 1995-1996 2006-2007 2009-2010	Joint Commissioner Appeals
		1,33,17,608	19,73,860	2001-2005 2006-2010 2011-2014	Assistant Commissioner Appeals
		1,23,78,969	-	2009-2010	Assistant Commissioner Appeals
		62,48,241	-	2010-2011	Commercial tax appeals
		1,66,79,413	60,000	2010-2011	Objection Hearing Authority
		65,71,557	9,17,037	2008-2012 2013-2014	Deputy Commissioner Of Commercial Taxes
		1,28,17,907	12,44,485	2009-2012	Deputy Commissioner Of Sales Tax, Appeals
		4,20,427	-	2008-2009	Additional Commissioner Of Commercial Taxes
		51,34,472	8,42,292	2004-2005 2007-2008	Senior Joint Commissioner of Commercial Tax, Appeal
Finance Act, 1994 – Service Tax	Disallowance of service tax taken on input services	22,40,328	9,31,180	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)	22,58,117	-	2003-2004	Joint Director General of Foreign Trade
Income Tax Act, 1961	Income Tax Demand	8,91,856	-	2006-2007	Commissioner of Income Tax (Appeal)
		22,60,330	-	2007-2008	Commissioner of Income Tax (Appeal)
		1,08,31,992	-	2008-2009	Deputy Commissioner of Income Tax (Appeal)
		1,63,82,926	-	2009-2010	Commissioner of Income Tax (Appeal)
		1,52,75,313	-	2010-2011	Commissioner of Income Tax (Appeal)
		52,66,923	9,51,000	2012-2013	Commissioner of Income Tax (Appeal)

**BALANCE SHEET as at 31st March 2017**

	Notes	31st March 2017 Rupees	31st March 2016 Rupees
<b>EQUITY AND LIABILITIES</b>			
SHAREHOLDERS' FUNDS			
(a) Share capital	3	14,66,66,590	14,55,71,590
(b) Reserves and surplus	4	2,81,24,23,145	2,35,54,45,340
		<u>2,95,90,89,735</u>	<u>2,50,10,16,930</u>
<b>NON-CURRENT LIABILITIES</b>			
(a) Long-term borrowings	5	27,67,01,556	15,48,79,956
(b) Deferred tax liabilities (Net)	6	4,13,80,599	4,33,94,232
(c) Other long term liabilities	7	8,57,30,831	8,35,18,674
(d) Long-term provisions	8	10,82,34,990	11,86,65,942
		<u>51,20,47,976</u>	<u>40,04,58,804</u>
<b>CURRENT LIABILITIES</b>			
(a) Short-term borrowings	9	40,82,18,343	41,02,63,528
(b) Trade payables	10		
Due to micro and small enterprises		2,18,49,334	2,43,86,123
Due to others		3,51,00,82,247	2,86,92,04,360
(c) Other current liabilities	11	2,51,11,13,652	59,47,63,400
(d) Short-term provisions	8	19,25,30,114	19,77,67,311
		<u>6,64,37,93,690</u>	<u>4,09,63,84,722</u>
<b>TOTAL</b>		<b><u>10,11,49,31,401</u></b>	<b><u>6,99,78,60,456</u></b>
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
(a) Fixed assets			
(i) Tangible assets	12	88,69,11,211	78,97,96,750
(ii) Intangible assets	13	1,30,53,331	1,21,05,161
(iii) Capital work-in-progress		33,20,27,508	2,08,09,273
(b) Non-current investments	14	55,22,52,607	55,22,52,538
(c) Long-term loans and advances	15	65,02,67,528	69,24,28,917
(d) Trade receivables	16	3,58,09,132	5,82,77,852
(e) Other non-current assets	17	31,91,202	2,33,910
		<u>2,47,35,12,519</u>	<u>2,12,59,04,401</u>
<b>CURRENT ASSETS</b>			
(a) Current investments	18	4,92,224	4,92,224
(b) Inventories	19	85,83,05,682	59,78,20,593
(c) Trade receivables	16	4,21,62,89,043	3,35,25,02,895
(d) Cash and cash equivalents	20	1,51,13,33,395	19,22,19,487
(e) Short-term loans and advances	15	1,05,05,89,927	72,41,15,557
(f) Other current assets	17	44,08,611	48,05,299
		<u>7,64,14,18,882</u>	<u>4,87,19,56,055</u>
<b>TOTAL</b>		<b><u>10,11,49,31,401</u></b>	<b><u>6,99,78,60,456</u></b>

Summary of significant accounting policies

2

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

BHAVESH DHUPELIA  
Partner  
Membership no.: 042070

RAJESH SHARMA  
Chairman & Managing Director

M. P. PATNI  
Director

MILIND PURANIK  
Company Secretary

Place : Mumbai  
Date : 23rd May 2017

N. M. RANADIVE  
Executive Vice President - Finance

Place : Mumbai  
Date : 23rd May 2017

**STATEMENT OF PROFIT AND LOSS for the year ended 31st March 2017**

	Notes	<b>31st March 2017</b> Rupees	<b>31st March 2016</b> Rupees
<b>Revenue</b>			
Revenue from operations (Gross of excise)	21	9,72,30,55,838	8,32,41,74,527
Less: Excise duty	21	35,09,57,068	30,72,98,129
Revenue from operations (Net of excise)	21	<u>9,37,20,98,770</u>	8,01,68,76,398
Other income	22	14,12,46,327	12,20,57,000
<b>Total revenue</b>		<b>9,51,33,45,097</b>	<b>8,13,89,33,398</b>
<b>Expenses</b>			
Cost of materials and components consumed	23	5,96,36,40,269	5,07,01,50,673
Purchases of traded goods	24 (a)	38,89,71,546	26,75,25,403
(Increase)/Decrease in inventories of finished goods, work-in-progress and traded goods	24 (b)	(21,58,30,228)	(2,42,66,675)
Employee benefits expense	25	1,00,94,86,219	86,26,33,117
Finance costs	26	12,83,46,393	10,59,80,090
Depreciation and amortization	27	10,77,25,551	9,98,85,992
Other expenses	28	1,42,89,97,932	1,24,33,97,993
<b>Total expenses</b>		<b>8,81,13,37,682</b>	<b>7,62,53,06,593</b>
<b>Profit before tax</b>		<b>70,20,07,415</b>	<b>51,36,26,805</b>
<b>Tax expense</b>			
Current tax		24,01,20,000	17,20,00,000
Previous years tax		44,21,017	-
Deferred tax (Refer note 6)		(20,13,633)	(33,00,411)
<b>Total tax expense</b>		<b>24,25,27,384</b>	<b>16,86,99,589</b>
<b>Profit after tax</b>		<b>45,94,80,031</b>	<b>34,49,27,216</b>
<b>EARNINGS PER EQUITY SHARE</b>			
[Nominal value of shares Rs. 10 (2015-2016 : Rs. 10)]			
(Refer note 29)			
Basic		31.36	23.72
Diluted		31.36	23.20

Summary of significant accounting policies

2

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

BHAVESH DHUPELIA  
*Partner*  
*Membership no.: 042070*

RAJESH SHARMA  
*Chairman & Managing Director*

M. P. PATNI  
*Director*

MILIND PURANIK  
*Company Secretary*

Place : Mumbai  
 Date : 23rd May 2017

N. M. RANADIVE  
*Executive Vice President - Finance*

Place : Mumbai  
 Date : 23rd May 2017

**CASH FLOW STATEMENT for the year ended 31st March 2017**

	31st March 2017 Rupees	31st March 2017 Rupees	31st March 2016 Rupees	31st March 2016 Rupees
<b>A. CASH FLOW FROM OPERATING ACTIVITIES:</b>				
Net profit before tax as per statement of profit and loss		70,20,07,415		51,36,26,805
Adjustment to reconcile profit before tax to net cash flows:				
Depreciation and amortization expense	10,77,25,551		9,98,85,992	
(Profit) / Loss on assets sold / discarded (Net)	96,549		(12,55,356)	
Employee compensation income	(1,13,04,851)		(2,79,900)	
Finance cost	12,83,46,393		10,59,80,090	
Dividend received	(98,41,978)		(1,70,78,199)	
Interest received	(11,31,07,708)		(7,35,93,686)	
Bad debts written off	1,16,39,567		1,83,68,591	
Backcharges on contracts	51,35,845		91,38,891	
Unrealised exchange loss / (gain)	6,29,26,785		(1,12,09,694)	
	<u>18,16,16,153</u>	<u>88,36,23,568</u>		<u>12,99,56,729</u>
<b>Cash generated from operations before working capital changes</b>		<b>88,36,23,568</b>		<b>64,35,83,534</b>
Movements in working capital:				
(Increase) / Decrease in trade receivables	(90,16,03,289)		(9,91,14,348)	
(Increase) / Decrease in inventories	(26,04,85,089)		(14,52,70,913)	
(Increase) / Decrease in loans and advances	(40,00,75,134)		(25,39,41,772)	
(Decrease) / Increase in trade payables	65,58,27,714		19,30,96,653	
(Decrease) / Increase in other liabilities	1,84,83,80,306		3,78,04,937	
(Decrease) / Increase in provisions	2,97,98,458		1,03,16,711	
	<u>97,18,42,966</u>	<u>1,85,54,66,534</u>		<u>(25,71,08,732)</u>
<b>Cash generated from operations</b>		<b>1,85,54,66,534</b>		<b>38,64,74,802</b>
Taxes paid		(22,39,41,218)		(14,61,54,752)
<b>Net cash generated from operating activities</b>	<b>(A)</b>	<b>1,63,15,25,316</b>		<b>24,03,20,050</b>
<b>B. Cash flow from investing activities:</b>				
Purchase of fixed assets	(42,09,28,228)		(26,34,92,397)	
Proceeds from sale of fixed assets	6,82,864		1,47,75,126	
Investments made in subsidiaries	(69)		-	
Bank deposit made during the year	(37,56,36,385)		(3,72,36,396)	
(with maturity more than three months)				
Bank deposit matured during the year	3,91,47,449		3,44,15,188	
(with maturity more than three months)				
Dividend received	98,41,978		1,70,78,199	
Interest received	11,05,47,104		7,23,20,887	
<b>Net cash used in investing activities</b>	<b>(B)</b>	<b>(63,63,45,287)</b>		<b>(16,21,39,393)</b>

**Cash Flow Statement for the year ended 31st March 2017 (Contd.)**

	<b>31st March 2017</b> Rupees	<b>31st March 2017</b> Rupees	<b>31st March 2016</b> Rupees	<b>31st March 2016</b> Rupees
<b>C. CASH FLOW FROM FINANCING ACTIVITIES:</b>				
Proceeds from issuance of share capital on exercise of options	1,02,93,000		23,50,000	
Repayment of borrowings	(48,31,65,707)		(29,91,12,888)	
Proceeds from borrowings	65,39,70,467		40,35,85,588	
Dividend paid	(4,39,99,977)		(4,35,96,477)	
Dividend tax paid	(56,90,351)		(68,63,162)	
Finance cost	(10,78,06,557)		(9,33,37,803)	
<b>Net cash generated / (used) in financing activities (C)</b>		<b>2,36,00,875</b>		<b>(3,69,74,742)</b>
<b>Net Increase in cash and cash equivalents (A)+(B)+(C)</b>		<b>1,01,87,80,904</b>		<b>4,12,05,915</b>
Effect of exchange difference on cash and cash equivalent held in foreign currency		(3,61,55,932)		48,820
Cash and cash equivalents as at the beginning of the year		9,51,31,347		5,38,76,612
<b>Cash and cash equivalents as at the end of the year</b>		<b>1,07,77,56,319</b>		<b>9,51,31,347</b>
<b>Cash and cash equivalent comprises of :</b>				
Cash in hand		91,67,914		65,77,496
Balance with banks (Refer notes 2, 3 and 4 below)		1,06,85,88,405		8,85,53,851
<b>Total</b>		<b>1,07,77,56,319</b>		<b>9,51,31,347</b>

Notes:

- 1 The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in the Notified Accounting Standard - 3 on Cash Flow Statements.
- 2 Cash and cash equivalents excludes the following balances with bank:
  - (a) On deposit account Rs. 26,00,622 (2015-2016 : Rs. 23,90,831)
  - (b) On margin money account Rs. 43,09,76,454 (2015-2016 : Rs. 9,46,97,309)
- 3 Balances with bank includes balance of Rs. 98,81,58,279 (2015-2016 : Rs. Nil) in escrow accounts, for utilisation in execution of a specific EPC contract.
- 4 Balances with bank includes Rs. 38,25,024 (2015-2016 : Rs. 34,50,965) being unclaimed dividend and unclaimed interest on fixed deposits which are not available for use by the company as they represent corresponding Unpaid Liabilities.
- 5 Previous years' figures have been regrouped/rearranged to conform with current years' classifications.

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

BHAVESH DHUPELIA  
*Partner*  
*Membership no.: 042070*

Place : Mumbai  
 Date : 23rd May 2017

RAJESH SHARMA  
*Chairman & Managing Director*

N. M. RANADIVE  
*Executive Vice President - Finance*

M. P. PATNI  
*Director*

MILIND PURANIK  
*Company Secretary*

Place : Mumbai  
 Date : 23rd May 2017

**NOTES TO FINANCIAL STATEMENTS for the year ended 31st March 2017****1. Basis of Preparation:**

The financial statements of Ion Exchange (India) Limited ("the company") have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP). The financial statements have been prepared under historical cost convention on accrual basis except in case of assets acquired before 30th April 1986 which are carried at revalued amounts. The financial statements comply in all material respects with the accounting standards as prescribed under section 133 of the Companies Act, 2013 (the "Act") read with rule 7 of the Companies (Accounts) Rules, 2014, provisions of the Act (to the extent notified). The accounting policies adopted in the preparation of financial statements are consistent with those of previous year.

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.

**2. Significant Accounting Policies:****(i) Fixed assets, depreciation, amortization and impairment:**Tangible assets

Fixed assets acquired before 30th April 1986 are stated at revalued amounts while assets acquired subsequent to that date are stated at historical cost of acquisition less accumulated depreciation and impairment losses, if any. Cost comprises of the purchase price and any attributable cost of bringing the asset to its working condition for its intended use. Borrowing cost relating to acquisition of fixed assets which take substantial period of time to get ready for its intended use are also included to the extent they relate to the period till such assets are ready to be put to use.

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
	10 – 15 years
Plant and machinery	10 years
Furniture and fixtures	4 – 8 years
Vehicles	3 – 5 years
Office equipments	

Site equipments are depreciated over 3 years.

Leasehold assets are depreciated over the period of lease.

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 least 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.

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.

**(ii) 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.

## **NOTES TO FINANCIAL STATEMENTS for the year ended 31st March 2017 (contd...)**

### **2. Significant Accounting Policies (contd...)**

#### **(ii) Foreign currency transactions (contd...)**

The premium or discount arising at the inception of forward exchange contracts is amortized as income or expense over the life of the contract. Exchange differences on such contracts are recognized in the statement of profit and loss in the year in which the exchange rates change. Any profit or loss arising on cancellation or renewal of forward exchange contract is recognized as income or as expense for the year. None of the forward exchange contracts are taken for trading or speculation purpose.

#### **(iii) Investments:**

Investments that are readily realizable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long-term investments. Current investments are carried at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognize a decline other than temporary in the value of the investments.

#### **(iv) 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 and excise duty. 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.

#### **(v) Accounting for CENVAT:**

The Company follows on a consistent basis, the "non-inclusive" method of accounting for CENVAT under Central Excise Act with regard to its inventories, purchases and consumption.

#### **(vi) Research and development:**

Capital expenditure on research and development is treated in the same manner as fixed assets. 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.

#### **(vii) Retirement and other employee benefits:**

- a) Retirement benefit in the form of provident fund managed by Government Authorities, Employee State Insurance Corporation, Labour Welfare Fund 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.
- b) 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.
- c) Short term employee benefits are charged off at the undiscounted amount in the year in which the related service is rendered. 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.
- d) 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.
- e) Actuarial gains/losses are immediately taken to the statement of profit and loss and are not deferred.

**NOTES TO FINANCIAL STATEMENTS for the year ended 31st March 2017 (contd...)**

**2. Significant Accounting Policies (contd...)**

**(viii) 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. 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 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 commission and management fees is recognized on completion of services. Service income is accounted net of service tax.

**Interest:**

Revenue is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable.

**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.

**(ix) Taxation:**

- a) Provision for current taxation has been made in accordance with the Indian Income tax laws prevailing for the relevant assessment years.
- b) 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 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. If the company has unabsorbed depreciation or carry forward losses, deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that such deferred tax assets can be realized against future taxable profits.

The carrying amount of deferred tax assets is reviewed at each balance sheet date. The Company writes down the carrying amount of a deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realized. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

At each balance sheet date, the company re-assesses unrecognized deferred tax assets. It recognizes unrecognized deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be that sufficient future taxable income will be available against which such deferred tax assets can be realized.

**(x) Employee stock compensation cost:**

Measurement and disclosure of the employee share-based payment plans is done in accordance with SEBI (Share Based Employee Benefits) Regulation, 2014 and guidance note on accounting for employee share-based payments, issued by the Institute of Chartered Accountants of India. The company measures compensation cost relating to employee stock options using the intrinsic value method. Compensation expense is amortized over the vesting period of the option on a straight-line basis. The unamortized portion of the cost is shown under stock options outstanding.

**(xi) Provisions and contingent liabilities:**

Provisions are recognized when the company has a present obligation as a result of past event for which it is probable that an outflow of resources will be required and a reliable estimate can be made of the amount of obligation. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates (without discounting to its present value).

Contingent liability is disclosed for a present obligation that arises from past events but is not recognized because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or a reliable estimate of the amount of the obligation cannot be made.

## **NOTES TO FINANCIAL STATEMENTS for the year ended 31st March 2017 (contd...)**

### **2. Significant Accounting Policies (contd...)**

#### **(xii) Earnings per share:**

Basic earnings per 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 the purpose of calculating diluted earnings per 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.

#### **(xiii) Segment reporting policies:**

##### Identification of segments:

Segments are identified and reported taking into account the nature of products and services, the differing risks and returns, the organization structure and the internal financial reporting system. The analysis of geographical segments is based on the areas in which major operating divisions of the company operate.

##### Inter-segment transfers:

The Company 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 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.

#### **(xiv) 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.

#### **(xv) 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 fixed assets. 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.

#### **(xvi) 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. 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.

#### **(xvii) Use of estimates:**

The preparation of financial statements in conformity with Indian GAAP requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

**NOTES TO FINANCIAL STATEMENTS for the year ended 31st March 2017 (contd...)**

**3. SHARE CAPITAL**

**Authorised shares**

1,70,00,000 (2015-2016 : 1,70,00,000) equity shares of Rs. 10 each.

**Issued, subscribed and fully paid-up shares:**

1,46,66,659 (2015-2016 : 1,45,57,159) equity shares of Rs. 10 each.

<b>31st March 2017</b>	<b>31st March 2016</b>
<b>Rupees</b>	<b>Rupees</b>
17,00,00,000	17,00,00,000
14,66,66,590	14,55,71,590
<b>14,66,66,590</b>	<b>14,55,71,590</b>

**(a) Reconciliation of the shares outstanding at the beginning and at the end of the reporting period**

<b>31st March 2017</b>		<b>31st March 2016</b>	
<b>No. of Shares</b>	<b>Rupees</b>	<b>No. of Shares</b>	<b>Rupees</b>
1,45,57,159	14,55,71,590	1,45,32,159	14,53,21,590
1,09,500	10,95,000	25,000	2,50,000
<b>1,46,66,659</b>	<b>14,66,66,590</b>	<b>1,45,57,159</b>	<b>14,55,71,590</b>

**(b) Terms/rights attached to equity shares**

The company has only one class of equity shares having a par value of Rs. 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.

The Board of Directors, in its meeting on 23rd May 2017, has recommended a final dividend of Rs. 3.50 per equity share for the financial year ended 31st March 2017. The proposal is subject to the approval of shareholders at the Annual General Meeting (Refer note 52).

During the year ended 31st March 2016, the amount of per share dividend recognised as distribution to equity shareholders was Rs. 3.

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**

<b>31st March 2017</b>		<b>31st March 2016</b>	
<b>No. of Shares</b>	<b>% of holding</b>	<b>No. of Shares</b>	<b>% of holding</b>
8,00,000	5.45%	8,00,000	5.51%
7,81,218	5.33%	7,81,218	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 2017 : 11,80,256 (Previous period of five years ended 31st March 2016 : 11,80,256)

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 2017 : 2,11,600 (Previous period of five years ended 31st March 2016 : 2,38,050)

**(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 31.

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**NOTES TO FINANCIAL STATEMENTS for the year ended 31st March 2017 (contd...)**
**4. RESERVES AND SURPLUS**

	<b>31st March 2017</b> Rupees	<b>31st March 2016</b> Rupees
<b>Security premium account</b>		
Balance as at April 1	81,50,06,004	81,21,28,504
Add: Transferred from employee stock option outstanding	1,26,03,450	28,77,500
	<hr/>	<hr/>
	82,76,09,454	81,50,06,004
<b>Revaluation reserve [Refer note 2(i)]</b>		
Balance as at April 1	10,20,390	10,20,390
	<hr/>	<hr/>
	10,20,390	10,20,390
<b>Employee stock options outstanding [Refer note 2(x) and note 31]</b>		
Balance as at April 1	1,47,10,301	1,57,67,701
Add: Gross compensation for options granted during the year	91,98,000	21,00,000
Less: Transferred to securities premium account on exercise of options	1,26,03,450	28,77,500
Less: Transferred to employee compensation income	1,13,04,851	2,79,900
	<hr/>	<hr/>
	-	1,47,10,301
<b>Special reserve</b>		
Balance as at April 1	16,00,060	16,00,060
(As per section 45 - IC of the Reserve Bank of India Act, 1934)		
	<hr/>	<hr/>
	16,00,060	16,00,060
<b>General reserve</b>		
Balance as at April 1	26,44,65,705	26,44,65,705
	<hr/>	<hr/>
	26,44,65,705	26,44,65,705
<b>Surplus in the statement of profit and loss</b>		
Balance as per last financial statements	1,25,86,42,880	96,30,10,617
Add : Profit for the year	45,94,80,031	34,49,27,216
Less : Appropriations		
- Dividend (Refer note 51)	3,28,500	-
- Tax on dividend (Refer note 51)	66,875	-
- Proposed final dividend (2015-2016 : Rs. 3) (Refer note 52)	-	4,36,71,477
- Tax on proposed final dividend	-	56,23,476
	<hr/>	<hr/>
<b>Net surplus in the statement of profit and loss</b>	1,71,77,27,536	1,25,86,42,880
<b>Total reserves and surplus</b>	<b><u>2,81,24,23,145</u></b>	<b><u>2,35,54,45,340</u></b>

**NOTES TO FINANCIAL STATEMENTS for the year ended 31st March 2017 (contd...)****5. LONG-TERM BORROWINGS:**

	Non-current portion		Current maturities	
	31st March 2017 Rupees	31st March 2016 Rupees	31st March 2017 Rupees	31st March 2016 Rupees
<b><u>Term loans (Secured)</u></b>				
Indian rupee loan from finance company [Refer note (a) below]	-	4,75,41,973	-	3,16,94,664
Indian rupee loan from financial institution [Refer note (b) below]	17,78,38,889	7,00,90,000	1,04,61,111	-
Indian rupee loan from a bank [Refer note (c) below]	5,81,29,585	-	5,80,23,420	-
Indian rupee vehicle loan from banks and finance companies [Refer note (d) below]	47,97,947	58,97,488	30,25,272	27,04,976
<b><u>Other loans and advances</u></b>				
Finance lease obligation (Secured) [Refer note (e) below]	3,59,35,135	3,13,50,495	3,70,21,171	1,77,61,989
Deposits (Unsecured) [Refer note (f) below]	-	-	-	-
Deposit from shareholders	-	-	-	-
Deposit from public	-	-	-	49,24,000
	<b>27,67,01,556</b>	<b>15,48,79,956</b>	<b>10,85,30,974</b>	<b>5,70,85,629</b>
<b><u>The above amount includes</u></b>				
Secured borrowings	27,67,01,556	15,48,79,956	10,85,30,974	5,21,61,629
Unsecured borrowings	-	-	-	49,24,000
Amount disclosed under the head "Other current liabilities" (Refer note 11)	-	-	(10,85,30,974)	(5,70,85,629)
	<b>27,67,01,556</b>	<b>15,48,79,956</b>	<b>-</b>	<b>-</b>

- (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.
- (b) Indian rupees loan from financial institution for capital expenditure carries interest @ 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 rupees loan from a bank for a loan tranche of Rs. 6,83,22,148 for capital expenditure carries interest @ 10.50% p.a. and is repayable in equal monthly installment from the first disbursement till October 2018. Balance loan tranche of Rs. 8,16,77,852 towards capital expenditure is repayable within 37 months from the month of first disbursement being 31.08.2016. 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 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.
- (e) 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.
- (f) 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 2017 (contd...)

### 6. DEFERRED TAX LIABILITY (NET)

	31st March 2017		31st March 2016	
	Deferred tax liability	Deferred tax assets	Deferred tax liability	Deferred tax assets
	Rupees	Rupees	Rupees	Rupees
Difference between book and tax depreciation	10,58,76,247	-	9,74,75,383	-
Provision for doubtful debts	-	20,26,482	-	20,26,482
Provision for doubtful advances	-	58,38,581	-	58,38,581
Effect of expenditure allowable for the tax purposes in following years	-	5,66,30,585	-	4,62,16,088
	<b>10,58,76,247</b>	<b>6,44,95,648</b>	<b>9,74,75,383</b>	<b>5,40,81,151</b>
	<b>4,13,80,599</b>		<b>4,33,94,232</b>	

### 7. OTHER LONG TERM LIABILITIES

	31st March 2017		31st March 2016	
	Deposits	Rupees	Deposits	Rupees
	Others	Rupees	Others	Rupees
Deposits	8,50,77,012		8,17,44,019	
Others	6,53,819		17,74,655	
	<b>8,57,30,831</b>		<b>8,35,18,674</b>	

### 8. PROVISIONS

	Long-term		Short-term	
	31st March 2017		31st March 2016	
	Rupees	Rupees	Rupees	Rupees
Provision for income tax [Net of advance tax Rs. 33,07,81,309 (2015-2016 : Rs. 55,49,56,849)]	1,74,20,409		5,15,92,640	
Provision for employee benefits	9,08,14,581		6,70,73,302	
Provision for warranties	-		-	
Proposed dividend (Refer note 52)	-		-	
Tax on proposed dividend (Refer note 52)	-		-	
	<b>10,82,34,990</b>		<b>11,86,65,942</b>	
			<b>19,25,30,114</b>	
			<b>19,77,67,311</b>	

#### 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.

	31st March 2017		31st March 2016	
	At the beginning of the year	Rupees	At the beginning of the year	Rupees
	Arising during the year	Rupees	Arising during the year	Rupees
Utilised during the year	20,96,700		20,96,700	
Unused amounts reversed	25,86,900		20,96,700	
<b>At the end of the year</b>	<b>25,86,900</b>		<b>20,96,700</b>	

**NOTES TO FINANCIAL STATEMENTS for the year ended 31st March 2017 (contd...)**

**9. SHORT TERM BORROWINGS**

	<b>31st March 2017</b> <b>Rupees</b>	<b>31st March 2016</b> <b>Rupees</b>
Working capital loan from banks (Secured) [Refer note (a) below]	34,24,93,343	16,27,38,528
Working capital loan from a bank (Unsecured) [Refer note (b) below]	-	21,13,00,000
Inter-corporate deposits (Unsecured) [Refer note (c) below]		
- from related parties [Refer note 34 (l)]	1,07,25,000	82,25,000
- from others	5,50,00,000	2,80,00,000
	<b>40,82,18,343</b>	<b>41,02,63,528</b>
<u>The above amount includes:</u>		
Secured borrowings	34,24,93,343	16,27,38,528
Unsecured borrowings	6,57,25,000	24,75,25,000
	<b>40,82,18,343</b>	<b>41,02,63,528</b>

- (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. 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) The working capital loan was unsecured, repayable within 180 days from 23.03.2016 and carried interest @ 11.50% p.a.
- (c) Inter corporate deposit are for a period from 90 to 365 days and carries interest @ 9.50% to 12.75%. p.a.

**10. TRADE PAYABLES**

	<b>31st March 2017</b> <b>Rupees</b>	<b>31st March 2016</b> <b>Rupees</b>
Trade payables (including acceptances)		
Due to micro and small enterprises (Refer note 43)	2,18,49,334	2,43,86,123
Due to others	3,51,00,82,247	2,86,92,04,360
	<b>3,53,19,31,581</b>	<b>2,89,35,90,483</b>

**11. OTHER CURRENT LIABILITIES**

	<b>31st March 2017</b> <b>Rupees</b>	<b>31st March 2016</b> <b>Rupees</b>
Current maturities of long term borrowings (Refer note 5)	10,85,30,974	5,70,85,629
Interest accrued but not due	32,72,394	32,32,558
Employee benefits payable	11,45,47,545	10,09,47,634
Creditors for capital goods	3,66,23,688	1,75,09,766
Investor Education and Protection Fund will be credited by following amounts (as and when due)		
- Unpaid dividend	35,55,423	31,19,187
- Unclaimed interest on fixed deposit	2,69,601	3,31,778
- Unclaimed matured deposit	10,55,000	14,72,000
Advance from customers	2,14,92,29,958	33,28,51,782
Unearned revenue on AMC services	3,34,12,280	3,08,45,245
Statutory dues	5,50,85,953	4,19,01,888
Others liabilities	55,30,836	54,65,933
	<b>2,51,11,13,652</b>	<b>59,47,63,400</b>

**NOTES TO FINANCIAL STATEMENTS** for the year ended **31st March 2017 (contd...)**

**12. TANGIBLE ASSETS**

							Amount (in Rupees)		
	Land (Freehold) (Refer note a)	Land (Leasehold)	Road	Building on freehold land (Refer note b,c,d and e)	Building on leasehold land	Plant and machinery (Refer note f)	Vehicles	Office equipments (Refer note g)	Total
<b>Gross block</b>									
As at 1st April 2015	2,04,29,053	2,39,84,441	61,54,777	24,77,84,164	27,65,48,042	83,78,24,620	10,29,90,133	3,33,21,972	19,10,00,485
Addition during the year	-	-	10,70,982	3,23,02,264	-	15,02,18,728	38,82,732	1,92,14,261	20,98,53,718
Disposal during the year	-	-	1,40,03,600	-	3,23,92,895	1,78,142	21,07,067	3,09,640	4,89,91,344
<b>As at 31st March 2016</b>	<b>2,04,29,053</b>	<b>2,39,84,441</b>	<b>72,25,759</b>	<b>26,60,82,828</b>	<b>27,65,48,042</b>	<b>95,56,50,453</b>	<b>10,66,94,723</b>	<b>3,43,79,656</b>	<b>20,99,05,106</b>
Addition during the year	-	1,87,41,067	-	6,42,150	38,44,003	15,65,41,696	22,35,118	22,53,694	1,68,94,334
Disposal during the year	-	-	-	-	-	1,27,24,796	94,050	-	2,28,029
<b>As at 31st March 2017</b>	<b>2,04,29,053</b>	<b>4,27,25,508</b>	<b>72,25,759</b>	<b>26,67,24,978</b>	<b>28,03,92,045</b>	<b>1,09,94,67,353</b>	<b>10,88,35,791</b>	<b>3,66,33,350</b>	<b>22,65,71,411</b>
<b>Depreciation</b>									
As at 1st April 2015	-	70,43,785	17,52,414	5,35,45,661	11,97,63,633	59,44,26,414	8,34,59,010	2,16,13,473	17,02,90,272
Depreciation during the year	-	3,02,424	7,15,636	48,23,823	80,86,730	5,78,33,406	48,78,350	53,91,479	1,26,48,325
Deduction during the year	-	-	-	9,57,998	-	3,21,44,799	1,78,151	18,80,986	3,09,640
<b>As at 31st March 2016</b>	<b>-</b>	<b>73,46,209</b>	<b>24,68,100</b>	<b>5,74,11,486</b>	<b>12,78,50,363</b>	<b>62,01,15,021</b>	<b>8,81,59,209</b>	<b>2,51,23,966</b>	<b>18,26,28,957</b>
Depreciation during the year	-	5,10,658	7,69,235	53,46,762	81,21,775	6,66,40,413	44,42,466	37,75,155	1,36,51,724
Deduction during the year	-	-	-	-	-	1,19,50,929	89,441	-	2,27,092
<b>As at 31st March 2017</b>	<b>-</b>	<b>78,56,867</b>	<b>32,37,335</b>	<b>6,27,58,248</b>	<b>13,59,72,138</b>	<b>67,48,04,505</b>	<b>9,25,12,234</b>	<b>2,88,99,121</b>	<b>19,60,53,589</b>
<b>Net block</b>									
<b>As at 31st March 2016</b>	<b>2,04,29,053</b>	<b>1,66,38,232</b>	<b>47,57,659</b>	<b>20,86,71,342</b>	<b>14,86,97,679</b>	<b>33,55,35,432</b>	<b>1,85,35,514</b>	<b>92,55,690</b>	<b>2,72,76,149</b>
<b>As at 31st March 2017</b>	<b>2,04,29,053</b>	<b>3,48,68,641</b>	<b>39,88,424</b>	<b>20,39,66,730</b>	<b>14,44,19,907</b>	<b>42,46,62,848</b>	<b>1,63,23,557</b>	<b>77,34,229</b>	<b>3,05,17,822</b>
									<b>88,69,11,211</b>

**NOTES TO FINANCIAL STATEMENTS for the year ended 31st March 2017 (contd...)**

**12. TANGIBLE ASSETS (contd...)**

- a. Freehold land includes land at Pune, the title deeds of which are in the name of the nominees of the company.  
Gross book value Rs. 18,44,060 (2015-2016 : Rs. 18,44,060)
- b. Buildings on freehold land includes residential flats, the cost of which includes:
  - Rs. 250 (2015-2016 : Rs. 250) being the value of 5 Shares (unquoted) of Rs. 50 each, fully paid up in Sunrise Co-operative Housing Society Limited.
  - Rs. 3,500 (2015-2016 : Rs. 3,500) being the value of 70 Shares (unquoted) of Rs. 50 each, fully paid up in Usha Milan Co-operative Society Limited.
- c. Buildings on freehold land includes residential flats acquired at Mumbai, the society formation of which is in progress.  
Gross book value Rs. 62,16,250 (2015-2016 : Rs. 62,16,250)  
Net book value Rs. 40,11,005 (2015-2016 : Rs. 41,14,738)
- d. 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 Rs. 76,882 (2015-2016 : Rs. 76,882)  
Net book value Rs. Nil (2015-2016 : Rs. Nil)
- e. Buildings on freehold land includes office premises given on operating lease :  
Gross book value Rs. 2,30,77,146 (2015-2016 : Rs. 2,30,77,146)  
Accumulated depreciation Rs. 1,07,22,851 (2015-2016 : Rs. 1,02,05,233)  
Depreciation for the year Rs. 5,17,618 (2015-2016 : Rs. 5,20,450)  
Net book value Rs. 1,23,54,295 (2015-2016 : Rs. 1,28,71,913)
- f. Plant and machinery includes items taken on finance lease :  
Gross book value Rs. 11,09,60,033 (2015-2016 : Rs. 5,61,97,681)  
Accumulated depreciation Rs. 1,53,70,150 (2015-2016 : Rs. 51,66,667)  
Depreciation for the year Rs. 1,02,03,483 (2015-2016 : Rs. 51,66,667)  
Net book value Rs. 9,55,89,883 (2015-2016 : Rs. 5,10,31,014)
- g. Office equipment includes data processing items taken on finance lease :  
Gross book value Rs. 2,87,39,617 (2015-2016 : Rs. 2,87,39,617)  
Accumulated depreciation Rs. 2,38,24,930 (2015-2016 : Rs. 2,04,95,216)  
Depreciation for the year Rs. 33,29,714 (2015-2016 : Rs. 57,76,235)  
Net book value Rs. 49,14,687 (2015-2016 : Rs. 82,44,401)
- h. Addition to fixed assets include items of fixed assets amounting to Rs. 1,10,40,981 (2015-2016 : Rs. 61,23,839) pertaining to research and development.

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**NOTES TO FINANCIAL STATEMENTS for the year ended 31st March 2017 (contd...)**
**13. INTANGIBLE ASSETS**

	Amount (in Rupees)	
	Computer Software	Total
<b>Gross block</b>		
As at 1st April 2015	4,42,01,225	4,42,01,225
Addition during the year	55,03,826	55,03,826
Disposal during the year	-	-
<b>As at 31st March 2016</b>	<b>4,97,05,051</b>	<b>4,97,05,051</b>
Addition during the year	54,15,533	54,15,533
Disposal during the year	-	-
<b>As at 31st March 2017</b>	<b>5,51,20,584</b>	<b>5,51,20,584</b>
<b>Amortization</b>		
As at 1st April 2015	3,23,94,121	3,23,94,121
Amortized during the year	52,05,769	52,05,769
Deduction during the year	-	-
<b>As at 31st March 2016</b>	<b>3,75,99,890</b>	<b>3,75,99,890</b>
Amortized during the year	44,67,363	44,67,363
Deduction during the year	-	-
<b>As at 31st March 2017</b>	<b>4,20,67,253</b>	<b>4,20,67,253</b>
<b>Net block</b>		
<b>As at 31st March 2016</b>	<b>1,21,05,161</b>	<b>1,21,05,161</b>
<b>As at 31st March 2017</b>	<b>1,30,53,331</b>	<b>1,30,53,331</b>

**NOTES TO FINANCIAL STATEMENTS for the year ended 31st March 2017 (contd...)****14. NON CURRENT INVESTMENTS**

	<b>31st March 2017</b> <b>Rupees</b>	<b>31st March 2016</b> <b>Rupees</b>
<b>TRADE INVESTMENTS</b> (Valued at cost unless stated otherwise) (Refer note 49)		
<b>EQUITY INSTRUMENTS (UNQUOTED)</b>		
<b>INVESTMENT IN SUBSIDIARIES</b>		
17,60,000 (2015-2016 : 17,60,000) equity shares of Rs. 10 each, fully paid-up in Aqua Investments (India) Limited	1,76,00,000	1,76,00,000
17,70,000 (2015-2016 : 17,70,000) equity shares of Rs. 10 each, fully paid-up in Watercare Investments (India) Limited	1,77,00,000	1,77,00,000
5,47,000 (2015-2016 : 5,47,000) equity shares of Rs. 10 each, fully paid-up in Ion Exchange Enviro Farms Limited (Refer note 36)	54,70,000	54,70,000
26,03,211 (2015-2016 : 26,03,211) equity shares of Singapore Dollars 1 each, fully paid up in Ion Exchange Asia Pacific Pte. Ltd.	10,80,96,815	10,80,96,815
2,50,000 (2015-2016 : 1,50,000) equity shares of Malaysian Ringgit 1 each, fully paid up in IEI Environmental Management (M) Sdn. Bhd.	18,10,180	18,10,111
7,00,000 (2015-2016 : 7,00,000) equity shares of United State Dollar 1 each, fully paid up in Ion Exchange LLC, USA	3,72,01,000	3,72,01,000
1,53,000 (2015-2016 : 1,53,000) equity shares of Omani Rial 1 each, fully paid up in Ion Exchange And Company LLC, Oman	1,80,85,140	1,80,85,140
55,862 (2015-2016 : 55,862) equity shares of Bangladeshi Taka 100 each, fully paid up in Ion Exchange Environment Management (BD) Limited	35,74,493	35,74,493
27,469 (2015-2016 : 27,469) equity shares of Bangladeshi Taka 100 each, fully paid up in Ion Exchange WTS (Bangladesh) Limited	2,45,000	2,45,000
Nil (2015-2016 : 31,20,000) equity shares of Rs. 10 each, fully paid up in Ion Exchange Infrastructure Limited *	-	3,12,00,000
21,70,000 (2015-2016 : 21,70,000) equity shares of Rs. 10 each, fully paid up in Global Composite And Structural Limited	2,17,00,000	2,17,00,000
1,39,68,634 (2015-2016 : 1,00,00,000) equity shares of Rs. 10 each, fully paid up in Ion Exchange Projects and Engineering Limited *	13,12,00,000	10,00,00,000
600 (2015-2016 : 600) equity shares of ZAR 1 each, fully paid up in Ion Exchange Safic Pty Ltd.	40,66,949	40,66,949
49,993 (2015-2016 : 49,993) equity shares of Rs. 10 each, fully paid-up in Total Water Management Services (India) Limited	4,99,930	4,99,930
10,000 (2015-2016 : 10,000) Equity Shares of Rs. 10 each, fully paid-up in Ion Exchange Purified Drinking Water Private Limited	1,00,000	1,00,000
	(A)	36,73,49,507
<b>INVESTMENT IN JOINT VENTURES</b>		
24,99,500 (2015-2016 : 24,99,500) equity shares of Rs. 10 each, fully paid-up in Ion Exchange Waterleau Limited	2,49,95,000	2,49,95,000
	(B)	2,49,95,000
		2,49,95,000

\* 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, shares were issued by Ion Exchange Projects and Engineering Limited on 24th May 2016 in lieu of shares held in Ion Exchange Infrastructure Limited.

**NOTES TO FINANCIAL STATEMENTS for the year ended 31st March 2017 (contd...)**
**14. NON-CURRENT INVESTMENTS (contd..)**

	<b>31st March 2017</b> <b>Rupees</b>	<b>31st March 2016</b> <b>Rupees</b>
<b>INVESTMENT IN ASSOCIATES</b>		
4,60,000 (2015-2016 : 4,60,000) equity shares of Rs. 10 each, fully paid-up in Aquanomics Systems Limited	46,00,000	46,00,000
1,30,000 (2015-2016 : 1,30,000) equity shares of Rs. 10 each, fully paid-up in Astha Technical Services Limited	13,00,000	13,00,000
(C)	59,00,000	59,00,000
<b>INVESTMENT IN OTHERS</b>		
6,000 (2015-2016 : 6,000) equity shares of Rs. 10 each, fully paid-up in IEK Plastics Limited [At cost less provision for other than temporary diminution in the value : Rs. 60,000 (2015-2016 : Rs. 60,000)]	-	-
113 (2015-2016 : 113) equity shares of Rs. 10 each, fully paid-up in Patancheru Enviro-tech Limited	1,130	1,130
10,500 (2015-2016 : 10,500) equity shares of Rs. 10 each, fully paid-up in Bharuch Enviro Infrastructure Limited	1,05,000	1,05,000
3,52,500 (2015-2016 : 3,52,500) equity shares of Rs. 10 each, fully paid-up in Bharuch Eco-Aqua Infrastructure Limited	35,25,000	35,25,000
21,518 (2015-2016 : 21,518) equity shares of Rs. 10 each, fully paid-up in Global Procurement Consultants Limited	2,45,540	2,45,540
1,000 (2015-2016 : 1,000) equity shares of Rs. 10 each, fully paid-up in Ion Foundation	10,000	10,000
7,143 (2015-2016 : 7,143) equity shares of Rs. 10 each, fully paid-up in Water Quality India Association	71,430	71,430
(D)	39,58,100	39,58,100
<b>PREFERENCE SHARES (UNQUOTED)</b>		
<b>INVESTMENT IN OTHERS</b>		
75,000 (2015-2016 : 75,000) 14.25% preference shares of Rs. 100 each, fully paid-up in HMG Industries Limited [At cost less provision for other than temporary diminution in the value Rs. 74,50,000 (2015-2016 : Rs. 74,50,000)]	50,000	50,000
(E)	50,000	50,000
<b>DEBENTURES (UNQUOTED)</b>		
<b>INVESTMENT IN SUBSIDIARIES</b>		
15,00,000 (2015-2016 : 15,00,000) 7% secured redeemable non-convertible debenture of Rs. 100 each, fully paid up in Ion Exchange Enviro Farms Limited (Refer note 36)	15,00,00,000	15,00,00,000
(F)	15,00,00,000	15,00,00,000
<b>Total non current investments</b>	<b>(A+B+C+D+E+F)</b>	<b>55,22,52,607</b>
Aggregate amount of quoted Investments	-	-
Aggregate amount of unquoted Investments	55,22,52,607	55,22,52,538
Aggregate provision for diminution in value of investments	75,10,000	75,10,000

**NOTES TO FINANCIAL STATEMENTS for the year ended 31st March 2017 (contd...)****15. LOANS AND ADVANCES**

	Non-current		Current	
	31st March 2017		31st March 2016	
	Rupees	Rupees	Rupees	Rupees
<u>Capital advances</u>				
Unsecured, considered good (Refer note 50)	1,82,60,047	9,60,03,727	-	-
(A)	1,82,60,047	9,60,03,727	-	-
<u>Tender, security and other deposits</u>				
Unsecured, considered good	6,11,33,093	5,25,36,374	86,57,980	90,10,713
Doubtful	8,48,733	8,48,733	-	-
Less: Provision for doubtful deposits	6,19,81,826	5,33,85,107	86,57,980	90,10,713
(B)	8,48,733	8,48,733	-	-
8,48,733	6,11,33,093	5,25,36,374	86,57,980	90,10,713
<u>Loans and advances to related parties</u>				
[Refer note 34 (I) and (II)]				
Unsecured, considered good	50,72,91,427	46,10,82,044	51,74,42,357	32,00,67,196
Doubtful	24,75,134	24,75,134	-	-
Less: Provision for doubtful loans and advances	50,97,66,561	46,35,57,178	51,74,42,357	32,00,67,196
(C)	24,75,134	24,75,134	-	-
24,75,134	50,72,91,427	46,10,82,044	51,74,42,357	32,00,67,196
<u>Advance to suppliers</u>				
Unsecured, considered good	-	-	10,78,71,528	6,43,18,423
Unsecured, considered good - related parties	-	-	12,52,75,126	9,16,54,582
[Refer note 34(I)]				
Unsecured, considered doubtful	14,19,526	14,19,526	-	-
Less: Provision for doubtful advances	14,19,526	14,19,526	23,31,46,654	15,59,73,005
(D)	14,19,526	14,19,526	-	-
14,19,526	-	-	23,31,46,654	15,59,73,005
<u>Other Loans and advances</u>				
Unsecured, considered good				
- Prepaid expenses	-	-	10,36,22,712	4,51,28,897
- Claims receivables	-	-	2,31,88,042	1,82,54,276
- Balances with statutory authorities	6,08,79,521	4,28,31,879	15,65,42,208	17,31,91,930
- Loans and advance to employees	-	-	79,89,974	24,89,540
- Income tax paid	27,03,440	3,99,74,893	-	-
[Net of provision for taxation Rs. 37,50,97,500 (2015-2016 : Rs. 18,14,46,322)]	6,35,82,961	8,28,06,772	29,13,42,936	23,90,64,643
(E)	6,35,82,961	8,28,06,772	29,13,42,936	23,90,64,643
Unsecured, considered doubtful				
- Inter corporate deposits	57,07,289	57,07,289	-	-
- Other loans and advances	55,06,962	55,06,962	-	-
Less: Provision for doubtful advances	1,12,14,251	1,12,14,251	-	-
(F)	1,12,14,251	1,12,14,251	-	-
Total	(A+B+C+D+E+F)	65,02,67,528	69,24,28,917	1,05,05,89,927
<u>Loans and advances to employees includes</u>				
Due from directors	-	-	33,698	51,494

## NOTES TO FINANCIAL STATEMENTS for the year ended 31st March 2017 (contd...)

### 16. TRADE RECEIVABLES

	Non-current		Current	
	31st March 2017 Rupees	31st March 2016 Rupees	31st March 2017 Rupees	31st March 2016 Rupees
Outstanding for a period exceeding six months from the date they are due for payment				
- Unsecured Considered good	3,58,09,132	5,82,77,852	51,30,47,595	45,83,91,821
- Doubtful	59,61,994	59,61,994	-	-
	4,17,71,126	6,42,39,846	51,30,47,595	45,83,91,821
Less: Provision for doubtful receivable	59,61,994	59,61,994	-	-
(A)	3,58,09,132	5,82,77,852	51,30,47,595	45,83,91,821
Other receivables				
- Unsecured, considered good	-	-	3,70,32,41,448	2,89,41,11,074
- Doubtful	-	-	-	-
	-	-	3,70,32,41,448	2,89,41,11,074
Less: Provision for doubtful receivables	-	-	-	-
(B)	-	-	3,70,32,41,448	2,89,41,11,074
Total	(A + B) <b>3,58,09,132</b>	<b>5,82,77,852</b>	<b>4,21,62,89,043</b>	<b>3,35,25,02,895</b>

### 17. OTHER ASSETS

	Non-current		Current	
	31st March 2017 Rupees	31st March 2016 Rupees	31st March 2017 Rupees	31st March 2016 Rupees
<u>Unsecured, considered good</u>				
Interest accrued on margin money	31,91,202	2,33,910	44,08,611	48,05,299
(A)	31,91,202	2,33,910	44,08,611	48,05,299
<u>Unsecured, considered doubtful</u>				
Rent receivables	17,05,011	17,05,011	-	-
Less: Provision	17,05,011	17,05,011	-	-
(B)	-	-	-	-
Total	(A + B) <b>31,91,202</b>	<b>2,33,910</b>	<b>44,08,611</b>	<b>48,05,299</b>

### 18. CURRENT INVESTMENTS

(valued at lower of cost or fair value unless stated otherwise)

	31st March 2017 Rupees	31st March 2016 Rupees
<u>Non Trade and Quoted</u>		
5,875 (2015-2016 : 5,875) equity shares of Rs. 2 each, fully paid up in Sterlite Technologies Limited	2,05,000	2,05,000
70 (2015-2016 : 70) equity shares of Rs. 2 each, fully paid up in Jain Irrigation Systems Limited	3,724	3,724
8,100 (2015-2016 : 8,100) equity shares of Rs. 10 each, fully paid up in Canara Bank	2,83,500	2,83,500
	<b>4,92,224</b>	<b>4,92,224</b>
Aggregate amount of quoted investments	4,92,224	4,92,224
(Market value Rs. 32,00,235 (2015-2016 : Rs. 20,74,281)		
Aggregate provision for diminution in value of investments	-	-

**NOTES TO FINANCIAL STATEMENTS for the year ended 31st March 2017 (contd...)**

**19. INVENTORIES** (valued at lower of cost and net realizable value)

	<b>31st March 2017</b> <b>Rupees</b>	<b>31st March 2016</b> <b>Rupees</b>
Raw Materials and components [includes in transit Rs. 2,65,58,707 (2015-2016 : Rs. 1,55,18,938)] (Refer note 23)	33,92,23,754	28,04,08,512
Work-in-progress [Refer note 24(b)]	7,17,52,279	2,90,36,273
Finished goods [Refer note 24(b)] [includes in transit Rs. 54,01,020 (2015-2016 : Rs. 47,62,638)]	14,22,97,843	13,40,52,406
Traded goods [Refer note 24(b)]	5,80,95,221	5,07,79,872
Stores and spares	5,09,87,309	6,51,47,690
Contract work-in-progress	19,59,49,276	3,83,95,840
	<b>85,83,05,682</b>	<b>59,78,20,593</b>

**20. CASH AND CASH EQUIVALENTS**

	<b>Non-current</b>		<b>Current</b>	
	<b>31st March 2017</b> <b>Rupees</b>	<b>31st March 2016</b> <b>Rupees</b>	<b>31st March 2017</b> <b>Rupees</b>	<b>31st March 2016</b> <b>Rupees</b>
<u>Balances with banks:</u>				
- On current accounts [Refer note (a) below]	-	-	1,06,32,72,154	7,75,15,701
- On Exchange Earner's Foreign Currency Accounts	-	-	14,91,227	75,87,185
- On Unclaimed Dividend Account	-	-	35,55,423	31,19,187
- On Unclaimed Interest on Fixed Deposits	-	-	2,69,601	3,31,778
<u>Cash on Hand</u>	-	-	91,67,914	65,77,496
(A)	---	---	1,07,77,56,319	9,51,31,347
<u>Other bank balances:</u>				
On Deposit Account	-	-	26,00,622	23,90,831
On Margin Money Account [Refer note (b) below]	-	-	43,09,76,454	9,46,97,309
(B)	---	---	43,35,77,076	9,70,88,140
<b>Total</b>	<b>(A+B)</b>	---	<b>1,51,13,33,395</b>	<b>19,22,19,487</b>

- (a) Includes balance of Rs. 98,81,58,279 (2015-2016 : Rs. Nil) in escrow accounts, for utilisation in execution of a specific EPC contract.
- (b) Margin money deposits with a carrying amount of Rs. 43,09,76,454 (2015-2016 : 9,46,97,309) are subject to first charge to secure bank guarantees issued by bank on our behalf.

## **NOTES TO FINANCIAL STATEMENTS for the year ended 31st March 2017 (contd...)**

### **21. REVENUE FROM OPERATIONS**

	<b>31st March 2017</b> <b>Rupees</b>	<b>31st March 2016</b> <b>Rupees</b>
<b>Revenue from operations</b>		
<u>Sale of products</u>		
Finished goods	8,08,62,34,312	6,93,27,51,090
Traded goods	59,85,63,196	45,25,80,889
<u>Sale of services</u>	96,61,17,556	89,67,20,386
<u>Others operating revenue</u>		
Scrap sale	2,00,71,797	2,07,68,214
Management fees (Refer note 34)	72,09,712	50,72,590
Other operating income	4,48,59,265	1,62,81,358
<b>Revenue from operations (Gross of excise)</b>	<b>9,72,30,55,838</b>	<b>8,32,41,74,527</b>
Less: Excise duty*	35,09,57,068	30,72,98,129
<b>Revenue from operations (Net of excise)</b>	<b>9,37,20,98,770</b>	<b>8,01,68,76,398</b>

\* Excise duty on sales amounting to Rs. 35,09,57,068 (2015-2016 : Rs. 30,72,98,129) has been reduced from sales in the statement of profit and loss and excise duty on (increase)/decrease in stock amounting to Rs. 1,06,79,745 (2015-2016 : Rs. 65,26,469) has been considered as expenses in note 28 of financial statements.

### DETAILS OF PRODUCT SOLD

	<b>31st March 2017</b> <b>Rupees</b>	<b>31st March 2016</b> <b>Rupees</b>
<u>Finished goods (Net of excise duty)</u>		
Ion exchange resins	1,54,14,20,963	1,55,16,01,316
Water treatments plants and accessories	4,22,40,78,331	3,18,35,63,283
Chemicals additives	1,60,92,71,561	1,56,55,90,341
Consumer products	36,05,06,389	32,46,98,021
	<b>7,73,52,77,244</b>	<b>6,62,54,52,961</b>
<u>Traded goods</u>		
Consumer products	46,29,51,821	33,75,40,831
Spares	4,72,80,692	4,98,56,031
Others	8,83,30,683	6,51,84,027
	<b>59,85,63,196</b>	<b>45,25,80,889</b>
	<b>8,33,38,40,440</b>	<b>7,07,80,33,850</b>

### DETAILS OF SERVICES RENDERED

	<b>31st March 2017</b> <b>Rupees</b>	<b>31st March 2016</b> <b>Rupees</b>
Civil, erection and commissioning	14,82,92,989	16,81,68,985
Operation and maintenance	72,44,03,360	66,93,35,751
Annual maintenance contracts	9,34,21,207	5,92,15,650
	<b>96,61,17,556</b>	<b>89,67,20,386</b>

**NOTES TO FINANCIAL STATEMENTS for the year ended 31st March 2017 (contd...)**

**22. OTHER INCOME**

	<b>31st March 2017</b> Rupees	<b>31st March 2016</b> Rupees
Interest Income		
- From banks	1,26,80,026	94,09,874
- From subsidiaries (Refer note 34)	8,32,65,353	4,56,05,151
- From joint venture (Refer note 34)	1,60,94,359	1,65,89,311
- From others	10,67,970	19,89,350
Rent (Refer note 34 and 39)	1,79,77,883	1,65,65,464
Dividend income on		
- Investment in subsidiaries (Refer note 34)	89,13,128	1,60,48,069
- Current investments	8,850	88,612
- Long-term investments	9,20,000	9,41,518
Exchange gain (Net)	-	1,23,45,390
Profit on fixed assets sold/discharged (Net)	-	12,55,356
Other non operating Income	3,18,758	12,18,905
	<b>14,12,46,327</b>	<b>12,20,57,000</b>

**23. COST OF RAW MATERIAL AND COMPONENTS CONSUMED**

	<b>31st March 2017</b> Rupees	<b>31st March 2016</b> Rupees
Inventory at the beginning of the year	28,04,08,512	18,24,70,152
Add: Purchases*	6,02,24,55,511	5,16,80,89,033
Less: Inventory at the end of the year	33,92,23,754	28,04,08,512
Cost of raw material and components consumed **	<b>5,96,36,40,269</b>	<b>5,07,01,50,673</b>
* Includes direct expenses incurred on contracts Rs. 38,88,18,087 (2015-2016 : Rs. 17,73,52,878)		
<u>Details of raw material and components consumed</u>		
Styrene	26,31,35,978	23,18,01,939
Divinyl Benzene	7,56,59,427	7,41,85,166
Dimethylethanolamine	1,68,29,344	1,87,86,522
Paraformaldehyde	89,913	18,357
Ethylene Dichloride	94,40,485	1,10,85,118
Others #	5,20,96,67,035	4,55,69,20,693
	<b>5,57,48,22,182</b>	<b>4,89,27,97,795</b>
<u>Inventory Details</u>		
<u>Raw materials and components</u>		
Styrene	14,84,357	27,39,000
Divinyl Benzene	52,30,769	73,10,842
Dimethylethanolamine	20,91,014	-
Ethylene Dichloride	8,05,705	3,06,874
Others #	32,96,11,909	27,00,51,796
	<b>33,92,23,754</b>	<b>28,04,08,512</b>

\*\* 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.

# It is not practicable to furnish information in view of the large number of items which differ in size and nature; each being less than 10% in value of the total.

**NOTES TO FINANCIAL STATEMENTS for the year ended 31st March 2017 (contd...)**
**24 (a) PURCHASE OF TRADED GOODS**

	<b>31st March 2017</b> Rupees	<b>31st March 2016</b> Rupees
Consumer products	28,55,57,853	18,68,53,104
Spares	2,61,53,925	2,60,28,493
Others	7,72,59,768	5,46,43,806
	<b>38,89,71,546</b>	<b>26,75,25,403</b>

**24 (b) (INCREASE)/DECREASE IN INVENTORIES**

	<b>31st March 2017</b> Rupees	<b>31st March 2016</b> Rupees	<b>(Increase) /Decrease</b> <b>Rupees</b>
<u>Inventories at the end of the year</u>			
Traded goods	5,80,95,221	5,07,79,872	(73,15,349)
Work-in-progress	7,17,52,279	2,90,36,273	(4,27,16,006)
Finished goods	14,22,97,843	13,40,52,406	(82,45,437)
Contract work-in-progress	19,59,49,276	3,83,95,840	(15,75,53,436)
	<b>46,80,94,619</b>	<b>25,22,64,391</b>	<b>(21,58,30,228)</b>
<u>Inventories at the beginning of the year</u>			
Traded goods	5,07,79,872	5,23,92,614	16,12,742
Work-in-progress	2,90,36,273	2,74,76,523	(15,59,750)
Finished goods	13,40,52,406	13,14,54,957	(25,97,449)
Contract work-in-progress	3,83,95,840	1,66,73,622	(2,17,22,218)
	<b>25,22,64,391</b>	<b>22,79,97,716</b>	<b>(2,42,66,675)</b>
<u>Details of Inventory</u>			

	<b>31st March 2017</b> Rupees	<b>31st March 2016</b> Rupees
<u>Traded goods</u>		
Consumer products	4,20,19,254	3,53,24,008
Activated carbon	2,58,673	2,58,673
Spares	97,28,862	1,15,86,102
Others	60,88,432	36,11,089
	<b>5,80,95,221</b>	<b>5,07,79,872</b>
<u>Work-in-progress</u>		
Ion exchange resins	4,15,46,547	2,08,82,949
Water treatment plants	3,02,05,732	81,53,324
	<b>7,17,52,279</b>	<b>2,90,36,273</b>
<u>Finished goods</u>		
Ion exchange resins	4,41,52,162	6,78,34,518
Water treatments plants and accessories	4,10,01,272	2,71,52,091
Chemicals additives	4,55,72,649	3,34,12,717
Consumer products	1,15,71,760	56,53,080
	<b>14,22,97,843</b>	<b>13,40,52,406</b>

**NOTES TO FINANCIAL STATEMENTS for the year ended 31st March 2017 (contd...)**

**25. EMPLOYEE BENEFITS EXPENSE**

	<b>31st March 2017</b> Rupees	<b>31st March 2016</b> Rupees
Salaries, wages and bonus	90,20,43,321	76,66,79,370
Contribution to provident and other funds (Refer note 30)	7,34,31,377	5,17,12,422
Employee compensation expense / (income)	(1,13,04,851)	(2,79,900)
Staff welfare expense	4,53,16,372	4,45,21,225
	<b>1,00,94,86,219</b>	<b>86,26,33,117</b>

**26. FINANCE COSTS**

	<b>31st March 2017</b> Rupees	<b>31st March 2016</b> Rupees
Interest	11,48,99,109	8,96,85,239
Other borrowing costs	1,34,47,284	1,62,94,851
	<b>12,83,46,393</b>	<b>10,59,80,090</b>

**27. DEPRECIATION AND AMORTIZATION EXPENSE**

	<b>31st March 2017</b> Rupees	<b>31st March 2016</b> Rupees
Depreciation of tangible assets (Refer notes 12)	10,32,58,188	9,46,80,223
Amortization of intangible assets (Refer notes 13)	44,67,363	52,05,769
	<b>10,77,25,551</b>	<b>9,98,85,992</b>

## **NOTES TO FINANCIAL STATEMENTS for the year ended 31st March 2017 (contd...)**

### **28. OTHER EXPENSES (Refer note 38)**

	<b>31st March 2017</b>	<b>31st March 2016</b>
	Rupees	Rupees
Stores and spare parts consumed	58,85,744	40,65,872
Power and fuel	11,42,70,894	12,18,47,246
Repairs and Maintenance - Buildings	1,45,19,115	59,49,964
- Plant and machinery	3,37,95,412	2,66,24,471
- Others	2,36,41,223	1,96,50,609
Rent (Net of recoveries)	4,75,28,387	4,88,37,270
Rates and taxes	4,54,02,488	4,53,76,665
Insurance (Net of recoveries)	79,91,212	64,33,324
Travelling and conveyance	24,94,35,444	21,10,41,848
Excise Duty (Net of recoveries) (Refer note 21)	1,06,79,745	65,26,469
Freight (Net of recoveries)	18,60,31,730	17,42,87,354
Packing (Net of recoveries)	16,12,49,970	14,51,95,085
Advertisement and publicity	6,53,08,693	5,71,11,777
Commission	2,50,46,514	1,46,13,322
Legal and professional charges	8,67,35,140	7,86,50,974
Telephone and telex	2,14,12,249	2,03,46,977
Bad debts written off	1,16,39,567	1,83,68,591
Auditors' remuneration (Refer note 28.1)	36,94,820	31,91,908
Directors' fees (Refer note 34)	35,75,000	35,45,000
Directors' commission	77,00,000	57,00,000
Bank charges	1,89,80,361	1,79,89,793
Exchange loss (Net)	5,53,14,249	-
Loss on fixed assets sold/discharged (Net)	96,549	-
Backcharges on contracts (Refer note 48)	51,35,845	91,38,891
Establishment and other miscellaneous expenses	22,39,27,581	19,89,04,583
	<b>1,42,89,97,932</b>	<b>1,24,33,97,993</b>

### **28.1 AUDITORS' REMUNERATION (excluding service tax)**

	<b>31st March 2017</b>	<b>31st March 2016</b>
	Rupees	Rupees
As auditor:		
- Audit fees	14,75,000	14,75,000
- Tax audit fees	3,00,000	3,00,000
- Limited review	5,25,000	5,25,000
In other capacity:		
- Other services (Certification fees)	9,05,000	3,50,000
Reimbursement of expenses	1,99,444	2,54,408
Branch auditor		
- Audit fees	2,50,000	2,50,000
- Reimbursement of expenses	40,376	37,500
	<b>36,94,820</b>	<b>31,91,908</b>

**NOTES TO FINANCIAL STATEMENTS for the year ended 31st March 2017 (contd...)**

**29. EARNINGS PER SHARE (EPS)**

<b>Particulars</b>		<b>31st March 2017</b>	<b>31st March 2016</b>
I	Profit computation for both basic and diluted earnings per share of Rs. 10 each		
	Net profit as per the statement of profit and loss available for equity shareholders (in Rupees)	45,94,80,031	34,49,27,216
II	Weighted average number of equity shares for earnings per share computation		
	A) For basic earnings per share	1,46,50,759	1,45,43,020
	B) For diluted earnings per share		
	No. of shares for basic EPS as per IIA	1,46,50,759	1,45,43,020
	Add: Weighted average outstanding employee stock options deemed to be issued for no consideration	-	3,26,370
III	No. of shares for diluted earnings per share	1,46,50,759	1,48,69,390
	Earnings per share in Rupees (Weighted average)		
	Basic	31.36	23.72
	Diluted	31.36	23.20

**30. 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 guidance note on implementing AS 15, 'Employee Benefits' issued by the Accounting Standard Board (ASB) of the Institute of Chartered Accountants of India states that provident funds set up by employers that guarantee a specified rate of return and which require interest shortfall to be met by the employer would be defined benefit plans in accordance with the requirements of paragraph 26(b) of AS 15.

The following table summaries 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 and provident fund plan.

<b>Particulars</b>		<b>Amount (in Rupees)</b>		
		<b>2016-2017 (Gratuity)</b>	<b>2015-2016 (Gratuity)</b>	<b>2016-2017 (Provident Fund)</b>
I	<b>The statement of profit and loss</b>			
	Net employee benefit expense (recognized in employee cost)			
	1. Current service cost	1,93,81,942	60,21,091	1,35,20,082
	2. Interest cost on benefit obligation	91,77,341	74,98,422	2,75,33,847
	3. Expected return on plan assets	(92,31,964)	(83,03,168)	(2,75,33,847)
	4. Net actuarial loss / (gain) recognized in the year	56,06,389	48,45,435	-
	Net benefit expenses	2,49,33,708	1,00,61,780	1,35,20,082
	Actual return on plan assets	93,49,117	1,74,65,285	2,75,33,847
II	<b>Net assets / (liability) recognized in the balance sheet</b>			
	1. Present value of defined benefit obligation	(14,54,95,326)	(11,64,99,819)	(39,12,31,568)
	2. Fair value of plan assets	13,29,74,157	11,79,19,348	40,82,02,227
				35,86,67,377

## **NOTES TO FINANCIAL STATEMENTS for the year ended 31st March 2017 (contd...)**

### **30. EMPLOYEE BENEFITS (contd...)**

**Amount (in Rupees)**

<b>Particulars</b>		<b>2016-2017 (Gratuity)</b>	<b>2015-2016 (Gratuity)</b>	<b>2016-2017 (Provident Fund)</b>	<b>2015-2016 (Provident Fund)</b>
<b>III</b>	<b>Changes in the present value of the defined benefit obligation are as follows:</b>				
1.	Opening defined benefit obligation	(11,64,99,819)	(9,34,96,529)	(34,23,36,468)	(30,07,19,234)
2.	Employee contribution	-	-	(2,53,54,754)	(2,22,32,556)
3.	Interest cost	(91,77,341)	(74,98,422)	(2,75,33,847)	(2,40,54,109)
4.	Current service cost	(1,93,81,942)	(60,21,091)	(1,35,20,082)	(1,15,28,943)
5.	Liability transferred in	-	(1,74,206)	(75,87,870)	(94,53,787)
6.	Benefits paid	52,87,318	46,97,981	2,51,01,453	2,56,52,161
7.	Actuarial gains / (losses) on obligation	(57,23,542)	(1,40,07,552)	-	-
8.	Closing defined benefit obligation	(14,54,95,326)	(11,64,99,819)	(39,12,31,568)	(34,23,36,468)
<b>IV</b>	<b>Changes in the fair value of plan assets are as follows:</b>				
1.	Opening fair value of plan assets	11,79,19,348	9,45,07,235	35,86,67,377	31,29,42,471
2.	Opening balance adjustment	-	-	(12,380)	11,33,314
3.	Expected returns	92,31,964	83,03,168	2,75,33,847	2,40,54,109
4.	Contributions by employer	1,09,93,010	1,04,70,603	3,88,74,836	3,37,61,499
5.	Transfer from others	-	1,74,206	75,87,870	94,53,787
6.	Benefits paid	(52,87,318)	(46,97,981)	(2,51,01,453)	(2,56,52,161)
7.	Actuarial gains / (losses)	1,17,153	91,62,117	6,52,130	29,74,358
8.	Closing fair value of plan assets	13,29,74,157	11,79,19,348	40,82,02,227	35,86,67,377
<b>V</b>	<b>Actuarial assumptions:</b>				
1.	Discount rate	4.59% - 7.01%	7.94% & 7.68%	7.01%	8.02%
2.	Expected rate of salary increase [Refer note (b) below]	8% & 7%	8% & 7%	8%	8%
3.	Mortality	Indian Assured Lives Mortality (2006-08) Ultimate			
4.	Attrition rate	10%-21%	16%-18%	16%	16%
5.	Rate of return on plan assets	7.01% & 7%	7.94% & 7.68%	8.65%	8.80%

The Company expects to contribute Rs. 1,00,38,797 (2016-2017 : Rs. 56,43,436) to gratuity in 2017-2018.

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

<b>Sr. No.</b>	<b>Categories of Assets</b>	<b>% of holding (Gratuity)</b>		<b>% of holding (Provident Fund)</b>	
		<b>2016-2017</b>	<b>2015-2016</b>	<b>2016-2017</b>	<b>2015-2016</b>
1	Central and State Government Bonds	5%	7%	46%	45%
2	Public Sector Undertaking	-	2%	36%	34%
3	Insurance Policy	95%	91%	-	-
4	Special Deposit Scheme 1975	-	-	13%	14%
5	Other Assets	-	-	5%	7%

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 TO FINANCIAL STATEMENTS for the year ended 31st March 2017 (contd...)****30. EMPLOYEE BENEFITS (contd...)**

Details of Defined Benefit Obligation Planned Assets and Experience Adjustments.

**Amount (in Rupees)**

<b>Gratuity</b>	<b>2016-2017</b>	<b>2015-2016</b>	<b>2014-2015</b>	<b>2013-2014</b>	<b>2012-2013</b>
Defined benefit obligation	(14,54,95,326)	(11,64,99,819)	(10,17,58,952)	(8,74,29,504)	(7,82,25,032)
Plan assets	13,29,74,157	11,79,19,348	10,30,36,547	8,90,04,787	7,97,32,275
Surplus / (deficit)	(8,38,817)	14,19,529	12,77,595	15,75,283	15,07,243
Experience adjustments on plan liabilities	(57,23,542)	(1,40,07,552)	(42,13,014)	(23,35,378)	23,35,049
Experience adjustments on plan assets	1,17,153	6,32,694	27,25,642	(8,64,881)	7,54,657

**Amount (in Rupees)**

<b>Provident fund</b>	<b>2016-2017</b>	<b>2015-2016</b>	<b>2014-2015</b>	<b>2013-2014</b>	<b>2012-2013</b>
Defined benefit obligation	(39,12,31,568)	(34,23,36,468)	(30,07,19,234)	(26,28,39,456)	(24,32,84,287)
Plan assets	40,82,02,227	35,86,67,377	31,29,42,471	27,22,69,335	25,00,84,390
Surplus / (deficit)	1,69,70,659	1,63,30,909	1,22,23,237	94,29,879	68,00,103
Experience adjustments on plan liabilities	Nil	Nil	Nil	Nil	Nil
Experience adjustments on plan assets	6,52,130	29,74,358	27,93,358	25,84,639	35,44,793

Notes:

- a) Amounts recognized as an expense and included in note 25:  
Gratuity in "Contribution to provident and other funds" Rs. 2,59,67,157 (2015-2016 : Rs. 99,76,256).
- b) The estimates of future salary increases considered in the actuarial valuation take account of inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market.

B. Defined contribution plan:

Amount recognized as an expense and included in the note 25 – "Contribution to provident and other funds" of the statement of profit and loss Rs. 3,39,44,138 (2015-2016 : Rs. 3,02,07,222).

C. Other employee benefits:

Amounts recognized as an expense and included in note 25:

Leave encashment in "Salaries, wages and bonus" Rs. 2,33,20,962 (2015-2016 : Rs. 1,48,89,676)

D. The net provision for leave encashment liability upto 31st March 2017 is Rs. 10,69,72,344 (31st March 2016 : Rs. 9,01,85,255).

**31. 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 Rs. 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 Rs. 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.

## **NOTES TO FINANCIAL STATEMENTS for the year ended 31st March 2017 (contd...)**

### **31. EMPLOYEE STOCK OPTION SCHEME (ESOS) (contd...)**

Details of options granted are as follows:

Particulars	ESOS Schemes		
	2001 (3 <sup>rd</sup> Grant)	2003 (2 <sup>nd</sup> Grant)	Total
Options outstanding as at 31st March 2016	2,08,000	2,65,000	4,73,000
	(2,35,000)	(2,72,000)	(5,07,000)
Granted during the year	-	-	-
	(-)	(-)	(-)
Lapsed during the year	1,38,500	2,25,000	3,63,500
	(4,000)	(5,000)	(9,000)
Exercised/ Allotted during the year	69,500	40,000	1,09,500
	(23,000)	(2,000)	(25,000)
Outstanding as at 31st March 2017	-	-	-
	(2,08,000)	(2,65,000)	(4,73,000)
Exercisable as at 31st March 2017	-	-	-

*Figures in bracket denote previous year figures.*

As at 31st March 2017, the company has received commitment deposit of Rs. Nil (2015-2016 : Rs. 33,348) from its directors and employees under ESOS 2001 and ESOS 2003.

1,09,500 (2015-2016 : 25,000) shares were exercised during the year. Weighted average share price at exercise date was Rs. 345.47 (2015-2016 : Rs. 274.82)

The company has not granted stock options during the year. The ESOS schemes were exercisable up to 5th June 2016. There are no outstanding ESOS exercisable shares as on 31st March 2017, hence there is no dilutive potential on earning per share.

### **32. CONTRACTS IN PROGRESS (CIP):**

Sr. No.	Particulars	Amount (in Rupees)	
		2016-2017	2015-2016
A.	Aggregate amount recognized as contract revenue	3,14,51,59,557	2,34,90,59,769
B.	In respect of contracts in progress as on 31st March :		
	1) Aggregate amount of costs incurred and recognized profits (less recognized losses)	13,41,93,06,000	11,43,47,28,483
	2) Amount of customer advance	1,97,39,63,549	15,88,58,926
	3) Amount of retentions	65,26,20,052	50,65,26,241
C.	Gross amount due from customers for contract work	18,69,28,829	1,81,68,893

### 33. SEGMENT

#### I. Information about Primary Business Segments

	Engineering			Chemicals			Consumer Products			Unallocated			Amount (in Rupees)	
	31.03.2017	31.03.2016	31.03.2017	31.03.2016	31.03.2017	31.03.2016	31.03.2017	31.03.2016	31.03.2017	31.03.2016	31.03.2017	31.03.2016	Total	
<b>Revenue</b>														
External sales and services (Gross of excise)	5,39,93,56,569	4,28,27,03,681	3,25,63,13,330	3,15,57,06,834	1,06,00,72,327	88,06,91,423	73,13,612	50,72,589	9,72,30,55,838	8,32,41,74,527				
Less: Excise duty recovered	(7,72,39,095)	(5,96,23,508)	(25,92,56,914)	(23,58,33,203)	(144,61,059)	(1,18,41,418)	-	-	(35,09,57,068)	(30,72,98,129)				
External sales and services (Net of excise)	5,32,21,17,474	4,22,30,80,173	2,99,70,56,416	2,91,98,73,631	1,04,56,11,268	86,88,50,005	73,13,612	50,72,589	9,37,20,98,770	8,01,68,76,398				
Inter-segmental sales	31,52,95,947	28,15,71,686	16,00,54,364	12,93,04,986	-	-	-	-	-	47,53,50,311	41,08,76,672			
Other income	61,90,847	1,05,86,508	11,76,206	85,97,293	7,321	4,72,969	2,07,64,245	2,88,06,554	2,81,38,619	4,84,63,314				
Total revenue	5,64,36,04,268	4,51,52,38,367	3,15,82,86,986	3,05,77,75,900	1,04,56,18,589	86,93,22,974	2,85,77,857	3,38,79,143	9,87,55,87,700	8,47,62,16,384				
Less: Eliminations										(47,53,50,311)	(41,08,76,672)			
Add : Interest income										11,31,07,708	11,31,07,708	7,35,93,686		
Total enterprise revenue														
<b>Result</b>														
Segment results	30,31,66,335	17,78,11,136	54,85,03,043	50,53,20,328	(3,56,24,175)	(3,75,40,656)	-	-	(9,87,99,103)	(9,95,77,599)	(9,87,99,103)	(9,95,77,599)		
Unallocated expenditure net of unallocated income									(12,83,46,393)	(10,59,80,090)	(12,83,46,393)	(10,59,80,090)		
Finance cost									11,31,07,708	7,35,93,686	11,31,07,708	7,35,93,686		
Interest income									(11,40,37,788)	(13,19,64,003)	(11,40,37,788)	(13,19,64,003)		
Profit before taxation										70,20,07,415	51,36,26,805			
<b>Other information</b>														
Segment assets	6,19,37,09,510	3,27,57,77,661	1,97,45,08,332	1,85,89,85,983	33,62,30,235	35,35,77,356	1,61,04,83,323	1,50,95,19,456	10,11,49,31,400	6,99,78,60,456				
Segment liabilities	4,69,12,30,795	2,30,90,85,789	1,07,24,72,041	1,00,18,73,457	21,72,51,656	21,02,01,621	1,17,48,87,174	97,56,32,659	7,15,58,41,666	4,49,68,43,526				
Capital expenditure	4,87,53,980	1,39,85,030	14,42,38,519	14,66,40,349	22,06,619	1,88,31,303	1,13,68,476	3,59,00,860	20,65,67,594	21,53,57,542				
Depreciation	1,45,46,572	1,29,89,469	7,38,38,769	6,50,59,949	37,60,819	28,44,974	1,55,79,391	1,89,91,600	10,77,25,551	9,98,85,992				
Non cash expenditure other than depreciation	97,32,733	2,00,92,841	90,01,916	1,54,30,416	1,44,62,107	1,19,02,783	(1,58,04,972)	(84,78,699)	1,73,91,784	3,89,47,341				

#### II. Information about Secondary Geographical Segments

	India			Outside India			Total			Amount (in Rupees)		
	31.03.2017	31.03.2016	31.03.2017	31.03.2016	31.03.2017	31.03.2016	31.03.2017	31.03.2016	31.03.2017	31.03.2016	31.03.2017	Total
External revenue (Net)	6,79,70,36,924	6,26,84,22,501	2,57,50,61,846	1,74,84,53,897	9,37,20,98,770	8,01,68,76,398						
Carrying amount of segment assets	7,09,89,31,935	5,74,06,67,524	3,01,59,99,565	1,25,71,92,932	10,11,49,31,400	6,99,78,60,456						
Additions to fixed assets	19,80,53,821	21,44,88,448	85,13,773	8,69,094	20,65,67,594	21,53,57,542						

## **NOTES TO FINANCIAL STATEMENTS for the year ended 31st March 2017 (contd...)**

### **33. SEGMENT (contd...)**

#### 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, sugar chemicals and paper chemicals.  
 Consumer Products – comprising of domestic water purifiers.
- (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.

### **34. 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 *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
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#### 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) Entity having significant influence	IEI Shareholding Trusts
e) Key Management Personnel	Mr. Rajesh Sharma - Chairman & Managing Director Mr. Dinesh Sharma - Executive Director Mr. Aankur Patni - Executive Director
f) 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
g) 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
h) Enterprise owned or significantly influenced by key management personnel or their relatives	Ion Foundation

\* Subsidiary company of subsidiary

\*\* Associate companies of subsidiaries

**NOTES TO FINANCIAL STATEMENTS for the year ended 31st March 2017 (contd...)**

**34. RELATED PARTY DISCLOSURES (contd...):**

I. Transactions during the year with related parties except entity having significant influence with outstanding balances as at year-end:

Nature of transaction	Parties referred to in (a) above		Parties referred to in (b) and (c) above		Parties referred to in (e), (f), (g) and (h) above		Amount (in Rupees)	
	2016-2017	2015-2016	2016-2017	2015-2016	2016-2017	2015-2016	2016-2017	2015-2016
<b>Sale of goods *</b>								
Global Composites And Structural Ltd.	-	66,51,034	-	-	-	-	-	66,51,034
IEI Environmental Management (M) Sdn. Bhd., Malaysia	-	31,48,273	-	-	-	-	-	31,48,273
Ion Exchange And Company LLC, Oman	1,32,49,745	1,72,91,462	-	-	-	-	1,32,49,745	1,72,91,462
Ion Exchange Asia Pacific (Thailand) Ltd., Thailand	-	5,85,43,116	-	-	-	-	-	5,85,43,116
Ion Exchange Asia Pacific Pte. Ltd., Singapore	7,11,64,171	9,73,12,262	-	-	-	-	7,11,64,171	9,73,12,262
Ion Exchange Enviro Farms Ltd.	-	32,623	-	-	-	-	-	32,623
Ion Exchange Environment Management (BD) Ltd., Bangladesh	2,75,09,479	2,92,00,981	-	-	-	-	2,75,09,479	2,92,00,981
Ion Exchange LLC, USA	19,65,10,178	20,29,82,865	-	-	-	-	19,65,10,178	20,29,82,865
Ion Exchange Projects And Engineering Ltd.	4,41,77,483	1,82,03,160	-	-	-	-	4,41,77,483	1,82,03,160
Ion Exchange Safic Pty Ltd., South Africa	2,73,28,216	1,72,42,647	-	-	-	-	2,73,28,216	1,72,42,647
Aquaneconomics Systems Ltd	-	-	35,41,04,127	26,79,24,493	-	-	35,41,04,127	26,79,24,493
Ion Exchange PSS Co. Ltd., Thailand	-	-	15,88,507	58,50,445	-	-	15,88,507	58,50,445
Ion Exchange Waterleau Ltd.	-	-	3,35,219	12,967	-	-	3,35,219	12,967
Ion Foundation	-	-	-	-	8,82,413	34,73,583	8,82,413	34,73,583
<b>Total</b>	<b>37,99,39,272</b>	<b>45,06,08,423</b>	<b>35,60,27,853</b>	<b>27,37,87,905</b>	<b>8,82,413</b>	<b>34,73,583</b>	<b>73,68,49,538</b>	<b>72,78,69,911</b>
<b>Sales returns</b>								
Ion Exchange PSS Co. Ltd., Thailand	-	-	34,21,101	-	-	-	34,21,101	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>34,21,101</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>34,21,101</b>	<b>-</b>
<b>Services rendered</b>								
Global Composites And Structural Ltd.	1,84,000	4,45,700	-	-	-	-	1,84,000	4,45,700
Ion Exchange Enviro Farms Ltd.	22,377	1,01,948	-	-	-	-	22,377	1,01,948
Ion Exchange Projects And Engineering Ltd.	65,48,396	71,28,791	-	-	-	-	65,48,396	71,28,791
Total Water Management Services (India) Ltd.	8,86,521	13,42,442	-	-	-	-	8,86,521	13,42,442
Ion Exchange Waterleau Ltd.	-	-	8,92,844	59,49,700	-	-	8,92,844	59,49,700
<b>Total</b>	<b>76,41,294</b>	<b>90,18,881</b>	<b>8,92,844</b>	<b>59,49,700</b>	<b>-</b>	<b>-</b>	<b>85,34,138</b>	<b>1,49,68,581</b>
<b>Rental income</b>								
Ion Exchange Projects And Engineering Ltd.	61,45,600	57,04,000	-	-	-	-	61,45,600	57,04,000
Ion Exchange Waterleau Ltd.	-	-	15,33,000	15,33,000	-	-	15,33,000	15,33,000
<b>Total</b>	<b>61,45,600</b>	<b>57,04,000</b>	<b>15,33,000</b>	<b>15,33,000</b>	<b>-</b>	<b>-</b>	<b>76,78,600</b>	<b>72,37,000</b>

## **NOTES TO FINANCIAL STATEMENTS for the year ended 31st March 2017 (contd...)**

### **34. RELATED PARTY DISCLOSURES (contd...):**

I. Transactions during the year with related parties except entity having significant influence with outstanding balances as at year-end (contd.)

Nature of transaction	Parties referred to in (a) above		Parties referred to in (b) and (c) above		Parties referred to in (e), (f), (g) and (h) above		Amount (in Rupees)	
	2016-2017	2015-2016	2016-2017	2015-2016	2016-2017	2015-2016	2016-2017	2015-2016
<b>Interest income on loan and advances</b>								
Global Composites And Structural Ltd.	81,785	33,026	-	-	-	-	81,785	33,026
IEI Environmental Management (M) Sdn. Bhd., Malaysia	3,73,488	2,60,823	-	-	-	-	3,73,488	2,60,823
Ion Exchange and Company LLC, Oman	6,460	4,512	-	-	-	-	6,460	4,512
Ion Exchange Asia Pacific (Thailand) Ltd., Thailand	1,02,551	34,467	-	-	-	-	1,02,551	34,467
Ion Exchange Asia Pacific Pte. Ltd, Singapore	10,84,170	28,845	-	-	-	-	10,84,170	28,845
Ion Exchange Enviro Farms Ltd.	2,91,46,876	2,22,37,968	-	-	-	-	2,91,46,876	2,22,37,968
Ion Exchange Projects And Engineering Ltd.	3,94,92,778	1,84,05,366	-	-	-	-	3,94,92,778	1,84,05,366
Ion Exchange Purified Drinking Water Pvt. Ltd.	1,19,72,026	38,97,586	-	-	-	-	1,19,72,026	38,97,586
Ion Exchange Safic Pty. Ltd., South Africa	10,05,219	7,02,558	-	-	-	-	10,05,219	7,02,558
Ion Exchange Waterleau Ltd.	-	-	1,60,94,359	1,65,89,311	-	-	1,60,94,359	1,65,89,311
<b>Total</b>	<b>8,32,65,353</b>	<b>4,56,05,151</b>	<b>1,60,94,359</b>	<b>1,65,89,311</b>	-	-	<b>9,93,59,712</b>	<b>6,21,94,462</b>
<b>Management fees</b>								
Aquonomics Systems Ltd	-	-	72,09,712	50,72,590	-	-	72,09,712	50,72,590
<b>Total</b>	<b>-</b>	<b>-</b>	<b>72,09,712</b>	<b>50,72,590</b>	-	-	<b>72,09,712</b>	<b>50,72,590</b>
<b>Purchase of goods*</b>								
Global Composites And Structural Ltd.	92,52,781	6,85,05,199	-	-	-	-	92,52,781	6,85,05,199
Ion Exchange Projects And Engineering Ltd.	-	1,62,51,233	-	-	-	-	-	1,62,51,233
Aquonomics Systems Ltd.	-	-	1,11,34,819	1,04,07,133	-	-	1,11,34,819	1,04,07,133
Ion Exchange Waterleau Ltd.	-	-	8,58,426	13,36,557	-	-	8,58,426	13,36,557
<b>Total</b>	<b>92,52,781</b>	<b>8,47,56,432</b>	<b>1,19,93,245</b>	<b>1,17,43,690</b>	-	-	<b>2,12,46,026</b>	<b>9,65,00,122</b>
<b>Services received</b>								
Global Composites And Structural Ltd.	48,00,000	48,00,000	-	-	-	-	48,00,000	48,00,000
Ion Exchange Projects And Engineering Ltd.	6,25,86,488	7,61,09,628	-	-	-	-	6,25,86,488	7,61,09,628
Total Water Management Services (India) Ltd.	18,59,322	13,00,150	-	-	-	-	18,59,322	13,00,150
Astha Technical Services Ltd.	-	-	13,00,272	15,69,357	-	-	13,00,272	15,69,357
Ion Exchange Waterleau Ltd.	-	-	1,78,34,779	1,46,35,026	-	-	1,78,34,779	1,46,35,026
<b>Total</b>	<b>6,92,45,810</b>	<b>8,22,09,778</b>	<b>1,91,35,051</b>	<b>1,62,04,383</b>	-	-	<b>8,83,80,861</b>	<b>9,84,14,161</b>
<b>Purchase of miscellaneous items</b>								
Ion Exchange Enviro Farms Ltd.	70,27,921	54,79,256	-	-	-	-	70,27,921	54,79,256
<b>Total</b>	<b>70,27,921</b>	<b>54,79,256</b>	-	-	-	-	<b>70,27,921</b>	<b>54,79,256</b>
<b>Interest paid on inter corporate deposits</b>								
Aqua Investments (India) Ltd.	3,71,853	3,72,875	-	-	-	-	3,71,853	3,72,875
Watercare Investments (India) Ltd.	4,07,381	4,08,500	-	-	-	-	4,07,381	4,08,500
Total Water Management Services (India) Ltd.	60,514	-	-	-	-	-	60,514	-
<b>Total</b>	<b>8,39,748</b>	<b>7,81,375</b>	-	-	-	-	<b>8,39,748</b>	<b>7,81,375</b>

**NOTES TO FINANCIAL STATEMENTS for the year ended 31st March 2017 (contd...)**

**34. RELATED PARTY DISCLOSURES (contd...):**

I. Transactions during the year with related parties except entity having significant influence with outstanding balances as at year-end (contd.)

Nature of transaction	Parties referred to in (a) above		Parties referred to in (b) and (c) above		Parties referred to in (e), (f), (g) and (h) above		Amount (in Rupees)	
	2016-2017	2015-2016	2016-2017	2015-2016	2016-2017	2015-2016	2016-2017	2015-2016
<b>Loans and advance given</b>								
Global Composites And Structural Ltd.	2,65,568	-	-	-	-	-	2,65,568	-
IEI Environmental Management (M) Sdn. Bhd., Malaysia	3,73,488	2,60,823	-	-	-	-	3,73,488	2,60,823
Ion Exchange And Company LLC, Oman	6,460	4,512	-	-	-	-	6,460	4,512
Ion Exchange Asia Pacific (Thailand) Ltd., Thailand	1,02,551	6,99,680	-	-	-	-	1,02,551	6,99,680
Ion Exchange Asia Pacific Pte. Ltd, Singapore	1,15,10,245	28,845	-	-	-	-	1,15,10,245	28,845
Ion Exchange Enviro Farms Ltd.	6,57,07,787	2,25,41,577	-	-	-	-	6,57,07,787	2,25,41,577
Ion Exchange Projects And Engineering Ltd.	39,47,27,083	28,81,54,137	-	-	-	-	39,47,27,083	28,81,54,137
Ion Exchange Purified Drinking Water Pvt. Ltd.	19,35,97,152	9,57,92,657	-	-	-	-	19,35,97,152	9,57,92,657
Ion Exchange Safic Pty. Ltd., South Africa	10,05,219	7,02,558	-	-	-	-	10,05,219	7,02,558
Total Water Management Services (India) Ltd.	20,43,066	3,70,400	-	-	-	-	20,43,066	3,70,400
Asta Technical Services Ltd.	-	-	5,000	6,812	-	-	5,000	6,812
Ion Exchange Waterleau Ltd.	-	-	1,21,96,437	1,86,85,000	-	-	1,21,96,437	1,86,85,000
Ion Foundation	-	-	-	-	56,118	-	56,118	-
<b>Total</b>	<b>66,93,38,619</b>	<b>40,85,55,189</b>	<b>1,22,01,437</b>	<b>1,86,91,812</b>	<b>56,118</b>	-	<b>68,15,96,174</b>	<b>42,72,47,001</b>
<b>Loans and advances repaid</b>								
IEI Environmental Management (M) Sdn. Bhd., Malaysia	8,40,307	-	-	-	-	-	8,40,307	-
Ion Exchange And Company LLC, Oman	60,824	-	-	-	-	-	60,824	-
Ion Exchange Asia Pacific Pte. Ltd, Singapore	10,03,315	-	-	-	-	-	10,03,315	-
Ion Exchange Enviro Farms Ltd.	1,34,46,404	1,19,09,496	-	-	-	-	1,34,46,404	1,19,09,496
Ion Exchange Projects And Engineering Ltd.	27,24,02,471	16,79,07,410	-	-	-	-	27,24,02,471	16,79,07,410
Ion Exchange Purified Drinking Water Pvt. Ltd.	13,08,28,125	4,88,16,420	-	-	-	-	13,08,28,125	4,88,16,420
Total Water Management Services (India) Ltd.	20,00,000	17,10,000	-	-	-	-	20,00,000	17,10,000
Ion Exchange Waterleau Ltd.	-	-	1,25,00,000	56,97,895	-	-	1,25,00,000	56,97,895
Ion Foundation	-	-	-	-	56,118	-	56,118	-
<b>Total</b>	<b>42,05,81,446</b>	<b>23,03,43,326</b>	<b>1,25,00,000</b>	<b>56,97,895</b>	<b>56,118</b>	-	<b>43,31,37,564</b>	<b>23,60,41,221</b>
<b>Inter corporate deposits received</b>								
Total Water Management Services (India) Ltd.	25,00,000	-	-	-	-	-	25,00,000	-
<b>Total</b>	<b>25,00,000</b>	-	-	-	-	-	<b>25,00,000</b>	-
<b>Inter corporate deposits (Outstanding)</b>								
Aqua Investments (India) Ltd.	39,25,000	39,25,000	-	-	-	-	39,25,000	39,25,000
Total Water Management Services (India) Ltd.	25,00,000	-	-	-	-	-	25,00,000	-
Water Care Investments (India) Ltd.	43,00,000	43,00,000	-	-	-	-	43,00,000	43,00,000
<b>Total</b>	<b>1,07,25,000</b>	<b>82,25,000</b>	-	-	-	-	<b>1,07,25,000</b>	<b>82,25,000</b>
<b>Dividend received</b>								
Ion Exchange And Company LLC, Oman	89,13,128	1,60,48,069	-	-	-	-	89,13,128	1,60,48,069
Aquaneconomics Systems Ltd.	-	-	9,20,000	9,20,000	-	-	9,20,000	9,20,000
<b>Total</b>	<b>89,13,128</b>	<b>1,60,48,069</b>	<b>9,20,000</b>	<b>9,20,000</b>	-	-	<b>98,33,128</b>	<b>1,69,68,069</b>

## **NOTES TO FINANCIAL STATEMENTS for the year ended 31st March 2017 (contd...)**

### **34. RELATED PARTY DISCLOSURES (contd...):**

- I. Transactions during the year with related parties except entity having significant influence with outstanding balances as at year-end (contd.)

Nature of transaction	Parties referred to in (a) above		Parties referred to in (b) and (c) above		Parties referred to in (e), (f), (g) and (h) above		Amount (in Rupees)	
	2016-2017	2015-2016	2016-2017	2015-2016	2016-2017	2015-2016	2016-2017	2015-2016
<b>Dividend paid</b>								
Aqua Investments (India) Ltd.	7,61,409	7,61,409	-	-	-	-	7,61,409	7,61,409
Water Care Investments (India) Ltd.	5,52,213	5,52,213	-	-	-	-	5,52,213	5,52,213
Aquonomics Systems Ltd.	-	-	3,000	3,000	-	-	3,000	3,000
Ion Exchange Financial Products Pvt. Ltd.	-	-	1,51,266	1,51,266	-	-	1,51,266	1,51,266
Mr. Rajesh Sharma	-	-	-	-	23,43,654	23,43,654	23,43,654	23,43,654
Mr. Dinesh Sharma	-	-	-	-	17,65,563	17,65,563	17,65,563	17,65,563
Mr. Aankur Patni	-	-	-	-	7,64,004	7,64,004	7,64,004	7,64,004
Mr. Mahabir Prasad Patni	-	-	-	-	21,35,241	21,35,241	21,35,241	21,35,241
Dr. V. N. Gupchup	-	-	-	-	3,24,702	3,24,702	3,24,702	3,24,702
Mr. Abhiram Seth	-	-	-	-	2,25,000	2,25,000	2,25,000	2,25,000
Mr. T. M. M. Nambiar	-	-	-	-	1,68,600	1,68,600	1,68,600	1,68,600
Mr. P. Sampath Kumar	-	-	-	-	75,000	75,000	75,000	75,000
Relatives of Key Management Personnel	-	-	-	-	5,06,535	5,06,535	5,06,535	5,06,535
<b>Total</b>	<b>13,13,622</b>	<b>13,13,622</b>	<b>1,54,266</b>	<b>1,54,266</b>	<b>83,08,299</b>	<b>83,08,299</b>	<b>97,76,187</b>	<b>97,76,187</b>
<b>Remuneration</b>								
Mr. Rajesh Sharma	-	-	-	-	3,42,20,726	3,23,32,950	3,42,20,726	3,23,32,950
Mr. Dinesh Sharma	-	-	-	-	1,54,86,683	1,44,04,134	1,54,86,683	1,44,04,134
Mr. Aankur Patni	-	-	-	-	1,50,15,274	1,41,51,818	1,50,15,274	1,41,51,818
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6,47,22,683</b>	<b>6,08,88,902</b>	<b>6,47,22,683</b>	<b>6,08,88,902</b>
<b>Director sitting fees</b>								
Mr. Mahabir Prasad Patni	-	-	-	-	4,00,000	3,00,000	4,00,000	3,00,000
Dr. V. N. Gupchup	-	-	-	-	9,25,000	8,85,000	9,25,000	8,85,000
Mr. T.M.M. Nambiar	-	-	-	-	4,75,000	5,25,000	4,75,000	5,25,000
Mr. P. Sampath Kumar	-	-	-	-	2,75,000	3,25,000	2,75,000	3,25,000
Mr. Abhiram Seth	-	-	-	-	4,75,000	4,50,000	4,75,000	4,50,000
Mr. Shishir Tamotia	-	-	-	-	3,50,000	3,50,000	3,50,000	3,50,000
Mrs. Kishori Udeshi	-	-	-	-	6,75,000	7,10,000	6,75,000	7,10,000
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>35,75,000</b>	<b>35,45,000</b>	<b>35,75,000</b>	<b>35,45,000</b>
<b>Directors commission paid during the year</b>								
Mr. Mahabir Prasad Patni	-	-	-	-	8,00,000	-	8,00,000	-
Dr. V. N. Gupchup	-	-	-	-	8,00,000	-	8,00,000	-
Mr. T.M.M. Nambiar	-	-	-	-	8,00,000	-	8,00,000	-
Mr. P. Sampath Kumar	-	-	-	-	8,00,000	-	8,00,000	-
Mr. Abhiram Seth	-	-	-	-	8,00,000	-	8,00,000	-
Mr. Shishir Tamotia	-	-	-	-	8,00,000	-	8,00,000	-
Mrs. Kishori Udeshi	-	-	-	-	8,00,000	-	8,00,000	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>56,00,000</b>	<b>-</b>	<b>56,00,000</b>	<b>-</b>
<b>CSR expenses</b>								
Ion Foundation	-	-	-	-	74,20,000	75,63,577	74,20,000	75,63,577
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>74,20,000</b>	<b>75,63,577</b>	<b>74,20,000</b>	<b>75,63,577</b>

**NOTES TO FINANCIAL STATEMENTS for the year ended 31st March 2017 (contd...)**

**34. RELATED PARTY DISCLOSURES (contd...):**

- I. Transactions during the year with related parties except entity having significant influence with outstanding balances as at year-end (contd.)

Nature of transaction	Parties referred to in (a) above		Parties referred to in (b) and (c) above		Parties referred to in (e), (f), (g) and (h) above		Amount (in Rupees)	
	2016-2017	2015-2016	2016-2017	2015-2016	2016-2017	2015-2016	2016-2017	2015-2016
<b>Outstanding loans and advances *** (for business purpose)</b>								
Global Composites And Structural Ltd.	8,69,005	6,03,437	-	-	-	-	8,69,005	6,03,437
IEI Environmental Management (M) Sdn. Bhd., Malaysia	25,23,259	30,68,775	-	-	-	-	25,23,259	30,68,775
Ion Exchange And Company LLC, Oman	-	53,068	-	-	-	-	-	53,068
Ion Exchange Asia Pacific (Thailand) Ltd., Thailand	9,26,197	8,42,601	-	-	-	-	9,26,197	8,42,601
Ion Exchange Asia Pacific Pte. Ltd., Singapore	1,03,81,438	3,39,084	-	-	-	-	1,03,81,438	3,39,084
Ion Exchange Enviro Farms Ltd.	18,61,70,041	13,39,08,658	-	-	-	-	18,61,70,041	13,39,08,658
Ion Exchange Projects And Engineering Ltd.	35,64,36,079	23,41,09,231	-	-	-	-	35,64,36,079	23,41,09,231
Ion Exchange Purified Drinking Water Pvt. Ltd.	12,25,78,671	5,77,98,907	-	-	-	-	12,25,78,671	5,77,98,907
Ion Exchange Safic Pty. Ltd., South Africa	90,78,532	82,59,401	-	-	-	-	90,78,532	82,59,401
Total Water Management Services (India) Ltd.	2,12,354	2,57,309	-	-	-	-	2,12,354	2,57,309
Aquaneconomics Systems Ltd.	-	-	1,864	1,864	-	-	1,864	1,864
Astha Technical Services Ltd.	-	-	1,91,729	1,86,729	-	-	1,91,729	1,86,729
Ion Exchange Financial Products Pvt. Ltd.**	-	-	24,75,134	24,75,134	-	-	24,75,134	24,75,134
Ion Exchange Waterleau Ltd.	-	-	12,89,07,615	12,92,11,176	-	-	12,89,07,615	12,92,11,176
<b>Total</b>	<b>68,91,75,576</b>	<b>43,92,40,471</b>	<b>13,15,76,342</b>	<b>13,18,74,903</b>	<b>-</b>	<b>-</b>	<b>82,07,51,918</b>	<b>57,11,15,374</b>
<b>Advance to supplier</b>								
Global Composites And Structural Ltd.	10,17,39,287	6,85,43,527	-	-	-	-	10,17,39,287	6,85,43,527
Ion Exchange Projects And Engineering Ltd.	39,94,427	39,94,427	-	-	-	-	39,94,427	39,94,427
Astha Technical Services Ltd.	-	-	1,95,41,412	1,91,16,628	-	-	1,95,41,412	1,91,16,628
<b>Total</b>	<b>10,57,33,714</b>	<b>7,25,37,954</b>	<b>1,95,41,412</b>	<b>1,91,16,628</b>	<b>-</b>	<b>-</b>	<b>12,52,75,126</b>	<b>9,16,54,582</b>
<b>Outstanding receivable (Net of payable) excluding loans and advances</b>								
Global Composites And Structural Ltd.	-	28,26,172	-	-	-	-	-	28,26,172
IEI Environmental Management (M) Sdn. Bhd., Malaysia	1,56,29,297	1,56,29,297	-	-	-	-	1,56,29,297	1,56,29,297
Ion Exchange And Company LLC, Oman	1,18,00,126	1,12,36,066	-	-	-	-	1,18,00,126	1,12,36,066
Ion Exchange Asia Pacific (Thailand) Ltd., Thailand	9,71,90,187	9,74,39,137	-	-	-	-	9,71,90,187	9,74,39,137
Ion Exchange Asia Pacific Pte. Ltd., Singapore	10,06,21,308	7,82,61,212	-	-	-	-	10,06,21,308	7,82,61,212
Ion Exchange Enviro Farms Ltd.	2,03,762	2,03,762	-	-	-	-	2,03,762	2,03,762
Ion Exchange Environment Management (BD) Ltd., Bangladesh	50,13,046	64,79,833	-	-	-	-	50,13,046	64,79,833
Ion Exchange LLC, USA	17,01,90,556	15,37,97,402	-	-	-	-	17,01,90,556	15,37,97,402
Ion Exchange Projects And Engineering Ltd.	11,57,12,248	10,92,72,294	-	-	-	-	11,57,12,248	10,92,72,294

## **NOTES TO FINANCIAL STATEMENTS for the year ended 31st March 2017 (contd...)**

### **34. RELATED PARTY DISCLOSURES (contd...):**

I. Transactions during the year with related parties except entity having significant influence with outstanding balances as at year-end (contd.)

Nature of transaction	Parties referred to in (a) above		Parties referred to in (b) and (c) above		Parties referred to in (e), (f), (g) and (h) above		Total	
	2016-2017	2015-2016	2016-2017	2015-2016	2016-2017	2015-2016	2016-2017	2015-2016
	<b>Outstanding receivable (Net of payable) excluding loans and advances (contd...)</b>							
Ion Exchange Purified Drinking Water Pvt. Ltd.	-	73,52,364	-	-	-	-	-	73,52,364
Ion Exchange Safic Pty. Ltd., South Africa	35,02,132	28,01,183	-	-	-	-	35,02,132	28,01,183
Aquonomics Systems Ltd.	-	-	8,21,75,745	7,55,98,903	-	-	8,21,75,745	7,55,98,903
IEI Water Tech (M) Sdn. Bhd., Malaysia	-	-	2,03,282	2,03,282	-	-	2,03,282	2,03,282
Ion Exchange PSS Co. Ltd., Thailand	-	-	1,77,76,082	1,96,08,676	-	-	1,77,76,082	1,96,08,676
Ion Exchange Waterleau Ltd.	-	-	2,95,70,564	1,85,54,960	-	-	2,95,70,564	1,85,54,960
Ion Foundation	-	-	-	-	26,648	-	26,648	-
<b>Total</b>	<b>51,98,62,662</b>	<b>48,52,98,722</b>	<b>12,97,25,673</b>	<b>11,39,65,821</b>	<b>26,648</b>	-	<b>64,96,14,983</b>	<b>59,92,64,543</b>
<b>Outstanding payable (Net of receivable) excluding loans and advances</b>								
Total Water Management Services (India) Ltd.	4,25,437	3,12,833	-	-	-	-	4,25,437	3,12,833
Astha Technical Services Ltd.	-	-	5,39,784	13,23,341	-	-	5,39,784	13,23,341
<b>Total</b>	<b>4,25,437</b>	<b>3,12,833</b>	<b>5,39,784</b>	<b>13,23,341</b>	-	-	<b>9,65,221</b>	<b>16,36,174</b>
<b>Investments made during the year</b>								
IEI Environmental Management (M) Sdn. Bhd., Malaysia	69	-	-	-	-	-	69	-
<b>Total</b>	<b>69</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>69</b>	<b>-</b>
<b>Investment in equity shares / debentures</b>								
Aqua Investments (India) Ltd.	1,76,00,000	1,76,00,000	-	-	-	-	1,76,00,000	1,76,00,000
Global Composites And Structurals Ltd.	2,17,00,000	2,17,00,000	-	-	-	-	2,17,00,000	2,17,00,000
IEI Environmental Management (M) Sdn. Bhd., Malaysia	18,10,180	18,10,111	-	-	-	-	18,10,180	18,10,111
Ion Exchange And Company LLC, Oman	1,80,85,140	1,80,85,140	-	-	-	-	1,80,85,140	1,80,85,140
Ion Exchange Asia Pacific Pte. Ltd., Singapore	10,80,96,815	10,80,96,815	-	-	-	-	10,80,96,815	10,80,96,815
Ion Exchange Enviro Farms Ltd. ***	15,54,70,000	15,54,70,000	-	-	-	-	15,54,70,000	15,54,70,000
Ion Exchange Environment Management (BD) Ltd., Bangladesh	35,74,493	35,74,493	-	-	-	-	35,74,493	35,74,493
Ion Exchange Infrastructure Ltd.	-	3,12,00,000	-	-	-	-	-	3,12,00,000
Ion Exchange LLC, USA	3,72,01,000	3,72,01,000	-	-	-	-	3,72,01,000	3,72,01,000
Ion Exchange Projects And Engineering Ltd.	13,12,00,000	10,00,00,000	-	-	-	-	13,12,00,000	10,00,00,000
Ion Exchange Purified Drinking Water Pvt. Ltd.	1,00,000	1,00,000	-	-	-	-	1,00,000	1,00,000
Ion Exchange Safic Pty. Ltd., South Africa	40,66,949	40,66,949	-	-	-	-	40,66,949	40,66,949
Ion Exchange WTS (Bangladesh) Ltd.	2,45,000	2,45,000	-	-	-	-	2,45,000	2,45,000
Total Water Management Services (India) Ltd.	4,99,930	4,99,930	-	-	-	-	4,99,930	4,99,930
Watrcare Investments (India) Ltd.	1,77,00,000	1,77,00,000	-	-	-	-	1,77,00,000	1,77,00,000
Aquonomics Systems Ltd.	-	-	46,00,000	46,00,000	-	-	46,00,000	46,00,000
Astha Technical Services Ltd.	-	-	13,00,000	13,00,000	-	-	13,00,000	13,00,000
Ion Exchange Waterleau Ltd.	-	-	2,49,95,000	2,49,95,000	-	-	2,49,95,000	2,49,95,000
Ion Foundation	-	-	-	-	10,000	10,000	10,000	10,000
<b>Total</b>	<b>51,73,49,507</b>	<b>51,73,49,438</b>	<b>3,08,95,000</b>	<b>3,08,95,000</b>	<b>10,000</b>	<b>10,000</b>	<b>54,82,54,507</b>	<b>54,82,54,438</b>

**NOTES TO FINANCIAL STATEMENTS for the year ended 31st March 2017 (contd...)**

**34. RELATED PARTY DISCLOSURES (contd...):**

- I. Transactions during the year with related parties except entity having significant influence with outstanding balances as at year-end (contd.)

Nature of transaction	Parties referred to in (a) above		Parties referred to in (b) and (c) above		Parties referred to in (e), (f), (g) and (h) above		Amount (in Rupees)	
	2016-2017	2015-2016	2016-2017	2015-2016	2016-2017	2015-2016	2016-2017	2015-2016
<b>Corporate guarantee given</b>								
Global Composites And Structural Ltd.	8,00,00,000	-	-	-	-	-	8,00,00,000	-
<b>Total</b>	<b>8,00,00,000</b>	-	-	-	-	-	<b>8,00,00,000</b>	-
<b>Corporate guarantees discharged</b>								
Ion Exchange Projects And Engineering Ltd.	17,76,00,000	18,90,00,000	-	-	-	-	17,76,00,000	18,90,00,000
Ion Exchange Safic Pty. Ltd., South Africa	-	6,25,90,800	-	-	-	-	-	6,25,90,800
Ion Exchange Waterleau Ltd.	-	-	1,28,00,000	3,72,00,000	-	-	1,28,00,000	3,72,00,000
<b>Total</b>	<b>17,76,00,000</b>	<b>25,15,90,800</b>	<b>1,28,00,000</b>	<b>3,72,00,000</b>	-	-	<b>19,04,00,000</b>	<b>28,87,90,800</b>
<b>Corporate guarantees (Outstanding)</b> (For their banking facilities)								
Global Composites And Structural Ltd.	18,00,00,000	10,00,00,000	-	-	-	-	18,00,00,000	10,00,00,000
Ion Exchange Asia Pacific (Thailand) Ltd., Thailand	2,56,79,438	2,55,17,538	-	-	-	-	2,56,79,438	2,55,17,538
Ion Exchange Asia Pacific Pte. Ltd., Singapore	9,40,15,970	9,61,82,705	-	-	-	-	9,40,15,970	9,61,82,705
Ion Exchange Environment Management (BD) Ltd., Bangladesh	82,42,000	82,42,000	-	-	-	-	82,42,000	82,42,000
Ion Exchange Projects And Engineering Ltd.	29,44,00,000	47,20,00,000	-	-	-	-	29,44,00,000	47,20,00,000
Ion Exchange Purified Drinking Water Pvt. Ltd.	7,60,20,000	7,60,20,000	-	-	-	-	7,60,20,000	7,60,20,000
Ion Exchange Safic Pty. Ltd., South Africa	7,35,74,720	7,43,47,400	-	-	-	-	7,35,74,720	7,43,47,400
Aquaneconomics Systems Ltd.	-	-	11,00,00,000	11,00,00,000	-	-	11,00,00,000	11,00,00,000
Ion Exchange PSS Co. Ltd., Thailand	-	-	5,29,53,813	5,26,19,958	-	-	5,29,53,813	5,26,19,958
Ion Exchange Waterleau Ltd.	-	-	-	1,28,00,000	-	-	-	1,28,00,000
<b>Total</b>	<b>75,19,32,128</b>	<b>85,23,09,643</b>	<b>16,29,53,813</b>	<b>17,54,19,958</b>	-	-	<b>91,48,85,941</b>	<b>1,02,77,29,601</b>

\* Gross amount has been considered.

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

\*\*\* Includes 15,00,00,000 investment in debentures for both years.

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

- II. Transactions during the year with entity having significant influence with outstanding balances as at year-end:

Name of the related party	Outstanding receivable		Loan given during the year		Loans repaid during the year		Dividend paid during the year	
	2016-2017	2015-2016	2016-2017	2015-2016	2016-2017	2015-2016	2016-2017	2015-2016
IEI Shareholding Trusts	20,64,57,000	21,25,09,000	-	-	60,52,000	61,26,000	79,88,742	79,88,742

- III. Stock options granted to key management personnel during the year: Nil (2015-2016: Nil).

## **NOTES TO FINANCIAL STATEMENTS for the year ended 31st March 2017 (contd...)**

### **34. RELATED PARTY DISCLOSURES (contd...)**

#### **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 2017	Maximum Balance in 2016-2017	As at 31st March 2016	Maximum Balance in 2015-2016	<b>Amount (in Rupees)</b>
Global Composite And Structurals Ltd.	Subsidiary	8,69,005	8,69,005	6,03,437	6,47,184	
IEI Environmental Management (M) Sdn. Bhd., Malaysia	100% Subsidiary	25,23,259	35,17,276	30,68,775	30,68,775	
Ion Exchange and Company LLC, Oman	Subsidiary	-	60,824	53,068	53,068	
Ion Exchange Asia Pacific (Thailand) Ltd., Thailand	100% Subsidiary	9,26,197	9,65,780	8,42,601	8,42,601	
Ion Exchange Asia Pacific Pte. Ltd, Singapore	100% Subsidiary	1,03,81,438	1,19,36,487	3,39,084	3,39,084	
Ion Exchange Enviro Farms Ltd.	Subsidiary	18,61,70,041	18,62,85,742	13,39,08,658	13,39,08,658	
Ion Exchange Projects And Engineering Ltd.	Subsidiary	35,64,36,079	41,33,86,810	23,41,09,231	34,85,58,299	
Ion Exchange Purified Drinking Water Pvt. Ltd.	100% Subsidiary	12,25,78,671	12,87,25,734	5,77,98,907	7,08,43,404	
Ion Exchange Safic Pty. Ltd., South Africa	Subsidiary	90,78,532	94,66,531	82,59,401	82,59,401	
Total Water Management Services (India) Ltd.	Subsidiary	2,12,354	4,52,496	2,57,309	3,79,141	
Ion Exchange Waterleau Ltd.	Joint Venture	12,89,07,615	13,95,26,323	12,92,11,176	12,92,11,176	

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.

- (b) Investment made by the loanee in the shares of the Company

Name of the related party	<b>No. of shares as at</b>	
	<b>31st March 2017</b>	<b>31st March 2016</b>
IEI Shareholding Trusts	26,62,914	26,62,914

#### **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 14 and 18
- (b) Details of loans and advances given by the company are as follows:

Name of the party	Relationship	Purpose	As at 31st March 2017	As at 31st March 2016
Global Composite And Structurals Ltd.	Subsidiary	for business purpose	8,69,005	6,03,437
IEI Environmental Management (M) Sdn. Bhd., Malaysia	100% Subsidiary		25,23,259	30,68,775
Ion Exchange and Company LLC, Oman	Subsidiary		-	53,068
Ion Exchange Asia Pacific (Thailand) Ltd., Thailand	100% Subsidiary		9,26,197	8,42,601
Ion Exchange Asia Pacific Pte. Ltd, Singapore	100% Subsidiary		1,03,81,438	3,39,084
Ion Exchange Enviro Farms Ltd.	Subsidiary		18,61,70,041	13,39,08,658
Ion Exchange Projects And Engineering Ltd.	Subsidiary		35,64,36,079	23,41,09,231
Ion Exchange Purified Drinking Water Pvt. Ltd.	100% Subsidiary		12,25,78,671	5,77,98,907
Ion Exchange Safic Pty. Ltd., South Africa	Subsidiary		90,78,532	82,59,401
Total Water Management Services (India) Ltd.	Subsidiary		2,12,354	2,57,309
Ion Exchange Waterleau Ltd.	Joint Venture		12,89,07,615	12,92,11,176
IEI Employee Benefit Trusts	Entity having significant influence	Corpus for trusts	20,64,57,000	21,25,09,000

**NOTES TO FINANCIAL STATEMENTS for the year ended 31st March 2017 (contd...)****34. RELATED PARTY DISCLOSURES (contd...):****V. Disclosure as per Section 186 of the Companies Act, 2013 (contd...)**

- (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 2017	As at 31st March 2016
Bharuch Enviro Infrastructure Limited	Unrelated	Corporate Guarantee to Gujarat Industrial Development Corporation for use of facilities	38,88,000	38,88,000
Global Composites And Structural Ltd.	Subsidiary		18,00,00,000	10,00,00,000
Ion Exchange Asia Pacific (Thailand) Ltd., Thailand	100% Subsidiary		2,56,79,438	2,55,17,538
Ion Exchange Asia Pacific Pte. Ltd., Singapore	100% Subsidiary		9,40,15,970	9,61,82,705
Ion Exchange Environment Management (BD) Ltd., Bangladesh	100% Subsidiary		82,42,000	82,42,000
Ion Exchange Projects And Engineering Ltd.	Subsidiary		29,44,00,000	47,20,00,000
Ion Exchange Purified Drinking Water Pvt. Ltd.	100% Subsidiary		7,60,20,000	7,60,20,000
Ion Exchange Safic Pty. Ltd., South Africa	Subsidiary		7,35,74,720	7,43,47,400
Aquonomics Systems Ltd.	Associates		11,00,00,000	11,00,00,000
Ion Exchange PSS Co. Ltd., Thailand	Associates		5,29,53,813	5,26,19,958
Ion Exchange Waterleau Ltd.	Joint Venture		-	1,28,00,000

35. In early 90s, the company had given loans to Employees' IEI Shareholding Trusts. The amount outstanding as at 31st March 2017 is Rs. 20,64,57,000 (2015-2016 : Rs. 21,25,09,000). The Company has carried out valuation of the assets held by the Trusts. Considering the valuation, book value of the corpus of the Trusts as on the balance sheet date and future opportunities, the management does not anticipate any ultimate loss arising out of these loans.
36. The company has an investment of Rs. 54,70,000 (2015-2016 : Rs. 54,70,000) in equity shares and 15,00,000 (2015-2016 : 15,00,000) 7% Secured Redeemable Non-Convertible Debentures of Rs. 100 each fully paid up, in Ion Exchange Enviro Farms Limited (IEEFL), a subsidiary company, as at 31st March 2017 and it has also granted loans and advances aggregating Rs. 18,61,70,041 (2015-2016 : Rs. 13,39,08,658) as at 31st March 2017 to IEEFL. As at 31st March 2017, the accumulated losses of IEEFL have substantially exceeded its paid-up share capital.

IEEFL has undertaken various cost reduction programs and it expects better returns in the coming years from its organic farming activities, bio-pesticides and bio-fertilizers marketing. Moreover, 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.

On 30th December 2015, SEBI directed completion of the closure of the scheme (as per their original order of 27th November 2003), which inter-alia also include directions to pre-deposit sum of Rs. 20.06 crores refundable to investors. IEEFL replied on 14th January 2016, requesting suitable modifications to the said directives, in view of the latest status of the scheme including several refunds made to Investors in the intervening period as well as direct sale of their lands by many investors etc.

IEEFL also requested permission to wind up the scheme in terms of Rule 73(1) to (9) of CIS Regulations, as the company has complied with all obligations towards the farms owners, ie sale of lands to the farms owners and developing and maintaining the said lands thereafter, as per agreements.

SEBI granted personal hearing on 3rd February 2016 to understand IEEFL's submission / proposal and during this meeting asked for providing additional details which were submitted on 23rd March 2016, wherein the company proposed to get discharge certificates from farm owners within 2 years. As SEBI refused to accede to IEEFL's request, IEEFL has preferred a fresh appeal at Securities Appellate Tribunal (SAT) on 9th February 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 agreement.

Appeal has been already admitted by SAT and next date of hearing is fixed on 26th June 2017.

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.

## **NOTES TO FINANCIAL STATEMENTS for the year ended 31st March 2017 (contd...)**

### **37. INTEREST IN JOINT VENTURE**

- i) Jointly Controlled Entity by the Company:

Name of the Entity	Country of Incorporation	% Holding
Ion Exchange Waterleau Limited	India	50%

- ii) Company's share of each of the assets, liabilities, income and expenses with respect to jointly controlled entity, based on the financial information of the joint venture are:

	31st March 2017 Rupees	31st March 2016 Rupees
Current assets	89,08,131	1,43,53,928
Non-current assets	49,68,599	52,10,907
Current liabilities	(8,62,56,589)	(8,57,09,920)
Non-current liabilities	(5,15,890)	(4,96,585)
<b>Equity</b>	<b>(7,28,95,749)</b>	<b>(6,66,41,670)</b>
Revenue	1,10,09,320	1,23,95,844
Cost of material consumed	(4,16,823)	(29,63,753)
Employee benefit expenses	(48,30,681)	(55,66,641)
Finance cost	(80,47,213)	(82,96,434)
Depreciation	(2,30,392)	(4,01,462)
Other expenses	(37,38,291)	(36,59,720)
<b>Profit/(loss) before tax</b>	<b>(62,54,080)</b>	<b>(84,92,166)</b>
<b>Income tax expense / adjustment</b>	<b>Nil</b>	<b>Nil</b>
<b>Profit/(loss) after tax</b>	<b>(62,54,080)</b>	<b>(84,92,166)</b>

38. Capital expenditure incurred on research and development during the year is Rs.1,10,40,981 (2015-2016 : Rs. 61,23,839). Revenue expenditure of Rs. 6,43,24,182 (2015-2016 : Rs. 5,47,41,612) 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:

(Amount in Rupees)

Nature	2016-2017			2015-2016		
	Location		Total	Location		Total
	Patancheru	Vashi		Patancheru	Vashi	
Capital expenditure	95,03,205	15,37,776	<b>1,10,40,981</b>	54,55,003	6,68,836	<b>61,23,839</b>
Revenue expenditure	3,90,76,226	2,52,47,956	<b>6,43,24,182</b>	2,29,66,317	3,17,75,295	<b>5,47,41,612</b>

### **39. 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 2017 Rupees	31st March 2016 Rupees
Within one year	1,26,81,448	1,26,81,448
After one year but not more than five years	63,40,724	1,90,22,172
More than five years	Nil	Nil

**NOTES TO FINANCIAL STATEMENTS for the year ended 31st March 2017 (contd...)****39. 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:

	<b>31st March 2017 Rupees</b>	<b>31st March 2016 Rupees</b>
Within one year	1,80,85,224	1,69,34,389
After one year but not more than five years	1,31,13,668	3,11,98,892
More than five years	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:

	<b>31st March 2017 Rupees</b>	<b>31st March 2016 Rupees</b>
Total minimum lease payments at the year end	3,45,78,028	2,09,28,632
Less : Amount representing finance charges	46,73,332	27,30,461
Present value of minimum lease payments (Rate of interest: 4.95% p.a. to 10.94% p.a.)	2,99,04,696	1,81,98,171
Minimum lease payments :		
Not later than one year [Present value Rs.3,60,74,538 as on 31.03.2017 (Rs. 1,78,86,333 as on 31.03.2016)]	4,41,36,987	2,16,18,088
Later than one year but not later than five years [Present value Rs. 3,70,21,171 as on 31.03.2017 (Rs. 3,13,81,438 as on 31.03.2016)]	5,16,98,101	4,36,24,421

**40. CAPITAL AND OTHER COMMITMENTS**

Estimated amount of contracts (net of advances) remaining to be executed on capital account not provided for is Rs. 2,23,71,839 (2015-2016 : Rs. 7,57,03,429).

**41. CONTINGENT LIABILITIES**

Contingent liabilities not provided for:

- (a) Guarantee given by the company on behalf of :
  - i) Subsidiaries – Rs.75,19,32,128 (2015-2016 : Rs. 85,23,09,643)
  - ii) Associates – Rs.16,29,53,813 (2015-2016 : Rs. 16,26,19,958)
  - iii) Joint venture – Rs. Nil (2015-2016 : Rs. 1,28,00,000)
  - iv) Others – Rs. 38,88,000 (2015-2016 : Rs. 38,88,000)
- (b) Demand raised by authorities against which the company has filed an appeal.
  - i) Income tax – Rs. 2,98,06,322 (2015-2016 : Rs. 2,06,20,696)
  - ii) Excise duty – Rs. 16,78,600 (2015-2016 : Rs. 16,78,600)
  - iii) Service tax – Rs. 13,31,795 (2015-2016 : Rs. 10,52,535)
  - iv) Customs Duty – Rs. 22,58,117 (2015-2016 : Rs. 22,58,117)
- (c) Claims against the company arising in the course of business not acknowledged as debts (to the extent ascertainable) Rs. 4,47,41,178 (2015-2016 : Rs. 5,16,15,445).

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 2017 (contd...)**

### **42. HEDGE / UNHEDGED FOREIGN CURRENCY EXPOSURE**

Particulars of Derivatives as at Balance Sheet date

Particulars	Particulars of derivative			
	2016-2017		2015-2016	
	Amount (Rs.)	Foreign currency	Amount (Rs.)	Foreign currency
Hedge of import creditors	7,08,69,428	USD 5,39,055 EUR 5,13,189	4,74,81,799	USD 7,15,588

Particulars of Unhedged foreign currency exposure as at Balance Sheet date.

Particulars	Particulars of derivative			
	2016-2017		2015-2016	
	Amount (Rs.)	Foreign currency	Amount (Rs.)	Foreign currency
Import Payables	28,83,99,080	USD 37,73,106 EUR 5,24,210 GBP 310 AED 2,97,653 SAR 1,03,972 QAR 8,492 AUD 4,467	18,49,81,285	USD 26,26,369 EUR 31,987 GBP 310 AED 2,92,139 SAR 1,03,972 QAR 8,492 JPY 18,30,000
Export receivables	1,76,33,05,301	USD 2,46,33,334 EUR 29,237 OMR 17,161 AED 32,98,928 BHD 20,435 SAR 57,49,040	1,00,81,16,989	USD 1,08,17,938 EUR 20,315 OMR 18,792 AED 61,80,712 BHD 9,173 GBP 5,70,182 SAR 66,83,484
Foreign currency bank account	1,00,88,19,128	USD 1,54,54,376 AED 2,32,439 BHD 10,889 LKR 18,63,197	3,63,84,686	USD 1,32,949 AED 10,10,882 BHD 50,505 EUR 5,553
Foreign currency in hand	3,88,726	AED 21,027 BHD 100	4,66,495	AED 23,857 BHD 201
Advances to subsidiaries	2,29,09,426	USD 3,53,330	1,25,62,921	USD 1,89,392
Investments	17,30,79,577	USD 7,00,000 SGD 26,03,211 MYR 1,50,001 OMR 1,53,000 BDT 59,70,755 ZAR 6,00,000	17,30,79,508	USD 7,00,000 SGD 26,03,211 MYR 1,50,000 OMR 1,53,000 BDT 59,70,755 ZAR 6,00,000

**NOTES TO FINANCIAL STATEMENTS for the year ended 31st March 2017 (contd...)**

- 43. 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 2017 Rupees	31st March 2016 Rupees
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	1,86,77,673	2,25,78,416
Interest due on above	6,89,661	3,62,083
	1,93,67,334	2,29,40,499
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.	31,71,661	18,07,707
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.		

- 44. VALUE OF IMPORTS CALCULATED ON CIF BASIS**

	Amount (in Rupees)	
	2016-2017	2015-2016
Raw materials	1,09,16,60,725	86,27,39,691
Capital goods	14,49,39,847	Nil

- 45. EXPENDITURE IN FOREIGN CURRENCY (ACCRUAL BASIS)**

	Amount (in Rupees)	
	2016-2017	2015-2016
Foreign travel	3,69,57,381	3,53,44,496
Legal and professional fees	2,98,95,826	1,53,63,155
Employee benefit expenses	10,48,69,173	7,11,83,988
Other expenses	15,04,19,768	4,48,38,894

- 46. IMPORTED AND INDIGENOUS RAW MATERIALS AND SPARE PARTS**

	2016-2017		2015-2016	
	Value Rupees	% of total Consumption	Value Rupees	% of total consumption
Imported: Raw materials	1,12,64,16,638	20.18	77,89,57,016	15.91
Indigenous: Raw materials	4,44,84,05,544	79.71	4,11,38,40,779	84.01
Indigenous: Spares parts	58,77,342	0.11	40,58,041	0.08
	<b>5,58,06,99,524</b>	<b>100.00</b>	<b>4,89,68,55,836</b>	<b>100.00</b>

- 47. EARNING IN FOREIGN CURRENCY (ACCRUAL BASIS)**

	Amount (in Rupees)	
	2016-2017	2015-2016
Exports of goods calculated on F.O.B basis (Excluding exports to Bhutan and Nepal in Indian Rupees)	2,57,50,61,846	1,74,84,53,897
Freight and other Recoveries (Refer Note No. 28)	79,30,492	65,05,913
Dividend	89,13,128	1,60,48,069
Interest	25,71,888	10,31,418

## **NOTES TO FINANCIAL STATEMENTS for the year ended 31st March 2017 (contd...)**

48. Back charges represent reimbursement of costs incurred by customers on the company's behalf in the course of contract execution.
49. Book values of certain long term unquoted investments, aggregating to Rs. 33,61,84,944 (2015-2016 : Rs. 35,39,34,875) are lower than its cost. Considering the strategic and long term nature of the aforesaid investments, and asset base and business plan of the investee companies; in the opinion of the management, the decline in the book value of the aforesaid investments is of temporary nature, requiring no provision.
50. Capital advance includes amount of Rs. 25,33,481 (2015-2016 : Rs. 25,33,481) paid for acquiring furnished office premises at Hyderabad, the ownership of which is under legal dispute for which transfer formalities are in progress.
51. During the year 2016-2017 69,500 equity shares and 40,000 equity shares were allotted to employees and directors under ESOS 2001 and ESOS 2003 on 24th May 2016. Accordingly, dividend of Rs. 3.00 per share (30%) declared at the annual general meeting held on 9th September 2016 was also paid to those shareholders (Book closures date being 9th September 2016).
52. The Board of Directors have recommended a dividend of Rs. 3.50 per share at their meeting held on 23rd May 2017. Pursuant to the Companies (Accounting Standards) Amendment Rules, 2016 applicable with effect from 1 April 2016, this dividend (including dividend distribution tax) will be recorded and paid post the approval of shareholders in the Annual General Meeting to be held on 15th September 2017 and, if approved would result in a cash outflow of Rs. 5,99,69,057, including corporate dividend tax.

**53. CORPORATE SOCIAL RESPONSIBILITY EXPENSES:**

- A. Gross amount required to be spent by the company during the year 2016-2017 : Rs.74,18,858 (2015-2016 : Rs. 64,62,704)
- B. Amount spent during the year on:

<b>Amount (in Rupees)</b>				
		<b>In cash</b>	<b>Yet to be paid in cash</b>	<b>Total</b>
(i)	Construction / Acquisition of any assets	Nil	Nil	Nil
(ii)	Purpose other than (i) above	74,20,000	Nil	74,20,000
	<b>Total</b>	<b>74,20,000</b>	<b>Nil</b>	<b>74,20,000</b>

- C. Related party transaction in relation to Corporate Social Responsibility : Rs. 74,20,000

All 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 2016-2017 : Rs. Nil

54. During the year, the company had Specified Bank Notes (SBNs) or other denomination notes as defined in the MCA notification, G.S.R. 308(E), dated 30th March 2017. The details of SBN's held and transacted during the period from 8th November 2016 to 30th December 2016, the denomination wise SBN's and other notes as per the notification are as follows:

<b>Amount (in Rupees)</b>				
<b>Sr. no.</b>	<b>Particulars</b>	<b>Specified Bank Notes*</b>	<b>Other Denomination Notes</b>	<b>Total</b>
(i)	Closing cash in hand as on 08.11.2016	81,38,000	28,62,262	1,10,00,262
(ii)	Add : Permitted receipts / cash withdrawals	-	94,95,435	94,95,435
(iii)	Less : Permitted payments	-	76,91,127	76,91,127
(iv)	Less : Amount deposited in banks	81,38,000	8,22,318	89,60,318
(v)	Closing cash in hand as on 30.12.2016	-	38,44,252	38,44,252

\* for the purpose of this clause, the term 'Specified Bank Notes' shall have the same meaning provided in the notification of the government of India, in the ministry of finance, department of economic affairs number S.O. 3407(e), dated 8th November 2016.

55. 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.
56. Previous year figures have been regrouped / reclassified wherever necessary, to conform to current year's classification.

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

BHAVESH DHUPELIA  
Partner  
Membership no.: 042070

RAJESH SHARMA  
Chairman & Managing Director

M. P. PATNI  
Director

MILIND PURANIK  
Company Secretary

Place : Mumbai  
Date : 23rd May 2017

N. M. RANADIVE  
Executive Vice President - Finance

Place : Mumbai  
Date : 23rd May 2017

## **Independent Auditors' Report**

### **To the Members of Ion Exchange (India) Limited**

#### **Report on the Consolidated Financial Statements**

We have audited the accompanying consolidated financial statements of Ion Exchange (India) Limited (it includes return of branch at Bengaluru for the year ended 31st March 2017 audited by the branch auditor) (herein after 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, comprising the Consolidated Balance Sheet as at 31st March 2017, the Consolidated Statement of Profit and Loss, the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

#### **Management's Responsibility for the Consolidated Financial Statements**

The Holding Company's Board of Directors is responsible for the preparation of these consolidated 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 financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (particularly Accounting Standard 21, Consolidated Financial Statements). 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 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 financial statements by the Directors of the Holding Company, as aforesaid.

#### **Auditors' Responsibility**

Our responsibility is to express an opinion on these consolidated 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 there under.

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 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 financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 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 financial statements.

We believe that the audit evidence obtained by us and the audit evidence obtained by other auditors in terms of their reports referred to in Other Matter paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

#### **Opinion**

In our opinion and to the best of our information and according to the explanations given to us the aforesaid consolidated 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 31st March 2017, and their consolidated profit and their 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 40 to the consolidated 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 next date of hearing is fixed on 26th June 2017.
- b) As stated in Note 41 to the consolidated financial statements, maintenance expenses recoverable aggregating Rs. 2,75,97,691 (net of provision) considered as fully recoverable by the Management from future Crop Sales/Land Sales. In view of this no provisions is considered necessary by the management of IEEFL.

Our opinion is not modified in respect of these matter.

### Other matter

We did not audit the financial statement/information of a branch at Bengaluru and thirteen subsidiaries, whose financial statements/information reflect total assets of Rs.1,66,80,50,924 as at 31st March 2017, total revenue of Rs. 1,78,49,84,895 and net cash outflows amounting to Rs. 64,46,505 for the year ended on that date, as considered in the consolidated financial statements. The consolidated financial statements also include the Group's share of net profit of Rs. 57,91,337 for the year ended 31st March 2017, as considered in consolidated financial statements, in respect of five associates whose financial statements has not been audited by us. These financial statements / financial information have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of a branch, subsidiaries and associates, and our report in terms of sub-sections (3) and (11) of Section 143 of the Act, insofar as it relates to the aforesaid branch, subsidiaries and associates, is based solely on the reports of the other auditors.

Our opinion on the consolidated 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 financial statements.
  - (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated 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, and the consolidated cash flow statement dealt with by this report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
  - (d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - (e) On the basis of the written representations received from the directors of the Holding Company as on 31st March 2017 taken on record by the Board of Directors of the Holding Company, 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 Holding Company, its subsidiaries, its associates and jointly controlled entity in India are disqualified as on 31st March 2017 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 controls over financial reporting 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 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 40 and Note 47 to the consolidated 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 31st March 2017;
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 in India; and
4. The Company has provided requisite disclosure in its consolidated financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8th November 2016 to 30th December 2016 and these are in accordance with the books of accounts maintained by the Company. Refer to Note 55 to the consolidated financial statements.

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

Place : Mumbai  
 Date : 23rd May 2017

**Bhavesh Dhupelia**  
 Partner  
 Membership No: 042070

## **Annexure to the Independent Auditors' Report on the Consolidated Financial Statements- 31st March 2017**

(Referred to in our report of even date)

### **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 financial statements of the Company as of and for the year ended 31st March 2017, we have audited the internal financial controls over financial reporting of Ion Exchange (India) Limited (hereinafter referred to as "the Holding Company") and its subsidiary companies, its associates and jointly controlled entity which are companies incorporated in India, as of that date.

### **Management's Responsibility for Internal Financial Controls**

The respective Board of Directors of the of the Holding company and its subsidiary companies, its associates and jointly controlled entity which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the 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 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 Companies Act, 2013.

### **Auditors' Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting 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 the ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. 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 over financial reporting 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 over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, 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 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 Company's internal financial controls system over financial reporting.

### **Meaning of Internal Financial Controls over Financial Reporting**

A company's internal financial control over financial reporting 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 over financial reporting 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 unauthorized 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 over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, 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 over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting 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 Holding Company, its subsidiary companies, its associates and jointly controlled entity, which are companies incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March 2017, based on the internal control over financial reporting criteria established by the 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 over financial reporting 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**  
Place : Mumbai  
Date : 23rd May 2017  
Partner  
Membership No: 042070

**CONSOLIDATED BALANCE SHEET as at 31st March 2017**

	Notes	31st March 2017 Rupees	31st March 2016 Rupees
<b>EQUITY AND LIABILITIES</b>			
<b>SHAREHOLDERS' FUNDS</b>			
(a) Share capital	7	14,22,87,850	14,11,92,850
(b) Reserves and surplus	8	1,83,69,00,200 1,97,91,88,050	1,56,01,53,401 1,70,13,46,251
		6,32,04,899	6,21,36,092
<b>MINORITY INTEREST</b>			
<b>NON-CURRENT LIABILITIES</b>			
(a) Long-term borrowings	9	29,88,74,025	23,01,79,256
(b) Deferred tax liabilities (Net)	10	4,13,80,599	4,37,40,233
(c) Other long term liabilities	11	12,58,47,972	12,81,80,262
(d) Long-term provisions	12	11,78,85,028	12,89,39,681
		58,39,87,624	53,10,39,432
<b>CURRENT LIABILITIES</b>			
(a) Short-term borrowings	13	60,75,96,835	56,72,56,020
(b) Trade payables	14	Due to micro and small enterprises 2,18,49,334 Due to others 3,93,79,44,868	2,43,86,123 3,28,95,90,899
(c) Other current liabilities	15	2,64,95,81,734	78,08,81,346
(d) Short-term provisions	12	20,14,82,765	20,43,20,351
		7,41,84,55,536	4,86,64,34,739
<b>TOTAL</b>		<b>10,04,48,36,109</b>	<b>7,16,09,56,514</b>
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
(a) Fixed assets			
(i) Tangible assets	16	1,10,78,71,360	1,01,61,85,646
(ii) Intangible assets	17	1,31,77,984	1,33,02,847
(iii) Capital work-in-progress		33,20,27,508	2,08,09,273
(b) Non-current investments	18	2,89,93,024	2,41,21,687
(c) Deferred tax assets (Net)	10	85,93,833	78,90,013
(d) Long-term loans and advances	19	45,27,38,070	54,26,81,228
(e) Trade receivables	20	26,31,07,462	26,31,13,663
(f) Other non-current assets	21	31,93,590	2,35,882
		2,20,97,02,831	1,88,83,40,239
<b>CURRENT ASSETS</b>			
(a) Current investments	22	4,92,224	4,92,224
(b) Inventories	23	1,10,89,58,886	81,34,78,130
(c) Trade receivables	20	4,40,53,86,481	3,63,02,01,857
(d) Cash and cash equivalents	24	1,66,92,52,201	33,42,24,544
(e) Short-term loans and advances	19	64,64,12,475	48,90,49,878
(f) Other current assets	21	46,31,011	51,69,642
		7,83,51,33,278	5,27,26,16,275
<b>TOTAL</b>		<b>10,04,48,36,109</b>	<b>7,16,09,56,514</b>
Summary of significant accounting policies	6		
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*

BHAVESH DHUPELIA  
*Partner*  
*Membership no.: 042070*

Place : Mumbai  
Date : 23rd May 2017

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

RAJESH SHARMA  
*Chairman & Managing Director*

N. M. RANADIVE  
*Executive Vice President - Finance*

M. P. PATNI  
*Director*

MILIND PURANIK  
*Company Secretary*

Place : Mumbai  
Date : 23rd May 2017

**CONSOLIDATED STATEMENT OF PROFIT AND LOSS for the year ended 31st March 2017**

	Notes	31st March 2017 Rupees	31st March 2016 Rupees
<b>Revenue</b>			
Revenue from operations (Gross of excise)	25	10,61,29,06,130	9,03,93,41,971
Less: Excise duty	25	37,23,17,437	32,85,29,120
Revenue from operations (Net of excise)	25	10,24,05,88,693	8,71,08,12,851
Other income	26	5,76,61,938	6,52,65,939
<b>Total revenue</b>		<b>10,29,82,50,631</b>	<b>8,77,60,78,790</b>
<b>Expenses</b>			
Cost of materials and components consumed	27	6,47,79,74,435	5,26,23,47,731
Purchases of traded goods	28 (a)	38,89,71,546	26,75,25,403
(Increase)/decrease in inventories of finished goods, work-in-progress and traded goods	28 (b)	(24,94,13,855)	10,59,13,235
Employee benefits expense	29	1,21,71,92,081	1,10,16,56,098
Finance costs	30	16,31,37,138	14,93,60,849
Depreciation and amortization	31	13,32,60,768	12,61,47,108
Other expenses	32	1,63,00,28,093	1,41,68,90,075
<b>Total expenses</b>		<b>9,76,11,50,206</b>	<b>8,42,98,40,499</b>
<b>Profit before tax</b>		<b>53,71,00,425</b>	<b>34,62,38,291</b>
<b>Tax expense</b>			
Current tax		24,72,92,695	17,95,58,870
Prior period		64,43,263	12,70,871
Deferred tax (Refer note 10)		(31,67,654)	(36,22,316)
<b>Total tax expense</b>		<b>25,05,68,304</b>	<b>17,72,07,425</b>
<b>Profit after tax</b>		<b>28,65,32,121</b>	<b>16,90,30,866</b>
Add : Share of profit / (loss) of associates (Net)		57,91,337	10,59,854
Less : Minority interest		88,65,050	1,69,53,184
<b>Profit after minority interest</b>		<b>28,34,58,408</b>	<b>15,31,37,536</b>
<b>Earnings per equity share:</b> [Nominal value of shares Rs. 10 (2015-2016 : Rs. 10)] (Refer note 33)			
Basic		19.94	10.86
Diluted		19.94	10.61
Summary of significant accounting policies	6		
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

BHAVESH DHUPELIA  
*Partner*  
*Membership no.: 042070*

RAJESH SHARMA  
*Chairman & Managing Director*

M. P. PATNI  
*Director*

MILIND PURANIK  
*Company Secretary*

Place : Mumbai  
 Date : 23rd May 2017

N. M. RANADIVE  
*Executive Vice President - Finance*

Place : Mumbai  
 Date : 23rd May 2017

**CONSOLIDATED CASH FLOW STATEMENT for the year ended 31st March 2017**

	31st March 2017 Rupees	31st March 2017 Rupees	31st March 2016 Rupees	31st March 2016 Rupees
<b>A. Cash flow from operating activities:</b>				
Net Profit before tax as per the statement of profit and loss		<b>53,71,00,425</b>		<b>34,62,38,291</b>
Adjusted for:				
Depreciation and amortization expense	13,32,60,768		12,61,47,108	
(Profit) / Loss on assets sold / discarded (Net)	28,256		(12,41,201)	
Employee compensation income	(1,13,04,851)		(2,79,900)	
Finance cost	16,31,37,138		14,93,60,849	
Dividend received	(83,850)		(1,85,130)	
Interest received	(2,40,12,605)		(2,56,89,160)	
Bad debts written off	1,39,31,696		2,76,99,564	
Backcharges on contracts	2,67,75,962		91,38,891	
Amount set aside for liabilities, no longer required, written back	-		(77,14,405)	
Unrealised exchange loss / (gain)	5,99,24,531		(36,05,977)	
	36,16,57,045	<b>89,87,57,470</b>		<b>27,36,30,639</b>
<b>Cash generated from operations before working capital changes</b>				<b>61,98,68,930</b>
Movements in working capital:				
(Increase) / Decrease in trade receivables	(85,93,96,530)		(7,80,19,946)	
(Increase) / Decrease in inventories	(29,54,80,756)		(2,01,70,637)	
(Increase) / Decrease in loans and advances	(17,42,75,726)		(8,24,60,784)	
(Increase) / Decrease in other current assets	(416)		-	
(Decrease) / Increase in trade payables	66,33,03,796		16,19,02,886	
(Decrease) / Increase in other liabilities	1,81,73,21,779		2,93,28,656	
(Decrease) / Increase in provisions	3,03,16,667		1,18,71,583	
	1,18,17,88,814	<b>2,08,05,46,284</b>		<b>2,24,51,758</b>
<b>Cash generated from operations</b>				<b>64,23,20,688</b>
Taxes paid (Net of refund)		(24,10,73,815)		(14,44,46,507)
<b>Net cash generated from operating activities (A)</b>		<b>1,83,94,72,469</b>		<b>49,78,74,181</b>
<b>B. Cash flow from investing activities:</b>				
Purchase of fixed assets	(44,00,20,648)		(29,86,23,690)	
Proceeds from sale of fixed assets	8,10,140		1,52,57,677	
Bank deposit made during the year (with maturity more than three months)	(40,51,28,038)		(4,06,28,939)	
Bank deposit matured / received during the year (with maturity more than three months)	4,61,74,217		4,75,99,718	
Dividend received	83,850		1,85,130	
Interest received	2,15,93,944		2,44,61,729	
<b>Net cash used in investing activities (B)</b>		(77,64,86,535)		(25,17,48,375)

**Consolidated Cash Flow Statement for the year ended 31st March 2017 (contd...)**

	31st March 2017 Rupees	31st March 2017 Rupees	31st March 2016 Rupees	31st March 2016 Rupees
<b>C. Cash flow from financing activities:</b>				
Proceeds from issuance of share capital on exercise of options	1,02,93,000		23,50,000	
Repayment of borrowings	(56,83,14,304)		(37,22,06,281)	
Proceeds from borrowings	70,67,74,253		40,35,85,588	
Dividend paid	(5,16,89,658)		(5,73,36,760)	
Dividend tax paid	(56,90,351)		(68,63,162)	
Finance cost	(14,21,29,106)		(13,61,20,272)	
<b>Net cash used in financing activities</b>	<b>(C)</b>	<b>(5,07,56,166)</b>		<b>(16,65,90,887)</b>
<b>Net increase / (decrease) in cash and cash equivalents (A)+(B)+(C)</b>		<b>1,01,22,29,768</b>		<b>7,95,34,919</b>
Effect of exchange difference on cash and cash equivalent held in foreign currency		(3,61,55,932)		48,820
Cash and cash equivalents as at the beginning of the year		19,13,96,643		11,18,12,904
Cash and cash equivalents as at the end of the year		<b>1,16,74,70,479</b>		<b>19,13,96,643</b>
<b>Cash and cash equivalent comprises of :</b>				
Cash in hand		1,01,12,345		74,22,322
Balance with banks (See notes 2, 3 and 4 below)		1,15,73,58,134		18,39,74,321
<b>Total</b>	<b>1,16,74,70,479</b>			<b>19,13,96,643</b>

Notes:

- The above cash flow statement has been prepared under the "Indirect Method" as set out in the notified Accounting Standard - 3 on Cash Flow Statements.
- Cash and cash equivalents excludes the following balances with bank:
  - On deposit account Rs. 1,65,21,748 (2015-2016 : Rs. 1,46,61,668)
  - On margin money account Rs. 48,52,59,974 (2015-2016 : Rs. 12,81,66,233)
- Balances with bank includes balance of Rs. 98,82,58,279 (2015-2016 : Rs. Nil) in escrow account, for utilisation in execution of a specific EPC contact.
- Balances with bank includes Rs. 38,25,024 (2015-2016 : Rs. 34,50,965) being unclaimed dividend and unclaimed interest on fixed deposits which are not available for use by the company as they represent corresponding Unpaid Liabilities.
- Previous years' figures have been regrouped/rearranged to conform with current years' classifications.

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 2017

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

RAJESH SHARMA  
*Chairman & Managing Director*

N. M. RANADIVE  
*Executive Vice President - Finance*

M. P. PATNI  
*Director*

MILIND PURANI  
*Company Secretary*

Place : Mumbai  
 Date : 23rd May 2017

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31st March 2017****1. Basis of preparation:**

The consolidated financial statements of Ion Exchange (India) Limited ("the company") have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP). The consolidated financial statements have been prepared under historical cost convention on accrual basis except in case of assets acquired before 30th April 1986 which are carried at revalued amounts. The consolidated financial statements comply in all material respects with the accounting standards as prescribed under section 133 of the Companies Act, 2013 (the "Act") read with rule 7 of the Companies (Accounts) Rules, 2014, provisions of the Act (to the extent notified). The accounting policies adopted in the preparation of consolidated financial statements are consistent with those of previous year.

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.

**2. Principles of consolidation:**

The consolidated financial statements comprise the financial statements of Ion Exchange (India) Limited, its subsidiary companies, interest in jointly controlled entity and associates mentioned in note 3, 4 and 5 below which constitute the group.

Reference in these notes to 'the company' shall mean to include Ion Exchange (India) Limited, and/or any of its subsidiaries, jointly controlled entity and associates consolidated in the financial statements unless otherwise stated.

The consolidated financial statements have been prepared on the following basis:

- The financial statements of the company and its subsidiary companies have been combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after fully eliminating intra-group balances and intra-group transactions resulting in unrealized profits. Unrealized losses are eliminated unless costs cannot be recovered.
- Subsidiaries are consolidated from the date on which effective control is transferred to the group and are no longer consolidated from the date of disposal.
- The difference between the cost of investment in the subsidiaries over the company's portion of equity of the subsidiary is recognized in the financial statements as goodwill or capital reserve.
- Goodwill on consolidation is amortized over a period of 5 years.
- Investments of the company in associates are accounted as per the 'Equity Method' prescribed under Notified Accounting Standard 23 – 'Accounting for Investments in Associates in Consolidated Financial Statements'.
- Interest in Jointly Controlled Entity is accounted as per the Proportionate Consolidation Method prescribed under Notified Accounting Standard 27 – 'Financial Reporting of Interests in Joint Venture in Consolidated Financial Statements'.
- Minority interest in the net assets of consolidated subsidiaries consists of the amount of equity attributable to the minority shareholders at the dates on which investments are made by the company in the subsidiary companies and further movements in their shares in the equity, subsequent to the dates of investments as stated above.
- 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 company i.e. 31st March, 2017.

**3. Subsidiary companies considered in the consolidated financial statements are:**

Name of the company	Country of incorporation	% of Voting power as at	
		31st March 2017	31st March 2016
Aqua Investments (India) Limited	India	99.42	99.42
Watercare Investments (India) Limited	India	99.43	99.43
Ion Exchange Enviro Farms Limited (IEEFL)	India	79.60	79.60
Ion Exchange Asia Pacific Pte. Limited	Singapore	100.00	100.00
IEI Environmental Management (M) Sdn. Bhd.	Malaysia	100.00	60.00
Ion Exchange Environment Management (BD) Limited	Bangladesh	100.00	100.00
Ion Exchange LLC	USA	100.00	100.00
Ion Exchange And Company LLC	Oman	51.00	51.00
Ion Exchange Asia Pacific (Thailand) Limited *	Thailand	100.00	100.00
Ion Exchange WTS (Bangladesh) Limited	Bangladesh	100.00	100.00
Ion Exchange Projects And Engineering Limited	India	91.81	91.81
Global Composites And Structural Limited	India	73.92	73.92

## **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31st March 2017 (contd...)**

### **3. Subsidiary companies considered in the consolidated financial statements are (contd...)**

Name of the company	Country of incorporation	% of Voting power as at	
		31st March 2017	31st March 2016
Total Water Management Services (I) Limited	India	99.99	99.99
Ion Exchange Safic Pty. Limited	South Africa	60.00	60.00
Ion Exchange Purified Drinking Water Private Limited	India	100.00	100.00

\* Holding through subsidiary company – Ion Exchange Asia Pacific Pte. Limited, Singapore.

### **4. 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 2017	31st March 2016
Ion Exchange Waterleau Limited	India	50.00	50.00

### **5. The Associates considered in the consolidated financial statements are:**

Name of the company	Country of incorporation	% of Voting power as at	
		31st March 2017	31st March 2016
IEI Water-Tech (M) Sdn. Bhd. *	Malaysia	30.00	30.00
Astha Technical Services Limited **	India	44.89	44.89
Aquanomics Systems Limited	India	48.42	48.42
Ion Exchange Financial Products Private Limited ***	India	24.02	24.02
Ion Exchange PSS Co. Limited *	Thailand	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.

### **6. Significant accounting policies:**

#### **(i) Fixed assets, depreciation and impairment:**

##### Tangible assets:

Fixed assets acquired before 30th April 1986 are stated at revalued amounts while assets acquired subsequent to that date are stated at historical cost of acquisition less accumulated depreciation and impairment losses, if any. Cost comprises of the purchase price and any attributable cost of bringing the asset to its working condition for its intended use. Borrowing cost relating to acquisition of fixed assets which take substantial period of time to get ready for its intended use are also included to the extent they relate to the period till such assets are ready to be put to use.

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
Furniture and fixtures	10 years
Vehicles	4 – 8 years
Office equipments	3 – 5 years

Lease hold assets are amortized over the period of lease.

In respect of certain foreign Subsidiaries, the depreciation has been made on pro-rata basis at the rates and methods as prescribed in the respective local regulations of the country of incorporation. The impact on account of the different rates and methods, is however not material.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31st March 2017 (contd...)**

**6. Significant accounting policies (contd...)**

**(i) Fixed assets, depreciation and impairment (contd...)**

Intangible assets:

Intangible assets acquired separately are measured on initial recognition at cost.

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 least 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. Intangible assets comprise of goodwill and computer software.

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

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 amount 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.

**(ii) 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.

The premium or discount arising at the inception of forward exchange contracts is amortized as income or expense over the life of the contract. Exchange differences on such contracts are recognized in the statement of profit and loss in the year in which the exchange rates change. Any profit or loss arising on cancellation or renewal of forward exchange contract is recognized as income or as expense for the year. None of the forward exchange contracts are taken for trading or speculation purpose.

In respect of non-integral foreign operations, the assets and liabilities, both monetary and non-monetary are translated at the closing rates and income and expenses are translated at average exchange rates, where such rates approximate the exchange rate at the date of transaction and all the resulting exchange differences are accumulated in foreign exchange fluctuation reserve until disposal of the net investment.

**(iii) Investments:**

Investments that are readily realizable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long-term investments. Current investments are carried at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognize a decline other than temporary in the value of the investments.

**(iv) Inventories:**

Inventories are valued at lower of cost and net realisable 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 and excise duty. Cost is computed on weighted average basis.

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## **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31st March 2017 (contd...)**

### **6. Significant accounting policies (contd...)**

#### **(iv) Inventories (contd.)**

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.

#### **(v) Accounting for CENVAT:**

The group follows on a consistent basis, the "non-inclusive" method of accounting for CENVAT under Central Excise Act with regard to its inventories, purchases and consumption.

#### **(vi) Research and development:**

Capital expenditure on research and development is treated in the same manner as fixed assets. 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.

#### **(vii) Retirement and other employee benefits:**

- a. Retirement benefit in the form of provident fund managed by Government Authorities, Employee State Insurance Corporation, Labour Welfare Fund 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.
- b. 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.
- c. Short term employee benefits are charged off at the undiscounted amount in the year in which the related service is rendered. 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.
- d. 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, are 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.
- e. Actuarial gains/losses are immediately taken to the statement of profit and loss and are not deferred.

#### **(viii) 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. 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 group does not have outflow on account of warranty given to customers as 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 commission and management fees is recognized on completion of services. Service income is accounted net of service tax.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31st March 2017 (contd...)**

**6. Significant accounting policies (contd...)**

**(viii) Revenue recognition (contd.):**

Interest:

Revenue is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable.

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.

**(ix) Taxation:**

- a) Provision for current taxation has been made in accordance with the tax laws of respective jurisdiction.
- b) 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 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. If the company has unabsorbed depreciation or carry forward losses, deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that such deferred tax assets can be realized against future taxable profits.

The carrying amount of deferred tax assets is reviewed at each balance sheet date. The company writes down the carrying amount of a deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realized. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

At each balance sheet date, the company re-assesses unrecognized deferred tax assets. It recognizes unrecognized deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be that sufficient future taxable income will be available against which such deferred tax assets can be realized.

**(x) Employee stock compensation cost:**

Measurement and disclosure of the employee share-based payment plans is done in accordance with SEBI (Share Based Employee Benefits) Regulation, 2014 and guidance note on accounting for employee share-based payments, issued by the Institute of Chartered Accountants of India. The company measures compensation cost relating to employee stock options using the intrinsic value method. Compensation expense is amortized over the vesting period of the option on a straight-line basis. The unamortized portion of the cost is shown under stock options outstanding.

**(xi) Provisions and contingent liabilities:**

Provisions are recognized when the group has a present obligation as a result of past event for which it is probable that an outflow of resources will be required and a reliable estimate can be made of the amount of obligation. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates (without discounting to its present value).

Contingent liability is disclosed for a present obligation that arises from past events but is not recognized because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or a reliable estimate of the amount of the obligation cannot be made.

**(xii) Earnings per share:**

Basic earnings per 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 the purpose of calculating diluted earnings per 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.

## **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31st March 2017 (contd...)**

### **6. Significant accounting policies (contd...)**

#### **(xiii) Segment reporting policies:**

##### Identification of segments:

Segments are identified and reported taking into account the nature of products and services, the differing risks and returns, the organization structure and the internal financial reporting system. The analysis of geographical segments is based on the areas in which major operating divisions of the group operate.

##### 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 financial statements of the Company as a whole.

#### **(xiv) 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.

#### **(xv) 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 company are included in fixed assets. 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. 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.

#### **(xvi) 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. 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.

#### **(xvii) Use of estimates:**

The preparation of financial statements in conformity with Indian GAAP requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31st March 2017 (contd...)****7. SHARE CAPITAL**

## Authorised shares:

1,70,00,000 (2015-2016 : 1,70,00,000) equity shares of Rs. 10 each.

## Issued, subscribed and fully paid-up shares\* :

1,42,28,785 (2015-2016 : 1,41,19,285) equity shares of Rs. 10 each.

<b>31st March 2017 Rupees</b>	<b>31st March 2016 Rupees</b>
17,00,00,000	17,00,00,000
14,22,87,850	14,11,92,850
<b>14,22,87,850</b>	<b>14,11,92,850</b>

\* 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 reporting period

	<b>31st March 2017</b>			<b>31st March 2016</b>	
	<b>No. of shares</b>	<b>Rupees</b>	<b>No. of shares</b>	<b>Rupees</b>	
At the beginning of the period	1,41,19,285	14,11,92,850	1,40,94,285	14,09,42,850	
Add: Issued during the period - ESOS (Refer note 35)	1,09,500	10,95,000	25,000	2,50,000	
Outstanding at the end of the period	<b>1,42,28,785</b>	<b>14,22,87,850</b>	<b>1,41,19,285</b>	<b>14,11,92,850</b>	

(b) Terms/rights attached to equity shares

The company has only one class of equity shares having a par value of Rs. 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 boards of directors is subject to the approval of the shareholders in the ensuing annual general meeting.

The Board of Directors, in its meeting on 23rd May 2017, has recommended a final dividend of Rs. 3.50 per equity share for the financial year ended 31st March 2017. The proposal is subject to the approval of shareholders at the Annual General Meeting. (Refer note 53).

During the year ended 31st March 2016, the amount of per share dividend recognised as distribution to equity shareholders was Rs. 3. 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

	<b>31st March 2017</b>			<b>31st March 2016</b>	
	<b>No. of Shares</b>	<b>% of holding **</b>	<b>No. of Shares</b>	<b>% of holding **</b>	
Mr. Rakesh Jhunjhunwala	8,00,000	5.62%	8,00,000	5.67%	
Mr. Rajesh Sharma	7,81,218	5.49%	7,81,218	5.53%	
Mr. Mahabir Prasad Patni	7,11,747	5.00%	7,11,747	5.04%	

\*\* the above share holding is computed after the effect of elimination of shares held by subsidiaries.

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 2016 : 11,80,256 (Previous period of five years ended 31st March 2016 : 11,80,256)

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 2017 : 2,11,600 (Previous period of five years ended 31st March 2016 : 2,38,050)

(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 35.

## **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31st March 2017 (contd...)**

### **8. RESERVES AND SURPLUS**

#### Capital reserve on consolidation

Balance as at April 1

<b>31st March 2017</b>	<b>31st March 2016</b>
Rupees	Rupees

2,57,47,547

2,57,47,547

#### Security premium account

Balance as at April 1

82,08,80,124	81,80,02,624
1,26,03,450	28,77,500
83,34,83,574	82,08,80,124

#### Revaluation reserve [Refer note 6(i)]

Balance as at April 1

10,20,390	10,20,390
10,20,390	10,20,390

#### Employee stock options outstanding

Balance as at April 1

1,47,10,301	1,57,67,701
91,98,000	21,00,000
1,26,03,450	28,77,500
1,13,04,851	2,79,900
-	1,47,10,301

#### Special reserve (As per Section 45 - IC of the Reserve Bank of India Act, 1934)

Balance as at April 1

22,17,340	22,17,340
22,17,340	22,17,340

#### General reserve

Balance as at April 1

27,19,79,006	27,19,79,006
27,19,79,006	27,19,79,006

#### Legal reserve (in accordance with Commercial Companies Law of Oman, 1974)

The reserve is not available for distribution to the Members

Balance as at April 1

1,36,29,705	99,22,158
15,23,545	37,07,547
1,51,53,250	1,36,29,705

#### Foreign currency translation reserve

Balance as at April 1

2,58,06,886	1,82,03,169
(30,02,254)	76,03,717
2,28,04,632	2,58,06,886

#### Surplus in the statement of profit and loss

Balance as per last financial statements

38,41,62,102	25,68,06,991
(12,07,129)	2,59,06,453

Add : Adjustment on change in investment in subsidiaries and associates

28,34,58,408	15,31,37,536
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Add: Profit for the year

Less: Appropriations

3,28,500	-
66,875	-

Final dividend (Refer note 52)

-	4,23,57,855
-	56,23,476

Tax on final dividend

-	37,07,547
15,23,545	37,07,547

Proposed final dividend (2015-2016 : Rs. 3) (Refer note 53)

-	66,44,94,461
66,44,94,461	38,41,62,102

Tax on proposed final dividend

-	1,83,69,00,200
1,83,69,00,200	1,56,01,53,401

Transfer to legal reserve

15,23,545	37,07,547
66,44,94,461	38,41,62,102

Net surplus in the statement of profit and loss

**Total reserves and surplus**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31st March 2017 (contd...)****9. LONG-TERM BORROWINGS**

	Non-current portion		Current maturities	
	31st March 2017 Rupees	31st March 2016 Rupees	31st March 2017 Rupees	31st March 2016 Rupees
<b><u>Term loans (Secured)</u></b>				
Indian rupee loan from finance company [Refer note (a) below]	-	4,75,41,973	-	3,16,94,664
Indian rupee loan from financial institution [Refer note (b) below]	17,78,38,889	7,00,90,000	1,04,61,111	-
Indian rupee loan from a bank [Refer note (c) below]	5,81,29,585	-	5,80,23,420	-
Indian rupee loans from bank [Refer note (d) below]	2,21,72,469	4,11,77,349	1,90,04,880	1,90,04,880
Indian rupee loans from bank [Refer note (e) below]	-	3,41,21,951	-	2,16,03,980
Indian rupee vehicle loan from banks and finance companies [Refer note (f) below]	47,97,947	58,97,488	30,25,272	27,04,976
<b><u>Other Loans and Advances</u></b>				
Finance lease obligation (Secured) [Refer note (g) below]	3,59,35,135	3,13,50,495	3,70,21,171	1,77,61,989
Deposits (Unsecured) [Refer note (h) below]	-	-	-	-
Deposit from shareholders	-	-	-	-
Deposit from public	-	-	-	49,24,000
	<b>29,88,74,025</b>	<b>23,01,79,256</b>	<b>12,75,35,854</b>	<b>9,76,94,489</b>
<b><u>The above amount includes</u></b>				
Secured borrowings	29,88,74,025	23,01,79,256	12,75,35,854	9,27,70,489
Unsecured borrowings	-	-	-	49,24,000
Amount disclosed under the head "Other current liabilities" [Refer note 15]			(12,75,35,854)	(9,76,94,489)
	<b>29,88,74,025</b>	<b>23,01,79,256</b>	<b>-</b>	<b>-</b>

- (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.
- (b) Indian rupees loan from financial institution for capital expenditure carries interest @ 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 rupees loan from a bank for a loan tranche of Rs. 6,83,22,148 for capital expenditure carries interest @ 10.50% p.a. and is repayable in equal monthly installment from the first disbursement till October 2018. Balance loan tranche of Rs. 8,16,77,852 towards capital expenditure is repayable within 37 months from the month of first disbursement being 31.08.2016. 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 Rs. 7,60,20,000 and lien marked margin money of Rs. 50,00,000.
- (e)
  - (i) Term loan from a bank carried interest rate @ 13.75% p.a.. The loan was repayable in 75 monthly installments of Rs. 4,18,000 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 Rs. 5,70,000 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 Rs. 9,19,139 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.

## **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31st March 2017 (contd...)**

### **9. LONG-TERM BORROWINGS (contd...)**

- (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 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.
- (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.

### **10. DEFERRED TAX LIABILITY (NET)**

	31st March 2017		31st March 2016	
	Deferred tax liability Rupees	Deferred tax assets Rupees	Deferred tax liability Rupees	Deferred tax assets Rupees
Difference between book and tax depreciation	11,46,26,039	-	10,43,96,689	-
Provision for doubtful debts	-	20,26,482	-	20,26,482
Provision for doubtful advances	-	61,24,776	-	61,24,776
Effect of expenditure allowable for the tax purposes in following years	-	5,66,55,460	-	4,63,52,425
Business losses and depreciation	-	1,70,32,555	-	1,40,42,786
	<u>11,46,26,039</u>	<u>8,18,39,273</u>	<u>10,43,96,689</u>	<u>6,85,46,469</u>
	<b><u>3,27,86,766</u></b>		<b><u>3,58,50,220</u></b>	
<b><u>Disclosed as under</u></b>				
Deferred tax liabilities (Net)	4,13,80,599		4,37,40,233	
Deferred tax assets (Net)	85,93,833		78,90,013	
	<b><u>3,27,86,766</u></b>		<b><u>3,58,50,220</u></b>	

### **11. OTHER LONG-TERM LIABILITIES**

	31st March 2017	31st March 2016
	Rupees	Rupees
Deposits	8,50,77,012	8,17,44,019
Trade payables	3,43,28,915	3,88,73,362
Others	64,42,045	75,62,881
	<u>12,58,47,972</u>	<u>12,81,80,262</u>

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31st March 2017 (contd...)****12. PROVISIONS**

	Long-term		Short-term	
	31st March 2017 Rupees	31st March 2016 Rupees	31st March 2017 Rupees	31st March 2016 Rupees
Provision for income tax [Net of advance tax]	1,74,20,409	5,15,92,640	16,57,00,730	12,77,56,074
Provision for employee benefits	9,99,48,729	7,68,50,456	3,31,74,427	2,64,64,764
Others				
Provision for warranties	-	-	25,86,900	20,96,700
Proposed dividend (Refer note 53)	-	-	-	4,23,57,855
Tax on proposed dividend	-	-	-	56,23,476
Group's share in provisions of Joint Venture	5,15,890	4,96,585	20,708	21,482
	<b>11,78,85,028</b>	<b>12,89,39,681</b>	<b>20,14,82,765</b>	<b>20,43,20,351</b>

**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.

	31st March 2017 Rupees	31st March 2016 Rupees
At the beginning of the year	20,96,700	20,47,400
Arising during the year	25,86,900	20,96,700
Utilised during the year	20,96,700	20,47,400
Unused amounts reversed	-	-
<b>At the end of the year</b>	<b>25,86,900</b>	<b>20,96,700</b>

**13. SHORT TERM BORROWINGS**

	31st March 2017 Rupees	31st March 2016 Rupees
Working capital loan from banks (Secured) [See note (a) to (f) below]	55,25,96,835	32,79,56,020
Working capital loan from bank (Unsecured) [See note (g) below]	-	21,13,00,000
Inter-corporate deposits (Unsecured) [Refer note (h) below]	5,50,00,000	2,80,00,000
	<b>60,75,96,835</b>	<b>56,72,56,020</b>
<u>The above amount includes</u>		
Secured borrowings	55,25,96,835	32,79,56,020
Unsecured borrowings	5,50,00,000	23,93,00,000
	<b>60,75,96,835</b>	<b>56,72,56,020</b>

- (a) Includes working capital loan of Rs. 34,24,93,343 (2015-2016 : Rs. 16,27,38,528) 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 Rs. 63,85,470 (2015-2016 : Rs. 66,28,315) from a bank secured against fixed deposits and corporate guarantees and carries interest of 2% p.a.

## **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31st March 2017 (contd...)**

### **13. SHORT TERM BORROWINGS (contd...)**

- (c) Includes working capital loan of Rs. 1,08,24,418 (2015-2016 : Rs. 1,11,03,408) 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 Rs. Nil (2015-2016 : Rs. 1,04,998) 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 Rs. 17,52,53,974 (2015-2016 : Rs. 11,99,50,188) 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.
- (f) Includes working capital loan of Rs. 1,76,39,630 (2015-2016 : Rs. 2,74,30,583) 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 carried interest @ 11.50% p.a.
- (h) Inter corporate deposit are for a period from 90 to 365 days and carries interest @ 9.50% to 12.75% p.a.

### **14. TRADE PAYABLES**

	<b>31st March 2017</b> Rupees	<b>31st March 2016</b> Rupees
Trade payable (including acceptances)		
Due to micro and small enterprises (Refer note 49)	2,18,49,334	2,43,86,123
Due to others	3,93,79,44,868	3,28,95,90,899
[including Group's share of trade payable of joint venture Rs. 2,04,25,759 (2015-2016 : Rs. 1,95,57,569)]	<b>3,95,97,94,202</b>	<b>3,31,39,77,022</b>

### **15. OTHER CURRENT LIABILITIES**

	<b>31st March 2017</b> Rupees	<b>31st March 2016</b> Rupees
Current maturities of long term borrowings (Refer note 9)	12,75,35,854	9,76,94,489
Interest accrued but not due	36,85,061	38,30,848
Deposits	48,84,500	50,87,710
Employee benefits payable	14,02,99,218	12,69,83,308
Creditors for capital goods	3,66,23,688	1,75,09,766
Investor Education and Protection Fund will be credited by following amounts (as and when due)		
- Unpaid Dividend	35,55,423	31,19,187
- Unclaimed Interest on Fixed Deposit	2,69,601	3,31,778
- Unclaimed Matured Deposit	10,55,000	14,72,000
Advance from Customers	2,21,27,72,617	43,05,40,040
Unearned revenue on AMC services	3,34,12,280	3,08,45,245
Statutory liabilities	6,95,62,384	5,32,86,214
Others liabilities	1,45,70,094	86,55,479
Group Share of other current liabilities of joint venture	13,56,014	15,25,282
	<b>2,64,95,81,734</b>	<b>78,08,81,346</b>

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31st March 2017 (contd...)****16. TANGIBLE ASSETS**

								Amount (in Rupees)				
		Land (Freehold) (Refer note a)	Land (Leasehold)	Building on leasehold land	Building on freehold land (Refer note b,c,d and e)	Road	Plant and machinery (Refer note f)	Furniture and fixtures	Vehicles	Office equipments (Refer note g)	Group's share in joint venture	Total
<b>Gross block</b>												
<b>As at 1st April 2015</b>	2,04,29,053	3,78,18,898	27,73,97,769	28,23,93,986	61,54,777	1,02,52,85,552	12,00,71,236	5,78,08,180	23,19,47,854	29,96,896	2,06,23,04,201	
Addition during the year	-	-	4,09,24,210	3,23,02,264	10,70,982	21,14,70,439	40,26,360	50,34,930	2,04,53,514	80,351	31,53,63,050	
Disposal during the year	-	-	1,40,03,600	-	-	3,25,62,895	1,78,142	44,66,527	4,92,726	-	5,17,03,380	
Add : Exchange gain / (loss)	-	-	61,691	-	-	66,24,328	2,75,382	9,80,679	3,59,233	-	83,01,313	
<b>As at 31st March 2016</b>	<b>2,04,29,053</b>	<b>3,78,18,898</b>	<b>31,83,83,670</b>	<b>30,06,92,650</b>	<b>72,25,759</b>	<b>1,21,08,17,424</b>	<b>12,41,94,336</b>	<b>5,93,57,262</b>	<b>25,22,67,875</b>	<b>30,77,247</b>	<b>2,33,42,64,674</b>	
Addition during the year	-	1,87,41,067	41,75,739	6,42,150	-	16,53,73,953	25,12,951	1,15,59,175	1,81,10,978	17,250	22,11,33,263	
Disposal during the year	-	-	-	-	-	1,27,24,796	94,050	10,07,844	2,28,029	7,63,595	1,48,18,314	
Add : Exchange gain / (loss)	-	-	(47,165)	-	-	(22,98,982)	(2,35,681)	(6,90,155)	(2,80,524)	-	(35,52,507)	
<b>As at 31st March 2017</b>	<b>2,04,29,053</b>	<b>5,65,59,965</b>	<b>32,25,12,244</b>	<b>30,13,34,800</b>	<b>72,25,759</b>	<b>1,36,11,67,599</b>	<b>12,63,78,056</b>	<b>6,92,18,438</b>	<b>26,98,70,300</b>	<b>23,30,902</b>	<b>2,53,70,27,116</b>	
<b>Depreciation</b>												
<b>As at 1st April 2015</b>	-	70,43,785	12,00,90,214	6,28,46,052	17,52,414	69,50,49,981	9,60,35,387	4,26,93,845	20,46,83,124	21,99,088	1,23,23,93,390	
Charge for the year	-	3,02,424	93,48,904	57,60,852	7,15,686	7,49,84,260	58,09,687	68,11,353	1,44,38,559	3,09,731	11,84,81,456	
Deduction during the year	-	-	9,57,998	-	-	3,21,91,587	1,78,142	38,68,773	4,90,914	-	3,76,87,414	
Add : Exchange (gain) / loss	-	-	24,205	-	-	34,45,036	2,49,914	8,54,281	3,17,660	-	48,91,096	
<b>As at 31st March 2016</b>	<b>-</b>	<b>73,46,209</b>	<b>12,94,63,323</b>	<b>6,76,48,906</b>	<b>24,68,100</b>	<b>74,12,8,690</b>	<b>10,19,16,846</b>	<b>4,64,90,706</b>	<b>21,89,48,429</b>	<b>25,08,819</b>	<b>1,31,80,79,028</b>	
Charge for the year	-	5,10,658	96,52,148	62,83,975	7,69,235	8,46,16,601	53,96,600	51,04,028	1,52,48,658	1,38,469	12,77,20,372	
Deduction during the year	-	-	(22,819)	-	-	1,19,5,924	89,441	10,07,844	2,27,092	7,04,617	1,39,79,918	
Add : Exchange (gain) / loss	-	-	-	-	-	(16,40,473)	(1,54,561)	(6,40,984)	(2,04,909)	-	(26,63,726)	
<b>As at 31st March 2017</b>	<b>-</b>	<b>78,56,867</b>	<b>13,90,92,652</b>	<b>7,39,32,881</b>	<b>32,37,335</b>	<b>81,23,12,894</b>	<b>10,70,69,444</b>	<b>4,99,45,926</b>	<b>23,37,65,086</b>	<b>19,42,671</b>	<b>1,42,91,55,756</b>	
<b>Net block</b>												
<b>As at 31st March 2016</b>	<b>2,04,29,053</b>	<b>3,04,72,689</b>	<b>18,89,20,347</b>	<b>23,30,43,744</b>	<b>47,57,659</b>	<b>46,95,29,734</b>	<b>2,22,77,980</b>	<b>1,28,66,556</b>	<b>3,33,19,446</b>	<b>5,68,428</b>	<b>1,01,61,85,646</b>	
<b>As at 31st March 2017</b>	<b>2,04,29,053</b>	<b>4,87,03,098</b>	<b>18,34,19,592</b>	<b>22,74,01,919</b>	<b>39,88,424</b>	<b>54,88,54,705</b>	<b>1,93,08,612</b>	<b>1,92,72,512</b>	<b>3,61,05,214</b>	<b>3,88,231</b>	<b>1,10,78,71,380</b>	

## **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31st March 2017 (contd...)**

### **16. TANGIBLE ASSETS (contd...)**

- a. Freehold land includes land at Pune, the title deeds of which are in the name of the nominees of the company.  
Gross book value Rs. 18,44,060 (2015-2016 : Rs. 18,44,060)
- b. Buildings on freehold land includes residential flats, the cost of which includes:
  - Rs. 250 (2015-2016 : Rs. 250) being the value of 5 Shares (unquoted) of Rs. 50 each, fully paid up in Sunrise Co-operative Housing Society Limited.
  - Rs. 3,500 (2015-2016 : Rs. 3,500) being the value of 70 Shares (unquoted) of Rs. 50 each, fully paid up in Usha Milan Co-operative Society Limited.
- c. Buildings on freehold land includes residential flats acquired at Mumbai, the society formation of which is in progress.  
Gross book value Rs. 62,16,250 (2015-2016 : Rs. 62,16,250)  
Net book value Rs. 40,11,005 (2015-2016 : Rs. 41,14,738)
- d. 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 Rs. 76,882 (2015-2016 : Rs. 76,882)  
Net book value Rs. Nil (2015-2016 : Rs. Nil)
- e. Buildings on freehold land includes office premises given on operating lease :  
Gross book value Rs. 1,14,69,475 (2015-2016 : Rs. 1,14,69,475)  
Accumulated depreciation Rs. 32,75,602 (2015-2016 : Rs. 30,93,839)  
Depreciation for the year Rs. 1,81,763 (2015-2016 : Rs. 1,81,763)  
Net book value Rs. 81,93,873 (2015-2016 : Rs. 83,75,636)
- f. Plant and machinery includes items taken on finance lease :  
Gross book value Rs. 11,09,60,033 (2015-2016 : Rs. 5,61,97,681)  
Accumulated depreciation Rs. 1,53,70,150 (2015-2016 : Rs. 51,66,667)  
Depreciation for the year Rs. 1,02,03,483 (2015-2016 : Rs. 51,66,667)  
Net book value Rs. 9,55,89,883 (2015-2016 : Rs. 5,10,31,014)
- g. Office equipment includes data processing items taken on finance lease :  
Gross book value Rs. 2,87,39,617 (2015-2016 : Rs. 2,87,39,617)  
Accumulated depreciation Rs. 2,38,24,930 (2015-2016 : Rs. 2,04,95,216)  
Depreciation for the year Rs. 33,29,714 (2015-2016 : Rs. 57,76,235)  
Net book value Rs. 49,14,687 (2015-2016 : Rs. 82,44,401)
- h. Addition to fixed assets include items of fixed assets amounting to Rs. 1,10,40,981 (2015-2016 : Rs. 61,23,839) pertaining to research and development.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31st March 2017 (contd...)****17. INTANGIBLE ASSETS**

				Amount (in Rupees)
<b>Gross block</b>				
As at 1st April 2015	4,45,69,278	1,18,35,729	5,02,976	5,69,07,983
Addition during the year	55,03,826	-	-	55,03,826
Disposal during the year	-	-	-	-
<b>As at 31st March 2016</b>	<b>5,00,73,104</b>	<b>1,18,35,729</b>	<b>5,02,976</b>	<b>6,24,11,809</b>
Addition during the year	54,15,533	-	-	54,15,533
Disposal during the year	-	-	50,504	50,504
<b>As at 31st March 2017</b>	<b>5,54,88,637</b>	<b>1,18,35,729</b>	<b>4,52,472</b>	<b>6,77,76,838</b>
<b>Amortization</b>				
As at 1st April 2015	3,25,80,125	86,05,792	2,57,393	4,14,43,310
Charge for the year	52,65,430	23,08,489	91,733	76,65,652
Deduction during the year	-	-	-	-
<b>As at 31st March 2016</b>	<b>3,78,45,555</b>	<b>1,09,14,281</b>	<b>3,49,126</b>	<b>4,91,08,962</b>
Charge for the year	45,27,025	9,21,448	91,923	55,40,396
Deduction during the year	-	-	50,504	50,504
<b>As at 31st March 2017</b>	<b>4,23,72,580</b>	<b>1,18,35,729</b>	<b>3,90,545</b>	<b>5,45,98,854</b>
<b>Net block</b>				
<b>As at 31st March 2016</b>	<b>1,22,27,549</b>	<b>9,21,448</b>	<b>1,53,850</b>	<b>1,33,02,847</b>
<b>As at 31st March 2017</b>	<b>1,31,16,057</b>	<b>-</b>	<b>61,927</b>	<b>1,31,77,984</b>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31st March 2017 (contd...)

### 18. NON-CURRENT INVESTMENTS

	31st March 2017 Rupees	31st March 2016 Rupees
<b>TRADE INVESTMENTS (Valued at cost unless stated otherwise)</b>		
<b>EQUITY INSTRUMENTS (UNQUOTED)</b>		
<b>INVESTMENT IN ASSOCIATES</b>		
4,60,000 (2015-2016 : 4,60,000) equity shares of Rs. 10 each, fully paid-up in Aquanomics Systems Limited	2,40,12,577	1,84,38,824
2,28,000 (2015-2016 : 2,28,000) equity shares of Rs. 10 each, fully paid-up in Astha Technical Services Limited [includes capital reserve Rs. 2,178,006 (2015-2016 : Rs. 2,178,006)]	4,72,397	11,74,813
3,00,000 (2015-2016 : 3,00,000) equity shares of MYR 1 each, fully paid-up in IEI Water-Tech (M) Sdn. Bhd. (net of impairment)	-	-
2,450 (2015-2016 : 2,450) equity shares of Rs. 10 each, fully paid-up in Ion Exchange Financials Products Private Limited	-	-
14,700 (2015-2016 : 14,700) equity shares of THB 100 each, fully paid-up in Ion Exchange PSS Co. Limited [includes goodwill Rs. 5,43,814 (2015-2016 : Rs. 5,43,814)]	-	-
(A)	<b>2,44,84,974</b>	<b>1,96,13,637</b>
<b>INVESTMENT IN OTHERS</b>		
6,000 (2015-2016 : 6,000) equity shares of Rs. 10 each, fully paid-up in IEK Plastics Limited [Net of provision for diminution in the value: Rs. 60,000 (2015-2016 : Rs. 60,000)]	-	-
113 (2015-2016 : 113) equity shares of Rs. 10 each, fully paid-up in Patancheru Enviro-tech Limited	1,130	1,130
10,500 (2015-2016 : 10,500) equity shares of Rs. 10 each, fully paid-up in Bharuch Enviro Infrastructure Limited	1,05,000	1,05,000
3,52,500 (2015-2016 : 3,52,500) equity shares of Rs. 10 each, fully paid-up in Bharuch Eco-Aqua Infrastructure Limited	35,25,000	35,25,000
21,518 (2015-2016 : 21,518) equity shares of Rs. 10 each, fully paid-up in Global Procurement Consultants Limited	2,45,540	2,45,540
1,000 (2015-2016 : 1,000) equity shares of Rs. 10 each, fully paid-up in Ion Foundation	10,000	10,000
7,143 (2015-2016 : 7,143) equity shares of Rs. 10 each, fully paid-up in Water Quality India Association	71,430	71,430
750 (2015-2016 : 750) equity shares of Rs. 10 each, fully paid-up in Process Automation Engineering. [Net of provision for diminution in the value: Rs. 75,000 (2015-2016 : Rs. 75,000)]	-	-
9,999 (2015-2016 : 9,999) equity shares of Rs. 50 each, fully paid-up in The Thane Janta Sahakari Banks	4,99,950	4,99,950
(B)	<b>44,58,050</b>	<b>44,58,050</b>
<b>PREFERENCE SHARES (UNQUOTED)</b>		
Investment in others		
75,000 (2015-2016 : 75,000) 14.25% Preference Shares of Rs. 100 each, fully paid-up in HMG Industries Limited [At cost less provision for other than temporary diminution in the value Rs. 74,50,000 (2015-2016 : Rs. 74,50,000)]	50,000	50,000
(C)	<b>50,000</b>	<b>50,000</b>
<b>Total Non Current Investments</b>	<b>(A+B+C)</b>	<b>2,41,21,687</b>
Aggregate amount of quoted Investments	-	-
Aggregate amount of unquoted Investments	2,89,93,024	2,41,21,687
Aggregate provision for diminution in value of investments	75,85,000	75,85,000

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31st March 2017 (contd...)****19. LOANS AND ADVANCES**

		Non-current		Current	
		31st March 2017 Rupees	31st March 2016 Rupees	31st March 2017 Rupees	31st March 2016 Rupees
<u>Capital advances</u>					
Unsecured, considered good		1,82,60,047	9,60,03,727	-	-
	(A)	<u>1,82,60,047</u>	<u>9,60,03,727</u>		
<u>Tender, security and other deposits</u>					
Unsecured, considered good		6,40,86,308	5,50,36,819	4,08,99,856	1,23,75,317
Doubtful		8,48,733	8,48,733	-	-
		<u>6,49,35,041</u>	<u>5,58,85,552</u>	<u>4,08,99,856</u>	<u>1,23,75,317</u>
Less: Provision for doubtful deposits	(B)	8,48,733	8,48,733	-	-
		<u>6,40,86,308</u>	<u>5,50,36,819</u>	<u>4,08,99,856</u>	<u>1,23,75,317</u>
<u>Loans and advances to related parties</u> [refer note 38 (I) and (II)]					
Unsecured, considered good		20,64,57,000	21,25,09,000	8,40,46,023	7,50,23,925
Doubtful		24,75,134	24,75,134	-	-
		<u>20,89,32,134</u>	<u>21,49,84,134</u>	<u>8,40,46,023</u>	<u>7,50,23,925</u>
Less: Provision for doubtful loans and advances	(C)	24,75,134	24,75,134	-	-
		<u>20,64,57,000</u>	<u>21,25,09,000</u>	<u>8,40,46,023</u>	<u>7,50,23,925</u>
<u>Advance to suppliers</u>					
Unsecured, considered good		7,06,180	6,51,735	14,39,85,786	9,19,18,639
Unsecured, considered good - related parties [Refer note 38(I)]		-	-	1,95,41,412	1,91,16,628
Unsecured, considered doubtful		30,90,078	30,90,078	-	-
		<u>37,96,258</u>	<u>37,41,813</u>	<u>16,35,27,198</u>	<u>11,10,35,267</u>
Less: Provision for doubtful advances	(D)	30,90,078	30,90,078	-	-
		<u>7,06,180</u>	<u>6,51,735</u>	<u>16,35,27,198</u>	<u>11,10,35,267</u>
<u>Other loans and advances</u>					
(Unsecured, considered good unless otherwise stated)					
- Prepaid expenses		-	-	11,49,75,049	5,77,27,111
- Claims receivables		-	-	3,87,15,709	2,25,83,426
- Balances with statutory authorities		7,19,63,246	5,25,87,325	18,48,32,673	19,76,52,730
- Loans and advance to employees		-	-	97,13,590	53,97,998
- Income tax paid (Net of provision for taxation)		85,92,597	4,23,18,381	53,94,639	9,54,373
- Inter corporate deposits (Doubtful)		57,07,289	57,07,289	-	-
Less: Provision for doubtful advances		<u>57,07,289</u>	<u>57,07,289</u>		
		<u>-</u>	<u>-</u>		
- Other loans and advances (Refer note 41, 42 and 43)		7,81,54,250	7,90,85,611	21,80,999	33,77,858
- Other loans and advances (Doubtful)		2,25,14,884	2,25,14,884	-	-
		<u>10,06,69,134</u>	<u>10,16,00,495</u>	<u>21,80,999</u>	<u>33,77,858</u>
Less: Provision for doubtful advances		2,25,14,884	2,25,14,884	-	-
		<u>7,81,54,250</u>	<u>7,90,85,611</u>	<u>21,80,999</u>	<u>33,77,858</u>
	(E)	<u>15,87,10,093</u>	<u>17,39,91,317</u>	<u>35,58,12,659</u>	<u>28,76,93,496</u>
Group's share in loans and advances of joint venture	(F)	45,18,442	44,88,630	21,26,739	29,21,873
<b>Total</b>	<b>(A+B+C+D+E+F)</b>	<b>45,27,38,070</b>	<b>54,26,81,228</b>	<b>64,64,12,475</b>	<b>48,90,49,878</b>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31st March 2017 (contd...)

### 20. TRADE RECEIVABLES

	Non-current		Current	
	31st March 2017 Rupees	31st March 2016 Rupees	31st March 2017 Rupees	31st March 2016 Rupees
Outstanding for a period exceeding six months from the date they are due for payment				
- Unsecured Considered good	26,31,07,462	26,31,13,663	50,12,13,710	61,41,54,231
- Doubtful	1,14,91,132	1,14,91,132	-	-
	27,45,98,594	27,46,04,795	50,12,13,710	61,41,54,231
Less: Provision for doubtful receivable	1,14,91,132	1,14,91,132	-	-
(A)	26,31,07,462	26,31,13,663	50,12,13,710	61,41,54,231
Other receivables				
- Unsecured, considered good	-	-	3,89,89,03,802	3,00,77,91,451
- Doubtful	-	-	-	-
	-	-	3,89,89,03,802	3,00,77,91,451
Less: Provision for doubtful receivables	-	-	-	-
(B)	-	-	3,89,89,03,802	3,00,77,91,451
Group's share in Trade Receivable of Joint Venture	-	-	52,68,969	82,56,175
(C)	-	-	52,68,969	82,56,175
Total	(A+B+C) <b>26,31,07,462</b>	<b>26,31,13,663</b>	<b>4,40,53,86,481</b>	<b>3,63,02,01,857</b>

### 21. OTHER ASSETS

	Non-current		Current	
	31st March 2017 Rupees	31st March 2016 Rupees	31st March 2017 Rupees	31st March 2016 Rupees
Unsecured, considered good				
Non current bank balances	2,388	1,972	-	-
Interest accrued on margin money	31,91,202	2,33,910	46,31,011	51,69,642
(A)	31,93,590	2,35,882	46,31,011	51,69,642
Unsecured, considered doubtful				
Rent receivables	17,05,011	17,05,011	-	-
Less: Provision	17,05,011	17,05,011	-	-
(B)	-	-	-	-
Total	(A+B) <b>31,93,590</b>	<b>2,35,882</b>	<b>46,31,011</b>	<b>51,69,642</b>

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31st March 2017 (contd...)****22. CURRENT INVESTMENTS**

(valued at lower of cost or fair value unless stated otherwise)

	<b>31st March 2017</b> Rupees	<b>31st March 2016</b> Rupees
<u>Non trade and quoted</u>		
5,875 (2015-2016 : 5,875) equity shares of Rs. 2 each, fully paid-up in Sterlite Technologies Limited	2,05,000	2,05,000
70 (2015-2016 : 70) equity shares of Rs. 2 each, fully paid-up in Jain Irrigation Systems Limited	3,724	3,724
8,100 (2015-2016 : 8,100) equity shares of Rs. 10 each, fully paid-up in Canara Bank	2,83,500	2,83,500
	<b>4,92,224</b>	<b>4,92,224</b>
Aggregate amount of quoted investments (Market value Rs. 32,00,235 (2015-2016 : Rs. 20,74,281)	4,92,224	4,92,224
Aggregate provision for diminution in value of investments	-	-

**23. INVENTORIES** (valued at lower of cost and net realizable value)

	<b>31st March 2017</b> Rupees	<b>31st March 2016</b> Rupees
Raw materials and components (Refer note 27)	36,27,42,376	30,33,42,499
Work-in-progress	14,35,16,388	9,75,46,591
Finished goods	28,26,90,603	25,53,62,727
Traded goods	5,80,95,221	5,07,79,872
Stores and spares	5,40,00,110	6,77,48,236
Contract work-in-progress	20,73,60,724	3,85,59,891
Group's share in inventories of joint venture	5,53,464	1,38,314
	<b>1,10,89,58,886</b>	<b>81,34,78,130</b>

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31st March 2017 (contd...)**
**24. CASH AND CASH EQUIVALENTS**

	Non-current		Current	
	31st March 2017 Rupees	31st March 2016 Rupees	31st March 2017 Rupees	31st March 2016 Rupees
<b>Balances with banks:</b>				
- On current accounts [Refer note (a) below]	-	-	1,15,10,82,923	16,98,98,605
- On Exchange Earner's Foreign Currency accounts	-	-	14,91,227	75,87,185
- On unclaimed dividend account	-	-	35,55,423	31,19,187
- On unclaimed interest on fixed deposits	-	-	2,69,601	3,31,778
<b>Cash on hand</b>	-	-	1,01,12,345	74,22,322
(A)	<u>-</u>	<u>-</u>	<u>1,16,65,11,519</u>	<u>18,83,59,077</u>
<b>Other bank balances</b>				
On deposit account with original maturity for more than 12 months	2,388	1,972	1,65,21,748	1,46,61,668
On margin money account [Refer notes (b) and (c) below]	-	-	48,52,59,974	12,81,66,233
(B)	<u>2,388</u>	<u>1,972</u>	<u>50,17,81,722</u>	<u>14,28,27,901</u>
Group's share in cash and cash equivalents of joint venture	-	-	9,58,960	30,37,566
(C)	<u>-</u>	<u>-</u>	<u>9,58,960</u>	<u>30,37,566</u>
Amount disclosed under non-current assets (Refer note 21)	(2,388)	(1,972)	-	-
(D)	<u>(2,388)</u>	<u>(1,972)</u>	<u>-</u>	<u>-</u>
<b>Total</b>	<b>(A+B+C+D)</b>	<b><u>-</u></b>	<b><u>1,66,92,52,201</u></b>	<b><u>33,42,24,544</u></b>

- (a) Includes balance of Rs. 98,81,58,279 (2015-2016 : Rs. Nil) in escrow accounts, for utilisation in execution of a specific EPC contract.
- (b) Margin money deposits with a carrying amount of Rs. 47,75,32,769 (2015-2016 : Rs. 12,02,98,952) are subject to first charge to secure bank guarantees issued by bank on our behalf.
- (c) Margin money includes fixed deposit of Rs. 77,27,205 (2015-2016 : Rs. 78,67,281), being security towards working capital of the company.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31st March 2017 (contd...)**

**25. REVENUE FROM OPERATIONS**

	<b>31st March 2017</b> Rupees	<b>31st March 2016</b> Rupees
Revenue from operations		
<u>Sale of products</u>		
Finished goods	8,90,69,95,709	7,58,10,68,379
Traded goods	59,85,63,196	45,25,80,889
<u>Sale of services</u>	1,01,84,84,073	94,99,97,716
<u>Group's share of sales and services income of joint venture</u>	89,95,103	78,49,321
<u>Others operating revenue</u>		
Scrap sales	2,06,96,644	2,08,81,772
Management fees	72,09,712	50,72,590
Other operating income	4,48,59,265	1,62,81,358
Income from inputs and contract farming	71,02,428	56,09,946
<b>Revenue from operations (Gross of excise)</b>	<b>10,61,29,06,130</b>	<b>9,03,93,41,971</b>
Less: Excise duty*	37,23,17,437	32,85,29,120
<b>Revenue from operations (Net of excise)</b>	<b>10,24,05,88,693</b>	<b>8,71,08,12,851</b>

\* Excise duty on sales amounting to Rs. 37,23,17,437 (2015-2016 : Rs. 32,85,29,120) has been reduced from sales in statement of profit and loss account and excise duty on (increase)/decrease in stock amounting to Rs. 1,06,79,745 (2015-2016 : Rs. 65,54,014) has been considered as expenses in note 32 of financial statements.

**26. OTHER INCOME**

	<b>31st March 2017</b> Rupees	<b>31st March 2016</b> Rupees
Interest income on		
- From banks	1,45,04,980	1,10,91,361
- From joint venture	80,47,174	82,94,656
- From others	14,60,451	63,03,143
Rent	1,10,65,783	1,00,94,964
Dividend income	83,850	1,85,130
Amount set aside for liabilities, no longer required, written back	-	77,14,405
Exchange gain (Net)	-	20,94,105
Profit on assets sold/discharged (Net)	-	12,41,201
Other non operating Income	2,09,14,696	1,69,61,218
Group's share of other income of joint venture	15,85,004	12,85,756
	<b>5,76,61,938</b>	<b>6,52,65,939</b>

**27. COST OF RAW MATERIAL AND COMPONENTS CONSUMED**

	<b>31st March 2017</b> Rupees	<b>31st March 2016</b> Rupees
Inventory at the beginning of the year	30,33,42,499	19,96,44,163
Add: Purchases*	6,53,69,57,489	5,36,52,70,464
Less: Inventory at the end of the year	36,27,42,376	30,33,42,499
Add: Group's share in cost of goods sold of joint venture	4,16,823	7,75,603
Cost of raw material and components consumed **	<b>6,47,79,74,435</b>	<b>5,26,23,47,731</b>

\* Includes direct expenses incurred on contracts

\*\* 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.

## **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31st March 2017 (contd...)**

### **28 (a) PURCHASE OF TRADED GOODS**

	<b>31st March 2017</b> Rupees	<b>31st March 2016</b> Rupees
Consumer products	28,55,57,853	18,68,53,104
Spares	2,61,53,925	2,60,28,493
Others	7,72,59,768	5,46,43,806
	<b>38,89,71,546</b>	<b>26,75,25,403</b>

### **28 (b) (INCREASE) / DECREASE IN INVENTORIES**

	<b>31st March 2017</b> Rupees	<b>31st March 2016</b> Rupees	<b>(Increase)/Decrease</b> <b>Rupees</b>
<b>Inventories at the end of the year</b>			
Traded goods	5,80,95,221	5,07,79,872	(73,15,349)
Work-in-progress	14,35,16,388	9,75,46,591	(4,59,69,797)
Finished goods	28,26,90,603	25,53,62,727	(2,73,27,876)
Contract work-in-progress	20,73,60,724	3,85,59,891	(16,88,00,833)
	69,16,62,936	44,22,49,081	(24,94,13,855)
<b>Inventories at the beginning of the year</b>			
Traded goods	5,07,79,872	5,23,92,614	16,12,742
Work-in-progress	9,75,46,591	13,98,59,678	4,23,13,087
Finished goods	25,53,62,727	29,69,81,204	4,16,18,477
Contract work-in-progress	3,85,59,891	5,89,28,820	2,03,68,929
	44,22,49,081	54,81,62,316	10,59,13,235
	<b>(24,94,13,855)</b>	<b>10,59,13,235</b>	

### **29. EMPLOYEE BENEFITS EXPENSE**

	<b>31st March 2017</b> Rupees	<b>31st March 2016</b> Rupees
Salaries, wages and bonus	1,08,88,62,696	98,42,92,991
Contribution to provident and other funds (Refer note 34)	8,01,28,194	5,82,10,088
Employee compensation expense / (income) (Refer note 35)	(1,13,04,851)	(2,79,900)
Staff welfare expense	5,46,75,361	5,39,79,970
Group's share in employee benefits expenses of joint venture	48,30,681	54,52,949
	<b>1,21,71,92,081</b>	<b>1,10,16,56,098</b>

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31st March 2017 (contd...)**

**30. FINANCE COSTS**

	<b>31st March 2017</b> Rupees	<b>31st March 2016</b> Rupees
Interest	14,86,26,799	13,30,64,219
Other borrowing costs	1,45,10,339	1,62,94,851
Group's share in finance costs of joint venture	-	1,779
	<b>16,31,37,138</b>	<b>14,93,60,849</b>

**31. DEPRECIATION AND AMORTIZATION EXPENSE**

	<b>31st March 2017</b> Rupees	<b>31st March 2016</b> Rupees
Depreciation of tangible assets (Refer note 16)	12,75,81,903	11,81,71,725
Amortisation of intangible assets (Refer note 17)	54,48,473	75,73,919
Group's share in depreciation and amortization expenses of joint venture	2,30,392	4,01,464
	<b>13,32,60,768</b>	<b>12,61,47,108</b>

**32. OTHER EXPENSES** (Refer note 44)

	<b>31st March 2017</b> Rupees	<b>31st March 2016</b> Rupees
Stores and spare parts consumed	64,66,389	40,65,872
Power and fuel	13,34,61,260	13,44,98,339
Repairs and maintenance - Buildings	1,45,19,115	59,49,964
- Plant and machinery	3,39,68,937	2,66,93,966
- Others	2,59,52,586	2,20,06,254
Rent (Net of recoveries)	6,19,08,452	6,38,55,324
Rates and taxes	4,73,60,352	5,36,34,927
Insurance (Net of recoveries)	93,00,560	76,72,261
Travelling and conveyance	28,70,13,266	24,95,00,837
Excise duty (Net of recoveries) (Refer note 25)	1,06,79,745	65,54,014
Freight (Net of recoveries)	20,30,05,883	18,28,63,405
Packing (Net of recoveries)	16,12,60,449	14,51,96,777
Advertisement and publicity	6,68,47,039	5,82,65,188
Commission and discount	3,75,66,327	2,96,56,017
Legal and professional charges	10,13,98,258	9,45,00,354
Telephone and telex	2,55,39,746	2,48,34,430
Project maintenance expenses	23,40,016	19,93,885
Bad debts written off	1,39,31,696	2,76,99,564
Auditors' remuneration (Refer note 32.1)	40,24,109	35,16,319
Directors' fees	45,50,000	44,50,000
Directors' commission	77,00,000	57,00,000
Bank charges	2,60,42,317	2,27,86,515
Exchange loss (Net)	6,19,20,514	-
Loss on fixed assets sold/discharged (Net)	28,256	-
Backcharges on contracts (Refer note 50)	2,67,75,962	91,38,891
Establishment and other miscellaneous expenses	25,34,95,069	22,89,63,752
Group's share in operations and other expenses of joint venture	29,71,790	28,93,220
	<b>1,63,00,28,093</b>	<b>1,41,68,90,075</b>

## **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31st March 2017 (contd...)**

### **32.1 AUDITORS' REMUNERATION (excluding service tax)**

	<b>31st March 2017</b> Rupees	<b>31st March 2016</b> Rupees
As auditor:		
- Audit fees	17,75,000	17,75,000
- Tax audit fees	3,00,000	3,00,000
- Limited review	5,25,000	5,25,000
In other capacity:		
- Other services (Certification fees)	9,05,000	3,50,000
Reimbursement of expenses	1,99,444	2,78,819
Branch auditor		
- Audit fees	2,50,000	2,50,000
- Other services (Certification fees)	-	-
- Reimbursement of expenses	69,665	37,500
	<b>40,24,109</b>	<b>35,16,319</b>

### **33. EARNINGS PER SHARE (EPS)**

	<b>Particulars</b>	<b>31st March 2017</b>	<b>31st March 2016</b>
I	Profit computation for both basic and diluted earnings per share of Rs. 10 each  Net Profit as per statement of profit and loss available for equity shareholders (in Rupees)	28,34,58,408	15,31,37,536
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	1,42,12,885	1,41,05,146
B)	For diluted earnings per share  No. of shares for basic EPS as per IIA  Add: Weighted average outstanding employee stock options deemed to be issued for no consideration  No. of Shares for diluted earnings per share	1,42,12,885 Nil 1,42,12,885	1,41,05,146 3,26,370 1,44,31,516
III	Earnings per share in rupees (Weighted average)  Basic  Diluted	19.94 19.94	10.86 10.61

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31st March 2017 (contd...)****34. EMPLOYEE BENEFITS**

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 guidance note on implementing AS 15, 'Employee Benefits' issued by the Accounting Standard Board (ASB) of the Institute of Chartered Accountants of India states that provident funds set up by employers that guarantee a specified rate of return and which require interest shortfall to be met by the employer would be defined benefit plans in accordance with the requirements of paragraph 26(b) of AS 15.

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 and provident fund plan.

		Amount (in Rupees)			
Particulars		2016-2017 (Gratuity)	2015-2016 (Gratuity)	2016-2017 (Provident Fund)	2015-2016 (Provident Fund)
<b>I</b>	<b>The statement of profit and loss</b>				
	Net employee benefit expense (recognized in employee cost)				
1.	Current service cost	2,02,67,922	69,17,425	1,35,20,082	1,15,28,943
2.	Interest cost on benefit obligation	1,00,05,132	82,85,868	2,75,33,847	2,40,54,109
3.	Expected return on plan assets	(1,00,85,451)	(91,32,399)	(2,75,33,847)	(2,40,54,109)
4.	Net actuarial loss / (gain) recognized in the year	52,78,858	48,88,377	-	-
	Net benefit expenses	2,54,66,461	1,09,59,271	1,35,20,082	1,15,28,943
	Actual return on plan assets	1,02,02,604	1,82,52,667	2,75,33,847	2,40,54,109
<b>II</b>	<b>Net assets / (liability) recognized in the balance sheet</b>				
1.	Present value of defined benefit obligation	(15,69,90,732)	(12,72,70,355)	(39,12,31,568)	(34,23,36,468)
2.	Fair value of plan assets	14,45,25,003	12,91,83,475	40,82,02,227	35,86,67,377
<b>III</b>	<b>Changes in the present value of the defined benefit obligation are as follows:</b>				
1.	Opening defined benefit obligation	(12,72,70,355)	(11,13,94,974)	(34,23,36,468)	(30,07,19,234)
2.	Opening balance adjustment	3,41,645	(11,96,592)	-	-
3.	Employee contribution	-	-	(2,53,54,754)	(2,22,32,556)
4.	Interest cost	(1,00,05,132)	(89,46,862)	(2,75,33,847)	(2,40,54,109)
5.	Current service cost	(2,02,67,922)	(79,07,062)	(1,35,20,082)	(1,15,28,943)
6.	Liability transferred in	-	(1,78,331)	(75,87,870)	(94,53,787)
7.	Opening balance adjustment	-	-	-	-
8.	Benefits paid	55,92,277	56,79,819	2,51,01,453	2,56,52,161
9.	Actuarial gains / (losses) on obligation	(53,81,245)	(33,26,353)	-	-
	Closing defined benefit obligation	(15,69,90,732)	(12,72,70,355)	(39,12,31,568)	(34,23,36,468)
<b>IV</b>	<b>Changes in the fair value of plan assets are as follows:</b>				
1.	Opening fair value of plan assets	12,86,68,557	10,49,11,106	35,86,67,377	31,29,42,471
2.	Opening balance adjustment	-	-	(12,380)	11,33,314
3.	Expected returns	1,00,85,451	91,32,399	2,75,33,847	2,40,54,109
4.	Contributions by employer	1,11,93,010	1,12,20,603	3,88,74,836	3,37,61,499
5.	Transfer from others	-	1,78,331	75,87,870	94,53,787
6.	Benefits paid	(55,45,402)	(55,36,569)	(2,51,01,453)	(2,56,52,161)
7.	Actuarial gains / (losses)	1,23,387	92,77,605	6,52,130	29,74,358
8.	Closing fair value of plan assets	14,45,25,003	12,91,83,475	40,82,02,227	35,86,67,377
<b>V</b>	<b>Actuarial assumptions:</b>				
1.	Discount rate	4.59% - 7.57%	7.94% - 8.50%	7.01%	8.02%
2.	Expected rate of salary increase	7% - 8%	5% - 8%	8%	8%
3.	Mortality	Indian Assured Lives Mortality (2006-08) Ultimate			
4.	Attrition rate	2% - 21%	2% - 16%	16%	16%
5.	Rate of Return on Plan assets	7.01%	7.94%	8.65%	8.80%

## **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31st March 2017 (contd...)**

### **34. EMPLOYEE BENEFITS (contd...)**

Details of defined benefit obligation, planned assets and experience adjustments

<b>Gratuity</b>	<b>2016-2017</b>	<b>2015-2016</b>	<b>2014-2015</b>	<b>2013-2014</b>	<b>2012-2013</b>
Defined benefit obligation	(15,69,90,732)	(12,72,70,355)	(11,13,94,974)	(9,63,96,757)	(8,69,78,119)
Plan assets	14,45,25,003	12,91,83,475	11,34,40,418	9,81,85,130	8,81,85,547
Surplus / (deficit)	(1,24,65,729)	19,13,120	20,45,444	17,88,373	12,07,428
Experience adjustments on plan liabilities	(53,81,245)	(1,40,64,330)	(50,43,839)	(24,94,784)	(1,09,97,305)
Experience adjustments on plan assets	1,23,387	7,48,182	27,60,807	(7,87,044)	(7,54,657)

Notes:

The estimates of future salary increases considered in the actuarial valuation take account of inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market.

### **35. 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 Rs. 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 are exercisable upto 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 Rs. 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 are exercisable upto 5th June 2016.

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

Details of options granted are as follows:

<b>Particulars</b>	<b>ESOS Schemes</b>		
	<b>2001 (3<sup>rd</sup> Grant)</b>	<b>2003 ( 2<sup>nd</sup>Grant)</b>	<b>Total</b>
Options outstanding as at 31st March 2016	2,08,000	2,65,000	4,73,000
	(2,35,000)	(2,72,000)	(5,07,000)
Granted during the year	-	-	-
	(-)	(-)	(-)
Lapsed during the year	1,38,500	2,25,000	3,63,500
	(4,000)	(5,000)	(9,000)
Exercised/ Allotted during the year	69,500	40,000	1,09,500
	(23,000)	(2,000)	(25,000)
Outstanding as at 31st March 2017	-	-	-
	(2,08,000)	(2,65,000)	(4,73,000)
Exercisable as at 31st March 2017	-	-	-

*Figures in bracket denote previous year figures.*

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31st March 2017 (contd...)****35. EMPLOYEE STOCK OPTION SCHEME (ESOS) (contd...)**

As at 31st March 2017, the company has received commitment deposit of Rs. Nil (2015-2016 :Rs. 33,348) from its directors and employees under ESOS 2001 and ESOS 2003.

1,09,000 (2015-2016 : 25000) shares were exercised during the year. Weighted average share price at exercise date was Rs. 345.47 (2015-2016 : 274.82).

The company has not granted stock options during the year.

**36. CONTRACTS IN PROGRESS (CIP):**

<b>Sr. No.</b>	<b>Particulars</b>	<b>Amount (in Rupees)</b>	
		<b>2016-2017</b>	<b>2015-2016</b>
A.	Aggregate amount recognized as contract revenue	3,55,81,75,100	2,58,84,55,666
B.	In respect of contracts in progress as on 31st March :		
	1) Aggregate amount of costs incurred and recognized profits (less recognized losses)	15,47,04,31,150	14,03,11,14,430
	2) Amount of customer advance	1,99,05,05,614	19,81,41,229
	3) Amount of retentions	88,11,84,751	78,50,03,285
C.	Gross amount due from customers for contract work	20,04,24,897	2,01,07,617

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS** for the year ended 31st March 2017 (contd....)

**37. SEGMENT**

I. Information about Primary Business Segments

	Engineering			Chemicals			Consumer Products			Others Business			Unallocated			Amount (in Rupees)		
	31.03.2017	31.03.2016	31.03.2017	31.03.2016	31.03.2017	31.03.2016	31.03.2017	31.03.2016	31.03.2017	31.03.2016	31.03.2017	31.03.2016	31.03.2017	31.03.2016	Total	31.03.2017	31.03.2016	
<b>Revenue</b>																		
External sales and services (Gross)	6,20,16,94,584	4,93,85,82,129	3,34,18,57,695	3,21,23,37,469	1,06,19,31,461	88,28,19,092	1,08,778	1,30,690	73,13,612	50,72,591	10,61,29,06,130	9,03,93,41,971						
Less: Excise duty recovered	(9,85,99,464)	(8,08,54,499)	(25,92,56,914)	(23,58,33,203)	(1,44,61,059)	(1,18,41,418)	-	-	-	-	-	(37,23,17,437)	(32,85,29,120)					
External sales and services (Net)	6,10,30,95,120	4,85,81,27,630	3,08,26,00,781	2,97,65,04,266	1,04,74,70,402	87,09,77,674	1,08,778	1,30,690	73,13,612	50,72,591	10,24,05,88,693	8,71,08,12,851						
Inter-segmental sales	31,52,95,947	28,15,71,686	16,00,54,364	12,93,04,986	-	-	-	-	-	-	-	(47,53,50,311)	(41,08,76,672)					
Other income	2,06,24,204	2,22,01,619	4,2,05,119	48,57,414	5,615	4,62,565	53,04,280	77,54,250	35,10,115	43,00,931	3,36,49,333	3,95,76,779						
Total revenue	6,43,90,15,271	5,16,19,00,935	3,24,68,60,264	3,11,06,66,636	1,04,74,76,017	87,14,40,239	54,13,058	78,84,940	1,08,23,727	93,73,522	10,74,95,88,337	9,16,12,66,302						
Less: Eliminations													(47,53,50,311)	(41,08,76,672)				
Add : Interest Income													2,40,12,605	2,56,89,160	2,40,12,605	2,56,89,160		
Total enterprise revenue													10,29,82,50,631	8,77,60,78,790				
<b>Result</b>																		
Segment results	28,16,85,506	13,66,51,738	54,50,64,920	48,94,70,141	(3,49,44,320)	(3,67,09,684)	(70,33,468)	(19,65,303)	-	-	-	-	78,47,75,638	58,74,46,892				
Unallocated expenditure net of unallocated income									(10,85,50,680)	(11,75,36,912)	(10,85,50,680)	(11,75,36,912)						
Finance cost									(16,31,37,138)	(14,93,60,849)	(16,31,37,138)	(14,93,60,849)						
Interest income									2,40,12,605	2,56,89,160	2,40,12,605	2,56,89,160						
Profit before taxation									(24,76,75,213)	(24,12,08,601)	53,71,00,425	34,62,38,291						
<b>Other Information</b>																		
Segment assets	6,91,21,39,834	4,36,27,38,910	1,99,10,17,792	1,88,05,74,212	33,72,63,075	35,53,06,852	14,18,35,853	11,08,59,845	66,25,79,555	45,14,76,695	10,04,48,36,109	7,16,09,56,514						
Segment liabilities	5,47,09,81,549	3,14,71,52,982	1,12,90,15,523	1,05,71,22,369	21,80,34,141	21,20,35,612	2,06,68,111	1,53,34,903	1,16,37,40,836	96,58,28,305	8,00,24,43,160	5,39,74,171						
Capital expenditure	6,79,87,442	11,91,41,358	14,49,29,720	14,69,52,275	22,17,948	1,88,36,421	27,560	35,962	1,13,68,476	3,59,00,860	22,65,31,146	32,08,66,876						
Depreciation	3,84,10,605	3,73,86,715	7,48,89,732	6,62,83,579	37,70,953	28,82,861	6,10,087	6,02,254	1,55,79,391	1,89,91,599	13,32,60,768	12,61,47,108						
Non cash expenditure other than depreciation	1,16,93,259	3,07,06,857	1,12,86,332	1,62,99,149	1,44,62,107	1,19,71,692	64,897	49,446	(158,04,973)	(84,78,698)	2,17,02,222	5,05,48,446						

II. Information about Secondary Geographical Segments

	India			Outside India			Total			Amount (in Rupees)		
	31.03.2017	31.03.2016	31.03.2017	31.03.2016	31.03.2017	31.03.2016	31.03.2017	31.03.2016	31.03.2017	31.03.2016	31.03.2017	31.03.2016
External revenue (Net)	6,96,75,92,234	6,11,95,82,405	3,27,29,96,359	2,59,12,30,446	10,24,05,88,693	8,71,08,12,851						
Carrying amount of segment assets	6,39,88,18,094	5,26,60,87,642	3,64,60,18,015	1,89,48,68,872	10,04,48,36,109	7,16,09,56,514						
Additions to fixed assets	20,76,26,538	31,75,42,723	1,89,04,608	33,24,153	22,65,31,146	32,08,66,876						

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31st March 2017 (contd...)**

**37. SEGMENT (contd...)**

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, sugar chemicals and paper chemicals.

Consumer Products – comprising of domestic water purifiers.

- (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.

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

a)	Associates	Aquonomics Systems Limited IEI Water-Tech (M) Sdn. Bhd., Malaysia *Asta Technical Services Limited Ion Exchange PSS Co. Limited, Thailand * Ion Exchange Financial Products Private Limited *
b)	Joint venture	Ion Exchange Waterleau Limited
c)	Entity having significant influence	IEI Shareholding Trusts
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

\* Associate companies of subsidiaries

## **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31st March 2017 (contd...)**

### **38. RELATED PARTY DISCLOSURES (contd...)**

I. Transactions during the year with Related Parties except Entity having significant influence with outstanding balances as at year-end:

Nature of transaction	Parties referred to in (a) and (b) above		Parties referred to in (d), (e), (f) and (g) above		Amount (in Rupees)	
	2016-2017	2015-2016	2016-2017	2015-2016	2016-2017	2015-2016
<b>Sale of goods *</b>						
Aquanomics Systems Ltd	35,41,04,127	26,80,60,794	-	-	35,41,04,127	26,80,60,794
Ion Exchange PSS Co. Ltd., Thailand	15,88,507	58,50,445	-	-	15,88,507	58,50,445
Ion Exchange Waterleau Ltd.	1,67,610	6,484	-	-	1,67,610	6,484
Ion Foundation	-	-	8,82,413	34,73,583	8,82,413	34,73,583
<b>Total</b>	<b>35,58,60,244</b>	<b>27,39,17,723</b>	<b>8,82,413</b>	<b>34,73,583</b>	<b>35,67,42,657</b>	<b>27,73,91,306</b>
<b>Sales Returns</b>						
Ion Exchange PSS Co. Ltd., Thailand	34,21,101	-	-	-	34,21,101	-
<b>Total</b>	<b>34,21,101</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>34,21,101</b>	<b>-</b>
<b>Management Fees</b>						
Aquanomics Systems Ltd	72,09,713	50,72,590	-	-	72,09,713	50,72,590
<b>Total</b>	<b>72,09,713</b>	<b>50,72,590</b>	<b>-</b>	<b>-</b>	<b>72,09,713</b>	<b>50,72,590</b>
<b>Rental Income</b>						
Ion Exchange PSS Co. Ltd., Thailand	-	3,15,162	-	-	-	3,15,162
Ion Exchange Waterleau Ltd.	7,66,500	7,66,500	-	-	7,66,500	7,66,500
<b>Total</b>	<b>7,66,500</b>	<b>10,81,662</b>	<b>-</b>	<b>-</b>	<b>7,66,500</b>	<b>10,81,662</b>
<b>Interest Income on Loan and Advances</b>						
Ion Exchange Waterleau Ltd.	80,47,186	82,94,656	-	-	80,47,186	82,94,656
<b>Total</b>	<b>80,47,186</b>	<b>82,94,656</b>	<b>-</b>	<b>-</b>	<b>80,47,186</b>	<b>82,94,656</b>
<b>Services Rendered</b>						
Ion Exchange Waterleau Ltd.	4,46,422	29,74,850	-	-	4,46,422	29,74,850
<b>Total</b>	<b>4,46,422</b>	<b>29,74,850</b>	<b>-</b>	<b>-</b>	<b>4,46,422</b>	<b>29,74,850</b>
<b>Purchase of Goods / Materials*</b>						
Aquanomics Systems Ltd	1,11,34,819	1,04,07,133	-	-	1,11,34,819	1,04,07,133
Ion Exchange Waterleau Ltd.	4,29,213	6,68,279	-	-	4,29,213	6,68,279
<b>Total</b>	<b>1,15,64,032</b>	<b>1,10,75,412</b>	<b>-</b>	<b>-</b>	<b>1,15,64,032</b>	<b>1,10,75,412</b>
<b>Services Received</b>						
Astha Technical Services Ltd.	13,00,272	15,72,457	-	-	13,00,272	15,72,457
Ion Exchange Waterleau Ltd.	89,17,390	73,17,513	-	-	89,17,390	73,17,513
<b>Total</b>	<b>1,02,17,662</b>	<b>88,89,970</b>	<b>-</b>	<b>-</b>	<b>1,02,17,662</b>	<b>88,89,970</b>
<b>Advances Given</b>						
Astha Technical Services Ltd.	5,000	6,812	-	-	5,000	6,812
Ion Exchange PSS Co. Ltd., Thailand	91,66,200	2,17,73,945	-	-	91,66,200	2,17,73,945
Ion Exchange Waterleau Ltd.	60,98,219	93,42,500	-	-	60,98,219	93,42,500
Ion Foundation	-	-	56,118	-	56,118	-
<b>Total</b>	<b>1,52,69,419</b>	<b>3,11,23,257</b>	<b>56,118</b>	<b>-</b>	<b>1,53,25,537</b>	<b>3,11,23,257</b>
<b>Advance Repaid</b>						
Ion Exchange PSS Co. Ltd., Thailand	-	1,15,44,202	-	-	-	1,15,44,202
Ion Exchange Waterleau Ltd.	62,50,000	28,48,948	-	-	62,50,000	28,48,948
Ion Foundation	-	-	56,118	-	56,118	-
<b>Total</b>	<b>62,50,000</b>	<b>1,43,93,150</b>	<b>56,118</b>	<b>-</b>	<b>63,06,118</b>	<b>1,43,93,150</b>
<b>Dividend Received</b>						
Aquanomics Systems Ltd	9,20,000	9,20,000	-	-	9,20,000	9,20,000
<b>Total</b>	<b>9,20,000</b>	<b>9,20,000</b>	<b>-</b>	<b>-</b>	<b>9,20,000</b>	<b>9,20,000</b>

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31st March 2017 (contd...)****38. RELATED PARTY DISCLOSURES (contd...)**

I. Transactions during the year with Related Parties except Entity having significant influence with outstanding balances as at year-end (contd.):

Amount (in Rupees)

<b>Nature of transaction</b>	<b>Parties referred to in (a) and (b) above</b>		<b>Parties referred to in (d), (e), (f) and (g) above</b>		<b>Total</b>	
	<b>2016-2017</b>	<b>2015-2016</b>	<b>2016-2017</b>	<b>2015-2016</b>	<b>2016-2017</b>	<b>2015-2016</b>
<b>Dividend Paid</b>						
Mr. Rajesh Sharma	-	-	23,43,654	23,43,654	23,43,654	23,43,654
Mr. Dinesh Sharma	-	-	17,65,563	17,65,563	17,65,563	17,65,563
Mr. Aankur Patni	-	-	7,64,004	7,64,004	7,64,004	7,64,004
Mr. Mahabir Prasad Patni	-	-	21,35,241	21,35,241	21,35,241	21,35,241
Dr. V. N. Gupchup	-	-	3,24,702	3,24,702	3,24,702	3,24,702
Mr. Abhiram Seth	-	-	2,25,000	2,25,000	2,25,000	2,25,000
Mr. T. M. M. Nambiar	-	-	1,68,600	1,68,600	1,68,600	1,68,600
Mr. P. Sampath Kumar	-	-	75,000	75,000	75,000	75,000
Relatives of Key Management Personnel	-	-	5,06,535	5,06,535	5,06,535	5,06,535
Ion Exchange Financial Products Pvt. Ltd.	1,51,266	1,51,266	-	-	1,51,266	1,51,266
Aquanomics Systems Ltd	3,000	3,000	-	-	3,000	3,000
<b>Total</b>	<b>1,54,266</b>	<b>1,54,266</b>	<b>83,08,299</b>	<b>83,08,299</b>	<b>84,62,565</b>	<b>84,62,565</b>
<b>Remuneration</b>						
Mr. Rajesh Sharma	-	-	3,42,20,726	3,23,32,950	3,42,20,726	3,23,32,950
Mr. Dinesh Sharma	-	-	1,54,86,683	1,44,04,134	1,54,86,683	1,44,04,134
Mr. Mahabir Prasad Patni	-	-	80,60,927	75,49,724	80,60,927	75,49,724
Mr. Aankur Patni	-	-	1,50,15,274	1,41,51,818	1,50,15,274	1,41,51,818
<b>Total</b>	<b>-</b>	<b>-</b>	<b>7,27,83,610</b>	<b>6,84,38,626</b>	<b>7,27,83,610</b>	<b>6,84,38,626</b>
<b>Director Sitting Fees</b>						
Mr. Rajesh Sharma	-	-	1,35,000	1,25,000	1,35,000	1,25,000
Mr. Dinesh Sharma	-	-	1,25,000	1,25,000	1,25,000	1,25,000
Mr. Aankur Patni	-	-	1,25,000	1,25,000	1,25,000	1,25,000
Mr. Mahabir Prasad Patni	-	-	4,00,000	3,00,000	4,00,000	3,00,000
Mr. V. N. Gupchup	-	-	10,80,000	10,20,000	10,80,000	10,20,000
Mr. T. M. M. Nambiar	-	-	6,10,000	6,50,000	6,10,000	6,50,000
Mr. Parthasarathy Sampath Kumar	-	-	2,75,000	3,25,000	2,75,000	3,25,000
Mr. Abhiram Seth	-	-	6,30,000	5,85,000	6,30,000	5,85,000
Mr. Shishir Tamotia	-	-	3,50,000	3,50,000	3,50,000	3,50,000
Mrs. Kishori Udeshi	-	-	6,75,000	7,10,000	6,75,000	7,10,000
<b>Total</b>	<b>-</b>	<b>-</b>	<b>44,05,000</b>	<b>43,15,000</b>	<b>44,05,000</b>	<b>43,15,000</b>
<b>Director Commission paid during the year</b>						
Mr. Mahabir Prasad Patni	-	-	8,00,000	-	8,00,000	-
Mr. V. N. Gupchup	-	-	8,00,000	-	8,00,000	-
Mr. T. M. M. Nambiar	-	-	8,00,000	-	8,00,000	-
Mr. Parthasarathy Sampath Kumar	-	-	8,00,000	-	8,00,000	-
Mr. Abhiram Seth	-	-	8,00,000	-	8,00,000	-
Mr. Shishir Tamotia	-	-	8,00,000	-	8,00,000	-
Mrs. Kishori Udeshi	-	-	8,00,000	-	8,00,000	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>56,00,000</b>	<b>-</b>	<b>56,00,000</b>	<b>-</b>
<b>CSR Expenses</b>						
Ion Foundation	-	-	74,20,000	75,63,577	74,20,000	75,63,577
<b>Total</b>	<b>-</b>	<b>-</b>	<b>74,20,000</b>	<b>75,63,577</b>	<b>74,20,000</b>	<b>75,63,577</b>

## **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31st March 2017 (contd...)**

### **38. RELATED PARTY DISCLOSURES (contd...)**

I. Transactions during the year with related parties except entity having significant influence with outstanding balances as at year-end (contd...)

Nature of transaction	Parties referred to in (a) and (b) above		Parties referred to in (d), (e), (f) and (g) above		Amount (in Rupees)	
	2016-2017	2015-2016	2016-2017	2015-2016	2016-2017	2015-2016
<b>Outstanding Loans and Advances</b>						
Aquaromics Systems Ltd	1,864	1,864	-	-	1,864	1,864
Ion Exchange Waterleau Ltd.	6,44,53,807	6,46,05,589	-	-	6,44,53,807	6,46,05,589
Ion Exchange PSS Co. Ltd., Thailand	1,93,98,623	1,02,29,743	-	-	1,93,98,623	1,02,29,743
Astha Technical Services Ltd.	1,91,729	1,86,729	-	-	1,91,729	1,86,729
Ion Exchange Financial Products Pvt. Ltd.**	24,75,134	24,75,134	-	-	24,75,134	24,75,134
<b>Total</b>	<b>8,65,21,157</b>	<b>7,74,99,059</b>	-	-	<b>8,65,21,157</b>	<b>7,74,99,059</b>
<b>Advance to Supplier</b>						
Astha Technical Services Ltd.	1,95,41,412	1,91,16,628	-	-	1,95,41,412	1,91,16,628
<b>Total</b>	<b>1,95,41,412</b>	<b>1,91,16,628</b>	-	-	<b>1,95,41,412</b>	<b>1,91,16,628</b>
<b>Outstanding Receivable (Net of Payable) excluding Loans and Advances</b>						
Aquaromics Systems Ltd	8,21,75,745	7,55,98,903	-	-	8,21,75,745	7,55,98,903
Ion Exchange Waterleau Ltd.	1,47,85,282	92,77,480	-	-	1,47,85,282	92,77,480
IEI Water-Tech (M) Sdn. Bhd., Malaysia	2,03,282	24,52,416	-	-	2,03,282	24,52,416
Ion Exchange PSS Co. Ltd., Thailand	4,66,55,053	2,99,20,493	-	-	4,66,55,053	2,99,20,493
<b>Total</b>	<b>14,38,19,362</b>	<b>11,72,49,292</b>	-	-	<b>14,38,19,362</b>	<b>11,72,49,292</b>
<b>Outstanding Payable (Net of Receivable) excluding Loans and Advances</b>						
Astha Technical Services Ltd.	5,39,784	13,23,341	-	-	5,39,784	13,23,341
<b>Total</b>	<b>5,39,784</b>	<b>13,23,341</b>	-	-	<b>5,39,784</b>	<b>13,23,341</b>
<b>Investment in Equity Shares</b>						
Aquaromics Systems Ltd	46,00,000	46,00,000	-	-	46,00,000	46,00,000
Astha Technical Services Ltd.	22,83,800	22,83,800	-	-	22,83,800	22,83,800
Ion Exchange Waterleau Ltd.	2,49,95,000	2,49,95,000	-	-	2,49,95,000	2,49,95,000
Ion Exchange Financial Products Pvt. Ltd.	24,500	24,500	-	-	24,500	24,500
Ion Foundation	-	-	10,000	10,000	10,000	10,000
Ion Exchange PSS Co. Ltd., Thailand	26,65,110	26,65,110	-	-	26,65,110	26,65,110
<b>Total</b>	<b>3,45,68,410</b>	<b>3,45,68,410</b>	<b>10,000</b>	<b>10,000</b>	<b>3,45,78,410</b>	<b>3,45,78,410</b>
<b>Corporate Guarantees Discharged</b>						
Ion Exchange Waterleau Ltd.	1,28,00,000	3,72,00,000	-	-	1,28,00,000	3,72,00,000
<b>Total</b>	<b>1,28,00,000</b>	<b>3,72,00,000</b>	-	-	<b>1,28,00,000</b>	<b>3,72,00,000</b>
<b>Corporate Guarantees (outstanding)</b>						
Aquaromics Systems Ltd	11,00,00,000	11,00,00,000	-	-	11,00,00,000	11,00,00,000
Ion Exchange PSS Co. Ltd., Thailand	5,29,53,813	5,26,19,958	-	-	5,29,53,813	5,26,19,958
Ion Exchange Waterleau Ltd.	-	1,28,00,000	-	-	-	1,28,00,000
<b>Total</b>	<b>16,29,53,813</b>	<b>17,54,19,958</b>	-	-	<b>16,29,53,813</b>	<b>17,54,19,958</b>

\* Gross amount has been considered.

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

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31st March 2017 (contd...)****38. RELATED PARTY DISCLOSURES (contd...)**

- II. Transactions during the year with Entity having significant influence with outstanding balances as at year-end:

Name of the related party	Amount (in Rupees)							
	Outstanding receivable		Loan given during the year		Loans repaid during the year		Dividend paid during the year	
	2016-2017	2015-2016	2016-2017	2015-2016	2016-2017	2015-2016	2016-2017	2015-2016
IEI Shareholding Trusts	20,64,57,000	21,25,09,000	-	-	60,52,000	61,26,000	79,88,742	79,88,742

- III. Stock Options granted and outstanding to key management personnel during the year: Nil (2015-2016 : Nil).

Investment made by the loanee in the shares of the company

Name of the Related Party	No. of shares as at	
	31st March 2017	31st March 2016
IEI Shareholding Trusts	26,62,914	26,62,914

39. In early 90s, the company had given loans to Employees' IEI Shareholding Trusts. The amount outstanding as at 31st March 2017 is Rs. 20,64,57,000 (2015-2016 : Rs. 21,25,09,000). The company has carried out valuation of the assets held by the Trusts. Considering the valuation, book value of the corpus of the trusts as on the balance sheet date and future opportunities, the management does not anticipate any ultimate loss arising out of these loans.
40. 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 company'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 Rs. 20.06 crores 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 agreement.

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 next date of hearing is fixed on 26th June 2017.

41. Other loans and advances includes maintenance expenses recoverable of Ion Exchange Enviro Farms Limited (IEEFL), which 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 Rs. 2,75,97,691 (2015-2016 : Rs. 2,82,66,499) as future returns from crop sales and sale of land will be available to recover the same.

42. Other loans and advances includes security deposit of Rs. 2,38,87,894 (2015-2016 : Rs. 2,56,97,178) 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 2017. IEEFL has conducted valuation of land and accordingly, provision of Rs. 55,82,922 (2015-2016 : Rs. 55,82,922) has been made as at 31st March 2017.

## **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31st March 2017 (contd...)**

43. Other loans and advances includes repurchase advance of Rs. 3,20,31,392 (2015-2016 : Rs. 3,27,32,699) paid by Ion Exchange Enviro Farms Limited (IEEFL) to investors for repurchase of agricultural land sold to them in earlier years, at prices announced by IEEFL from time to time. These amounts are paid to investors on their execution of an irrevocable Power of Attorney in favor of IEEFL's nominees for sale thereof at future date.
44. Capital expenditure incurred on research and development during the year is Rs. 1,10,40,981 (2015-2016 : Rs. 61,23,839). Revenue expenditure of Rs. 6,43,24,182 (2015-2016 : Rs. 5,47,41,612) incurred on research and development has been expensed to the statement of profit and loss under various expense heads.

### **45. LEASE**

#### **A. Operating Lease**

##### Group as lessee:

The Company has entered into lease agreements for certain items of plants and machineries and office premises. The lease agreement is for 3 to 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:

	<b>31st March 2017 Rupees</b>	<b>31st March 2016 Rupees</b>
Within one year	1,26,81,448	1,26,81,448
After one year but not more than five years	63,40,724	1,90,22,172
More than five years	-	-

##### Group 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.

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

	<b>31st March 2017 Rupees</b>	<b>31st March 2016 Rupees</b>
Within one year	1,02,59,424	92,55,789
After one year but not more than five years	76,94,568	1,79,53,992
More than five years	-	-

#### **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 Equipments. 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:-

	<b>31st March 2017 Rupees</b>	<b>31st March 2016 Rupees</b>
Total minimum lease payments at the year end	3,45,78,028	2,09,28,632
Less : Amount representing finance charges	46,73,332	27,30,461
Present value of minimum lease payments (Rate of interest: 4.95% p.a. to 10.94% p.a.)	2,99,04,696	1,81,98,171
Minimum lease payments :		
Not later than one year [Present value Rs.3,60,74,538 as on 31.03.2017 (Rs. 1,78,86,333 as on 31.03.2016)]	4,41,36,987	2,16,18,088
Later than one year but not later than five years [Present value Rs. 3,70,21,171 as on 31.03.2017 (Rs. 3,13,81,438 as on 31.03.2016)]	5,16,98,101	4,36,24,421

### **46. CAPITAL AND OTHER COMMITMENTS**

Estimated amount of contracts (net of advances) remaining to be executed on capital account not provided for is Rs. 2,23,71,839 (2015-2016 : Rs. 7,57,03,429).

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31st March 2017 (contd...)****47. CONTINGENT LIABILITIES**

Contingent liabilities not provided for:

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

- i) Associates – Rs. 16,29,53,813 (2015-2016 : Rs. 16,26,19,958)
- ii) Joint venture – Rs. Nil (2015-2016 : Rs. 1,28,00,000)
- iii) Others – Rs. 38,88,000 (2015-2016 : Rs. 38,88,000)

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

- i) Income tax – Rs. 2,98,06,322 (2015-2016 : Rs. 2,06,20,696)
- ii) Excise duty – Rs. 16,78,600 (2015-2016 : Rs. 16,78,600)
- iii) Service tax – Rs. 13,31,795 (2015-2016 : Rs. 10,52,535)
- iv) Sales tax / VAT – Rs. 1,37,04,207 (2015-2016: Rs. 18,59,983)
- v) Customs duty – Rs. 22,58,117(2015-2016 : Rs. 22,58,117)

(c) Claims against the company arising in the course of business not acknowledged as debts (to the extent ascertainable) Rs.4,47,41,178 (2015-2016 : Rs. 5,16,15,445).

Note: Future cash outflows/uncertainties, if any, in respect of above are determinable only on receipt of judgments/decisions pending with various forums/authorities.

**48. HEDGED / UNHEDGED FOREIGN CURRENCY EXPOSURE**

Particulars of Derivatives as at Balance Sheet date

Particulars	Particulars of derivative			
	2016-2017		2015-2016	
	Amount (Rs.)	Foreign currency	Amount (Rs.)	Foreign currency
Hedge of Import Creditors	7,08,69,428	USD 5,39,055 EURO 5,13,189	4,74,81,799	USD 7,15,588

Particulars of unhedged foreign currency exposure as at balance sheet date

Particulars	Particulars of derivative			
	2016-2017		2015-2016	
	Amount (Rs.)	Foreign currency	Amount (Rs.)	Foreign currency
Import payables	29,66,01,164	USD 38,99,605 EUR 5,24,210 GBP 310 AED 2,97,653 SAR 1,03,972 QAR 8,492 AUD 4,467	18,99,92,405	USD 27,01,822 EUR 31,987 GBP 310 AED 2,92,139 SAR 1,03,972 QAR 8,492 JPY 18,30,000
Export receivables	1,33,03,83,503	USD 1,80,34,440 EUR 29,237 AED 31,76,860 BHD 20,435 SAR 57,49,040	59,90,76,405	USD 47,29,866 EUR 20,315 AED 60,56,702 BHD 9,173 GBP 5,70,182 SAR 66,83,484
Foreign currency bank account	1,00,88,19,128	USD 1,54,54,376 AED 2,32,439 BHD 10,889 LKR 18,63,197	3,63,84,686	USD 1,32,949 AED 10,10,882 BHD 50,505 EUR 5,553
Foreign currency in hand	3,88,726	AED 21,027 BHD 100	466,495	AED 23,857 BHD 201

## **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31st March 2017 (contd...)**

### **49. 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)

	<b>31st March 2017 Rupees</b>	<b>31st March 2016 Rupees</b>
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	1,86,77,673	2,25,78,416
Interest due on above	6,89,661	3,62,083
	1,93,67,334	2,29,40,499
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.	31,71,661	18,07,707
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.	-	-

50. Back charges represent reimbursement of costs incurred by customers on the Group's behalf in the course of contract execution.
51. Capital advance includes amount of Rs. 25,33,481 (2015-2016 : Rs. 25,33,481) paid for acquiring furnished office premises at Hyderabad, the ownership of which is under legal dispute for which transfer formalities are in progress.
52. During the year 2016-2017 69,500 equity shares and 40,000 equity shares were allotted to employees and directors under ESOS 2001 and ESOS 2003 on 24th May 2016. Accordingly, dividend of Rs.3.00 per share (30%) declared at the annual general meeting held on 9th September 2016 was also paid to those shareholders (Book closures date being 9th September 2016).
53. The Board of Directors have recommended a dividend of Rs. 3.50 per share at their meeting held on 23rd May 2017. Pursuant to the Companies (Accounting Standards) Amendment Rules, 2016 applicable with effect from 1 April 2016, this dividend (including dividend distribution tax) will be recorded and paid post the approval of shareholders in the Annual General Meeting to be held on 15th September 2017 and, if approved would result in a cash outflow of Rs. 5,99,69,057, including corporate dividend tax.
54. In the current 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 Rs. 12,07,129 which is included in Reserves and Surplus as adjustment on change in investments in subsidiaries and associates.

In the previous year, 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 dated 28th October 2015, which became operational from 17th December 2015 (the date on which the order of the Hon'ble High Court of Judicature at Bombay has been filed with the Registrar of Companies, Mumbai by the Company). On amalgamation minority interest of Ion Exchange Infrastructure Limited is reduced by Rs. 2,57,56,852 which is included in Reserves and Surplus as adjustment on change in investments in subsidiaries and associates. Further, in the previous year amount of Rs. 1,49,601 is towards change in share holding of associates Astha Technical Services Limited.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31st March 2017 (contd...)**

- 55.** During the year, the company had Specified Bank Notes (SBNs) or other denomination notes as defined in the MCA notification, G.S.R. 308(E), dated 30th March 2017. The details of SBN's held and transacted during the period from 8th November 2016 to 30th December 2016, the denomination wise SBN's and other notes as per the notification are as follows:

Sr. no.	Particulars	Specified Bank Notes*	Other Denomination Notes	Amount (in Rupees)
				Total
(i)	Closing cash in hand as on 08.11.2016	86,57,500	33,22,974	1,19,80,474
(ii)	Add : Permitted receipts / cash withdrawals	-	1,06,38,500	1,06,38,500
(iii)	Less : Permitted payments	-	83,76,706	83,76,706
(iv)	Less : Amount deposited in banks	86,57,500	13,22,468	99,79,968
(v)	Closing cash in hand as on 30.12.2016	-	42,62,300	42,62,300

\* for the purpose of this clause, the term 'Specified Bank Notes' shall have the same meaning provided in the notification of the government of India, in the ministry of finance, department of economic affairs number S.O. 3407(e), dated 8th November 2016.

- 56.** 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.  
**57.** Previous year figures have been regrouped / reclassified wherever necessary, to conform to current year's classification.

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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

BHAVESH DHUPELIA  
*Partner*  
*Membership no.: 042070*

RAJESH SHARMA  
*Chairman & Managing Director*

M. P. PATNI  
*Director*

MILIND PURANIKA  
*Company Secretary*

Place : Mumbai  
 Date : 23rd May 2017

N. M. RANADIVE  
*Executive Vice President - Finance*

Place : Mumbai  
 Date : 23rd May 2017

**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 was acquired	Financial year ending on	Country of incorporation	Reporting currency	Exchange rate as at 31 March 2017	Share capital	Reserves and surplus	Total assets	Total liabilities	Investments (including investments in holding company, subsidiaries and associates)	Turnover (including other income)	Profit / (Loss) before taxation	Provision for taxation	Profit / (Loss) after taxation	Proposed dividend (including dividend already paid, if any)	% of share holding
1	Ion Exchange Enviro Farms Ltd.	21.08.1997	31.03.2017	India	INR	1.00	69.47 (2,380.81)	1,254.85 3,566.19	-	124.07 (291.02)	-	(291.02)	-	-	-	79.60	
2	Watercare Investments (India) Ltd.	01.04.1999	31.03.2017	India	INR	1.00	178.02	1.78	182.01	2.21	71.68	13.43	13.01	2.36	10.65	-	99.43
3	Aqua Investments (India) Ltd.	01.04.1999	31.03.2017	India	INR	1.00	177.02	29.12	208.16	2.02	72.73	17.58	17.16	2.97	14.19	-	99.42
4	Ion Exchange Asia Pacific Pte. Ltd.	12.08.2004	31.03.2017	Singapore	USD	64.8386	1,281.88 (991.16)	1,922.73 1,632.01	-	1,028.72 (276.80)	-	(276.80)	-	-	-	10.00	
5	Ion Exchange Asia Pacific (Thailand) Ltd. *	12.04.2007	31.03.2017	Thailand	THB	1,8895	75.58 (625.12)	711.32	1,260.86	-	164.09 (196.17)	-	(196.17)	-	-	-	10.00
6	IEI Environmental Management (M) Sdn. Bhd.	11.03.2004	31.03.2017	Malaysia	MYR	14.6688	36.67 (188.67)	112.79	264.79	-	6.24 (67.44)	-	(1.49) (65.95)	-	-	-	10.00
7	Ion Exchange Environment Management (BD) Ltd.	01.04.2006	31.03.2017	Bangladesh	BDT	0.8193	45.77	203.24	657.77	408.76	-	1,087.95 (1.20)	34.18	11.96	22.22	-	10.00
8	Ion Exchange WTS (Bangladesh) Ltd.	31.01.2010	31.03.2017	Bangladesh	BDT	0.8193	22.51 (28.23)	-	5.72	-	-	(1.20)	-	(1.20)	-	-	10.00
9	Ion Exchange LLC	01.03.2007	31.03.2017	USA	USD	64.8386	453.87 (762.34)	1,591.27 1,899.74	-	2,344.90 108.05	43.73	64.32	-	-	-	-	10.00
10	Ion Exchange And Company LLC	01.08.2006	31.03.2017	Oman	OMR	169.1137	507.34	584.20	1,614.37	522.83	-	1,944.43 (688.07)	204.86	25.43	179.43	177.57	51.00
11	Ion Exchange Projects And Engineering Ltd.	11.04.2011	31.03.2017	India	INR	1.00	1,521.52 (2,481.20)	7,308.35	8,268.03	9.84	4,777.97 (688.07)	-	-	-	-	91.81	
12	Global Composite And Structural Lts.	29.03.2012	31.03.2017	India	INR	1.00	293.55 (1,861.46)	1,726.72	3,294.63	5.00	150.18 (335.74)	-	(335.74)	-	-	73.92	
13	Total Water Management Services (India) Ltd.	01.04.2012	31.03.2017	India	INR	1.00	5.00	37.37	51.29	8.92	-	27.33	17.06	5.48	11.58	-	99.99
14	Ion Exchange Safic Pte. Ltd.	01.07.2012	31.03.2017	South Africa	ZAR	4,8405	0.05 (259.60)	185.04	444.59	-	569.28 (35.64)	-	(35.64)	-	-	-	60.00
15	Ion Exchange Purified Drinking Water Pvt. Ltd.	25.09.2013	31.03.2017	India	INR	1.00	1.00 (14.40)	1,912.08	1,925.48	-	1,419.32 (32.85)	(10.03) (22.82)	-	-	-	-	100.00

\* Holding through subsidiary company – Ion Exchange Asia Pacific Pte. Ltd., Singapore

Note :

Subsidiaries yet to commence operation : None  
Subsidiaries liquidated or sold during the year : None

<b>Part B : Associates and Joint Ventures</b>							
Sr. no.	Name of the Associates / Joint ventures	Joint venture	<b>Associates</b>				
			Ion Exchange Waterloo Ltd.	IEI Water-Tech (M) Sdn. Bhd. **	Astha Technical Services Ltd.	Aquanomics Systems Ltd	Ion Exchange Financial Products Pvt. Ltd.*
1	Latest audited Balance Sheet Date	31.03.2017	31.12.2016	31.03.2017	31.03.2017	31.03.2017	31.03.2017
2	Date on which the Associate or Joint Venture was associated or acquired	24.11.2005	06.07.2005	31.03.2006	31.03.2006	01.04.1999	30.09.2011
3	Share of Associate / Joint Ventures held by company on year end						
	- Number of shares	25,00,000	3,00,000	2,28,000	4,60,000	2,450	14,700
	- Amount of Investment (net of impairment, if any) (Rs. in Lacs)	250.00	-	22.84	46.00	0.25	26.65
	- Extent of holding %	50.00%	30.00%	44.89%	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.	N.A.
6	Net worth attributable to shareholding as per latest audited balance sheet (Rs. in Lacs)	(728.96)	-	4.72	241.51	(5.04)	(120.15)
7	Profit / (Loss) for the year						
	i. Considered in consolidation # (Rs. in Lacs)	(62.54)	-	(7.03)	64.94	-	-
	ii. Not considered in consolidation (Rs. in Lacs)	(62.54)	-	(8.62)	68.41	1.07	8.37

\* 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 : None

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

RAJESH SHARMA  
*Chairman & Managing Director*  
N. M. RANADIVE  
*Executive Vice President - Finance*

M. P. PATNI  
*Director*

MILIND PURANI  
*Company Secretary*  
Place : Mumbai  
Date : 23rd May 2017



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\*Valid up to 31.03.2018

**Ion Exchange (India) Ltd.**



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Zero B Intello 15/25 Ltrs.



Zero B Skid 15/25 Ltrs.

#### Zero B Softenizer



POU Softenizer



NGS Softenizer



NGMA (Carbon Filter)



NGMF (Sand Filter)



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**ION EXCHANGE**

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**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)

**53<sup>rd</sup> Annual General Meeting on Friday, 15<sup>th</sup> September, 2017 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:

1. Interested Joint Shareholders may obtain attendance slips from the Registered Office of the Company.
  2. 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

1. Name : ..... E-mail Id : .....  
Address.....  
.....  
or failing him  
.....
2. Name : ..... E-mail Id : .....  
Address.....  
.....  
or failing him  
.....
3. Name : ..... E-mail Id : .....  
Address.....  
.....  
Signature:.....

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 53<sup>rd</sup> Annual General Meeting of the company, to be held on the 15<sup>th</sup> day of September 2017 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:

1. Adoption of Audited standalone and Audited consolidated financial statements, Report of the Board of Directors and Auditors for the financial year ended March 31, 2017.
2. Approval of Dividend.
3. Appointment of Mr. M.P. Patni who retires by rotation and being eligible, offers himself for re-appointment.
4. Ratification of Appointment of Auditors.
5. Appointment of M/s. Charantimath Associates as Branch Auditors.
6. Ratification of remuneration of Cost Auditors.
7. Re-appointment of Mr. Rajesh Sharma as Chairman & Managing Director.

Signed this ..... day of ..... 20....

Affix
Revenue
stamp

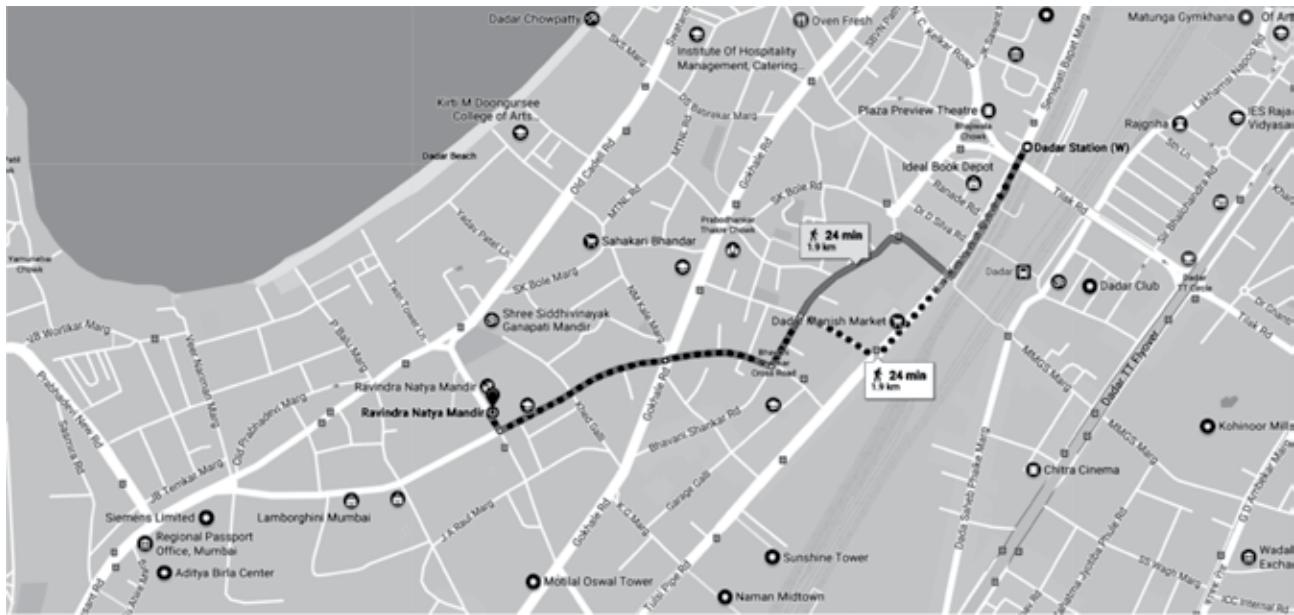
Signature of shareholder

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





NOTES

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**NOTES**

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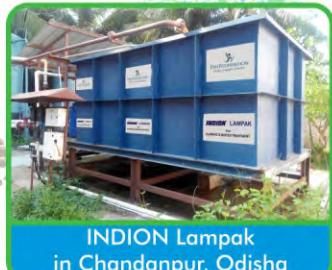
**10 Years at a Glance**

	Rs. in Lacs									
	2016-17	2015-16	2014-15	2013-14	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08
Turnover (including Other Income)*	98,643	84,462	76,975	74,365	80,078	68,274	59,975	51,840	45,474	50,979
Profit Before Tax	7,020	5,136	3,802	3,140	3,248	2,562	1,940	1,021	374	1,567
Tax (including Deferred Tax)	2,425	1,687	1,188	1,088	1,099	807	727	360	118	335
Fringe Benefit Tax	-	-	-	-	-	-	-	-	112	167
Profit After Tax	4,595	3,449	2,614	2,052	2,149	1,755	1,213	661	144	1,065
Dividend (%)	35%	30%	30%	20%	20%	20%	20%	15%	10%	20%
Share Capital **	1,467	1,456	1,453	1,453	1,448	1,356	1,343	1,273	1,269	1,266
Reserves & Surplus ***	28,114	23,544	20,570	18,626	16,938	14,857	13,381	12,166	11,581	11,409

\* Turnover is inclusive of excise.

\*\* Including share capital suspense account, if any.

\*\*\* Excluding revaluation reserve



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Schools in Wada



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of education, health & hygiene and environment.



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Health Camp at BESSO, Hosur



Vocational Training at Jeevan Asha  
Community Centre, Karjat, Maharashtra



Sarangpur Prathmik Shala,  
Ankleswar, Gujarat



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Hind Education Society, Goa



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Tel: +91 22 3989 0909 Fax: +91 22 2493 8737 E-mail: [ieil@ionexchange.co.in](mailto:ieil@ionexchange.co.in)  
Website: [www.ionindia.com](http://www.ionindia.com)