

August 5, 2019

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

BSE Company Code: 500214

Dear Sir/Madam,

Pursuant to Regulation 34(1) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed herewith Annual Report for the year ended 31st March, 2019 containing Notice of the 55th Annual General Meeting scheduled to be held on Friday, 30th August, 2019 at 11.00 a.m. at Mini Theatre, 3rd Floor, Ravindra Natya Mandir, P.L. Deshpande, Maharashtra Kala Academy, Near Siddhivinayak Temple, Sayani Road, Prabhadevi, Mumbai – 400 025.

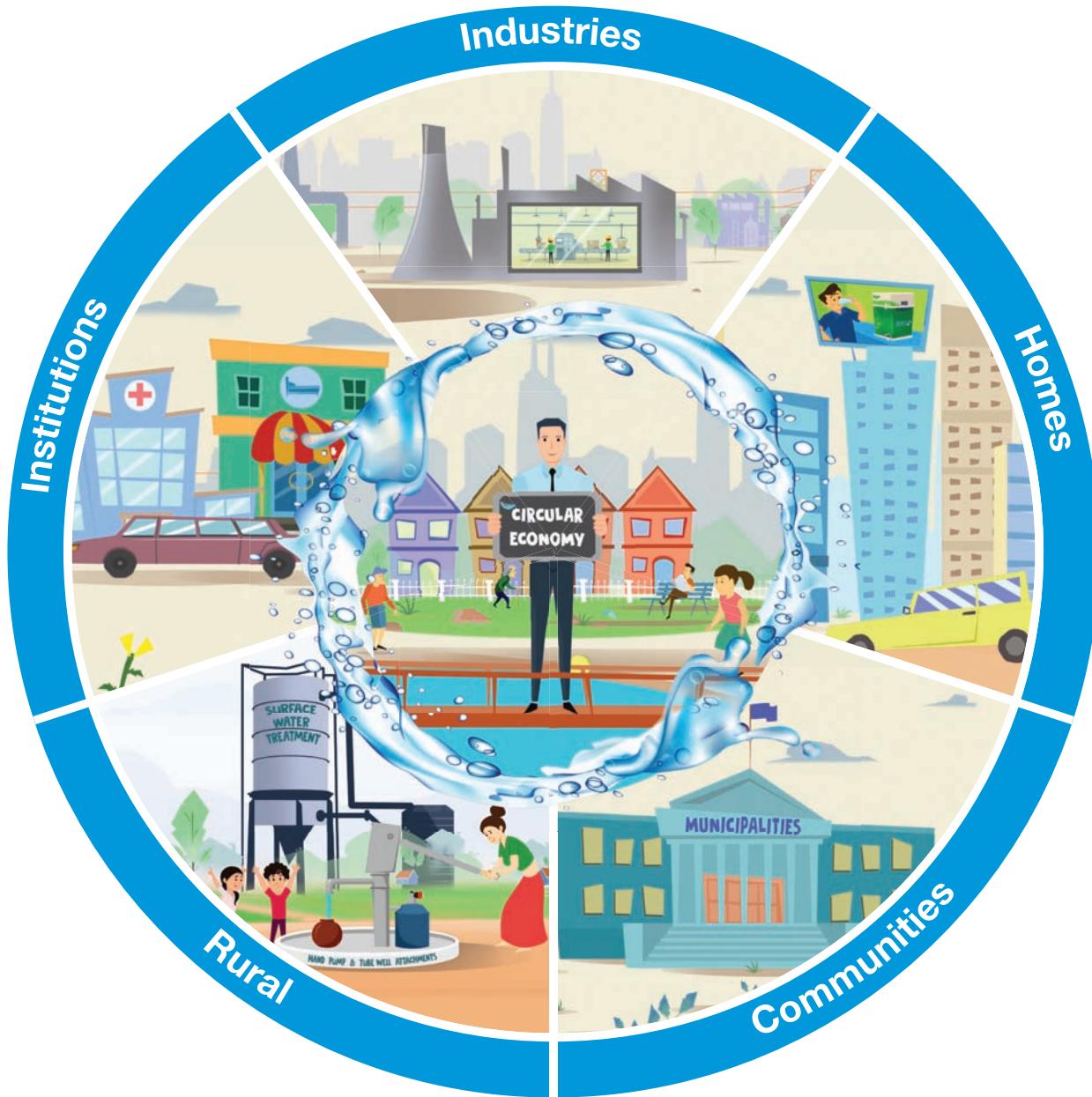
Please take the same on record.

Yours faithfully,
For Ion Exchange (India) Limited



Milind Puranik
Company Secretary

Encl: a/a

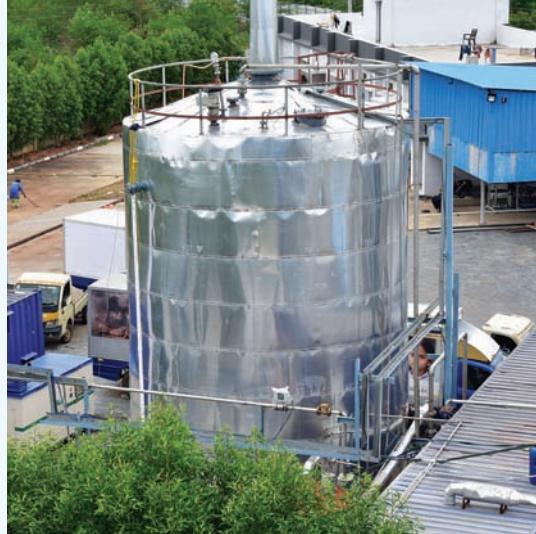


ANNUAL REPORT 2018-19

Total Environment Management Solutions



Advanced Clarification Technology for India's largest progressive Municipal Corporation



1st Decentralised Waste to Energy System



Total Water Management with Zero Liquid Discharge System for a major multinational Automobile manufacturer



Barge mounted High Purity water system for Reinjection for an oil major in UAE

Ion Exchange...

Leading the way towards a Circular Economy.

Society and businesses are rapidly moving towards a Circular Economy in response to the drawbacks of the conventional ‘take-make-consume-dispose’ models of growth, thus shifting towards sustainable development.

Presently, the water system is managed in a linear way and clearly not sustainable. The principles of circular economy for water transform the current linear water systems to the circular system.

Circular economy is a system of resource utilization which is based on reduction, reuse and recycling. Unlike a linear economy, it relies on a combination of strategies and innovative business models that close material loops, and focus on resource optimization and reduction in environmental impact. Thus for instance, circular economy in the context of water can significantly reduce water stress as it aims to reduce, reuse and recover resources to reduce water shortage.

Ion Exchange believes that while circular economy cannot completely eliminate water challenges, it can reduce them substantially. Our pioneering initiatives in sea water desalination, industrial and municipal effluent recycle, zero liquid discharge and product/resource recovery from processes and waste streams along with recovery of waste from energy, have been practiced by us from concept to commissioning. We have transformed our beliefs into solutions for a large number of customers in diverse industrial and municipal segments across the geographies we serve.

We are privileged to manage water and the environment better for more than five decades based on the profound vision - to be the leader in our business which is so vital to people’s lives and the environment. The concept of circular economy of water enables us to fulfill this vision using our strongest assets - our technological expertise, manufacturing capabilities, innovations, strategic foresight and most importantly our employees.

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. Sampath Kumar | Director |
| Mr. Abhiram Seth | Director |
| Mr. Shishir Tamotia | Director |
| Ms. Kishori J. Udeshi | Director |

REGISTERED OFFICE

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

BANKERS

Bank of India
Canara Bank
State Bank of India
Axis Bank
Punjab National Bank
Export-Import Bank of India
YES Bank
IDFC First Bank

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 Consultants Private Limited
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 Fifth Annual General Meeting of the members of Ion Exchange (India) Limited will be held on Friday, 30th August, 2019 at 11.00 a.m. at Mini Theatre, 3rd Floor, 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 Statement and Audited Consolidated Financial Statements of the Company for the financial year ended 31st March, 2019, 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.

SPECIAL BUSINESS

4. 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."

5. Approval 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 31st March, 2020, at a remuneration amounting to Rs. 3,50,000 (Rupees Three Lacs Fifty Thousand only) plus applicable taxes and out of pocket expenses incurred in connection with the aforesaid audit, be and is hereby ratified and confirmed."

6. Re-appointment of Dr. V. N. Gupchup as an Independent Director of the Company

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

"RESOLVED THAT pursuant to the provisions of sections 149 and 152 read with Schedule IV and other applicable provisions of the Companies Act, 2013 (the Act), Companies (Appointment and Qualification of Directors) Rules, 2014 and Regulation 25 read with Schedule II of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), Dr. V. N. Gupchup (DIN: 00042936) who was appointed as an Independent Director at the Fiftieth Annual General Meeting of the Company and who is eligible for re-appointment and who meets the criteria for Independence as provided under section 149 (6) of the Act along with rules framed thereunder and Regulation 16 (1) (b) of SEBI Listing Regulations and who has submitted a declaration to that effect and in respect of whom the Company has received a notice in writing from a member under Section 160 of the Act proposing his candidature for the office of Director, be and is hereby re-appointed as an Independent Director of the Company not liable to retire by rotation to hold office for a second term of Five years with effect from August 30, 2019 upto conclusion of 60th Annual General Meeting to be held in the year 2024."

7. Re-appointment of Mr. T.M.M.Nambiar as an Independent Director of the Company

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

"RESOLVED THAT pursuant to the provisions of sections 149 and 152 read with Schedule IV and other applicable provisions of the Companies Act, 2013 (the Act), Companies (Appointment and Qualification of Directors) Rules, 2014 and Regulation 25 read with Schedule II of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), Mr. T.M.M.Nambiar (DIN: 00046857) who was appointed as an Independent Director at the Fiftieth Annual General Meeting of the Company and who is eligible for re-appointment and who meets the criteria for Independence as provided under section 149 (6) of the Act along with rules framed thereunder and Regulation 16 (1) (b) of SEBI Listing Regulations and who has submitted a declaration to that effect and in respect of whom the Company has received a notice in writing from a member under Section 160 of the Act proposing his candidature for the office of Director, be and is hereby re-appointed as an Independent Director of the Company not liable to retire by rotation to hold office for a second term of Five years with effect from August 30, 2019 upto conclusion of 60th Annual General Meeting to be held in the year 2024."

8. Re-appointment of Mr. P. Sampath Kumar as an Independent Director of the Company

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

"RESOLVED THAT pursuant to the provisions of sections 149 and 152 read with Schedule IV and other applicable provisions of the Companies Act, 2013 (the Act), Companies (Appointment and Qualification of Directors) Rules, 2014 and Regulation 25 read with Schedule II of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), Mr. P. Sampath Kumar (DIN: 01087396) who was appointed as an Independent Director at the Fiftieth Annual General Meeting of the Company and who is eligible for re-appointment and who meets the criteria for Independence as provided under section 149 (6) of the Act along with rules framed thereunder and Regulation 16 (1) (b) of SEBI Listing Regulations and who has submitted a declaration to that effect and in respect of whom the Company has received a notice in writing from a member under Section 160 of the Act proposing his candidature for the office of Director, be and is hereby re-appointed as an Independent Director of the Company not liable to retire by rotation to hold office for a second term of Five years with effect from August 30, 2019 upto conclusion of 60th Annual General Meeting to be held in the year 2024."

9. Re-appointment of Mr. Abhiram Seth as an Independent Director of the Company

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

"RESOLVED THAT pursuant to the provisions of sections 149 and 152 read with Schedule IV and other applicable provisions of the Companies Act, 2013 (the Act), Companies (Appointment and Qualification of Directors) Rules, 2014 and Regulation 25 read with Schedule II of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), Mr. Abhiram Seth (DIN: 00176144) who was appointed as an Independent Director at the Fiftieth Annual General Meeting of the Company and who is eligible for re-appointment and who meets the criteria for Independence as provided under section 149 (6) of the Act along with rules framed thereunder and Regulation 16 (1) (b) of SEBI Listing Regulations and who has submitted a declaration to that effect and in respect of whom the Company has received a notice in writing from a member under Section 160 of the Act proposing his candidature for the office of Director, be and is hereby re-appointed as an Independent Director of the Company not liable to retire by rotation to hold office for a second term of Five years with effect from August 30, 2019 upto conclusion of 60th Annual General Meeting to be held in the year 2024."

10. Re-appointment of Mr. Shishir Tamotia as an Independent Director of the Company

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

"RESOLVED THAT pursuant to the provisions of sections 149 and 152 read with Schedule IV and other applicable provisions of the Companies Act, 2013 (the Act), Companies (Appointment and Qualification of Directors) Rules, 2014 and Regulation 25 read with Schedule II of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), Mr. Shishir Tamotia (DIN: 00428930) who was appointed as an Independent Director at the Fiftieth Annual General Meeting of the Company and who is eligible for re-appointment and who meets the criteria for Independence as provided under section 149 (6) of the Act along with rules framed thereunder and Regulation 16 (1) (b) of SEBI Listing Regulations and who has submitted a declaration to that effect and in respect of whom the Company has received a notice in writing from a member under

Section 160 of the Act proposing his candidature for the office of Director, be and is hereby re-appointed as an Independent Director of the Company not liable to retire by rotation to hold office for a second term of Five years with effect from August 30, 2019 upto conclusion of 60th Annual General Meeting to be held in the year 2024.”

11. Re-appointment of Ms. Kishori Udeshi as an Independent Director of the Company

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

“RESOLVED THAT pursuant to the provisions of sections 149 and 152 read with Schedule IV and other applicable provisions of the Companies Act, 2013 (the Act), Companies (Appointment and Qualification of Directors) Rules, 2014 and Regulation 25 read with Schedule II of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), Ms. Kishori Udeshi (DIN: 01344073) who was appointed as an Independent Director at the Fiftieth Annual General Meeting of the Company and who is eligible for re-appointment and who meets the criteria for Independence as provided under section 149 (6) of the Act along with rules framed thereunder and Regulation 16 (1) (b) of SEBI Listing Regulations and who has submitted a declaration to that effect and in respect of whom the Company has received a notice in writing from a member under Section 160 of the Act proposing his candidature for the office of Director, be and is hereby re-appointed as an Independent Director of the Company not liable to retire by rotation to hold office for a second term of Five years with effect from August 30, 2019 upto conclusion of 60th Annual General Meeting to be held in the year 2024.”

12. To consider and if, thought fit, to pass with or without modification(s), if any, the following resolution as 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 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. Dinesh Sharma as Executive Director for a period of 5 years commencing from 1st April, 2019 and to the payment of remuneration as set out in the agreement to be entered into by the Company with Mr. Dinesh 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. Dinesh 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 Executive Director, Mr. Dinesh 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 Executive Director, Mr. Dinesh 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 Executive Director, Mr. Dinesh 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.”

13. To consider and if, thought fit, to pass with or without modification(s), if any, the following resolution as 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 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. Aankur Patni as Executive Director for a period of 5 years commencing from 1st April, 2019 and to the payment of remuneration as set out in the agreement to be entered into by the Company with Mr. Aankur Patni.

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. Aankur Patni, 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 Executive Director, Mr. Aankur Patni, 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 Executive Director, Mr. Aankur Patni, 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 Executive Director, Mr. Aankur Patni 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
Mumbai, 29th May 2019

By Order of the Board

Milind Puranik
Company Secretary

NOTES :

1. A Member entitled to attend and vote at the Annual General Meeting (AGM) is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a Member of the Company. The instrument appointing the proxy, in order to be effective, must be deposited at the Company's Registered Office, duly completed and signed, not less than FORTY-EIGHT HOURS before the meeting. Proxies submitted on behalf of limited companies, societies, etc., must be supported by appropriate resolutions/authority, as applicable. A person can act as proxy on behalf of Members not exceeding fifty (50) and holding in the aggregate not more than 10% of the total share capital of the Company. In case a proxy is proposed to be appointed by a Member holding more than 10% of the total share capital of the Company carrying voting rights, then such proxy shall not act as a proxy for any other person or shareholder.
2. The Register of Members and the Share Transfer Books of the Company will remain closed from Thursday, 22nd August, 2019 to Friday, 30th August, 2019 (both days inclusive).
3. Details of Directors seeking appointment/re-appointment as required under Regulation 36 (3) of Listing Regulations and Secretarial Standards on General Meetings:

| | | | | |
|---------------------|--|--|--|---|
| Name | Mr. Dinesh Sharma | Mr. Aankur Patni | Mr. M.P.Patni | Ms.K.J.Udeshi |
| Date of Birth | 20.11.1964 | 14.03.1971 | 25.09.1945 | 13.10.1943 |
| Date of Appointment | 24.01.2006 | 24.01.2006 | 28.09.2001 | 27.05.2011 |
| Qualification | B.Sc. | B.Com., ACA,CISA | B.E. (Mechanical) | M.A. (Economics) |
| Expertise | Mr. Sharma has varied experience in the field of Marketing and Management. Presently he is the Chairman of M/s. Ultrafresh Modular Solutions Limited, specialized in manufacture and marketing of kitchen appliances. Besides being on the Board of various other Companies. | Mr. Patni has experience in Finance management & Information Technology. He was earlier associated with SBI Capital Market as AVP and currently is director on board of various other companies. | Mr. Patni has wide range of experience in the marketing of heavy and medium engineering equipments, water treatment plants and allied items since last 51 years. He has considerable exposure in handling large projects of national importance. | Ms. Udeshi was the Deputy Governor of RBI. She was the first executive Director of RBI to be appointed on the Board of SBI. As Deputy Governor, one of her portfolios was the regulation and supervision of the banking and non banking sector. As Deputy Governor she was on the Board of SEBI, NABARD, Exim Bank and was the Chairman of Bharatiya Reserve Note Mudran Pvt. Ltd., and Deposit Insurance and Credit Guarantee Corporation. |

| Name | Mr. Dinesh Sharma | Mr. Aankur Patni | Mr. M.P.Patni | Ms.K.J.Udeshi |
|---|---|---|--|---|
| Chairman/ Director of Other Companies | 1. Ultrafresh Modular Solutions Limited 2. CATA Appliances Ltd. 3. Ion Exchange Environment Management (BD) Ltd. 4. Total Water Management Services (India) Limited 5. Aquanomics Systems Ltd. 6. Rockmen Merchants Ltd 7. Ion Exchange Asia Pacific Pte. Ltd. (Singapore) 8. IEI Environmental Management (M) SDN. BHD. 9. Global Composites and Structural Limited 10. Ion Exchange Projects & Engineering Ltd. 11. Empower Electronics Limited | 1. Global Composites and Structural Ltd. 2. Aquanomics Systems Ltd. 3. Rockmen Merchants Ltd. 4. Ion Exchange Projects & Engineering Ltd. 5. Ion Exchange LLC, USA 6. Ion Exchange & Co. LLC, Oman 7. Ion Exchange Asia Pacific Pte. Ltd., Singapore 8. IEI Environmental Mngt(M) Sdn. Bhd, Malaysia 9. Total Water Management Services (India) 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) | 1. Elantas Beck India Limited 2. Haldyn Glass Limited 3. Thomas Cook (India) Limited 4. Shriram Transport Finance Company Limited. 5. Shriram Automall India Limited. 6. SOTC Travel Limited 7. Kalyan Jewellers India Limited 8. HSBC Asset Management (India) Pvt. Ltd. |
| Chairman/ Member of the committees of the Company and other Company(s) | Member of the following committees of Ultrafresh Modular Solutions Limited 1. Stakeholders Relationship Committee (Chairman) | | Member of the following committees of Ion Exchange (India) Ltd. 1. Employee Stock Option Compensation Committee (Chairman) 2. Nomination and Remuneration Committee 3. Corporate Social Responsibility committee Member of the following committees of Ion Exchange Projects & Engineering Ltd. 1. Audit Committee | Member of the following committees of Ion Exchange (India) Limited: 1. Stakeholders Relationship Committee 2. Corporate Social Responsibility Committee Member of the following committees of Haldyn Glass Ltd. 1. Audit Committee 2. Nomination and Remuneration Committee 3. Corporate Social Responsibility Committee Member of the following committees of Shriram Transport Finance Co. Ltd.: 1. Audit Committee 2. Corporate Social Responsibility Committee |

| Name | Mr. Dinesh Sharma | Mr. Aankur Patni | Mr. M.P.Patni | Ms.K.J.Udeshi |
|--|---|--|---|---|
| Chairman/ Member of the committees of the Company and other Company(s) | | | | <p>Member of the following committees of Thomas Cook (India) Limited:</p> <ol style="list-style-type: none"> 1. Audit Committee 2. Nomination and Remuneration Committee 3. Corporate Social Responsibility Committee <p>Member of the following committees of Shriram Automall India Limited:</p> <ol style="list-style-type: none"> 1. Audit Committee 2. Corporate Social Responsibility Committee <p>Member of the following committees of Elantas Beck India Limited:</p> <ol style="list-style-type: none"> 1. Corporate Social Responsibility Committee <p>Member of the following committees of SOTC Travel Ltd.:</p> <ol style="list-style-type: none"> 1. Nomination Remuneration Committee 2. Audit Committee (Chairperson) 3. Corporate Social Responsibility Committee <p>Member of the following committees of HSBC Asset Management (India) Pvt. Ltd Ltd.:</p> <ol style="list-style-type: none"> 1. Corporate Social Responsibility Committee (Chairperson) |
| Inter-se relationship between Directors and other Key Managerial Personnel | Mr. Dinesh Sharma and Mr. Rajesh Sharma are brothers. | Mr. Aankur Patni is the son of Mr. M.P. Patni. | Mr. M.P. Patni is the father of Mr. Aankur Patni. | She is not related to any of the Director or Key Managerial Personnel of the Company |
| Number of Board Meeting attended in a Year | 6 | 6 | 6 | 5 |
| Number of shares held in the Company | 588,521 | 254,668 | 711,747 | 350 |

| | | | | | |
|---------------------------------------|--|--|--|---|---|
| Name | Dr. V. N. Gupchup | Mr. Shishir Tamotia | Mr. T.M.M. Nambiar | Mr. Abhiram Seth | Mr. P. Sampath Kumar |
| Date of Birth | 08.01.1937 | 05.09.1949 | 25.05.1937 | 09.12.1951 | 27.12.1938 |
| Date of Appointment | 17.07.1995 | 24.05.2010 | 29.01.2003 | 25.07.2008 | 22.03.2005 |
| Qualification | B.E. (Civil), S.M., SC.D. | B.E.(Elec.), MBA | A.C.A. | B.A. (Hons) Economics, MMS | Chartered Engineer, U. K. Marine Engineer |
| Expertise | Dr. Gupchup has been active in the field of technical education for more than 44 years and has provided leadership in this field in the state of Maharashtra. He has contributed to various aspects of the development of technical education at the National level. | Mr. Shishir Tamotia had worked as CEO of Ispat Energy Limited - A Company in the business of Gas and Electricity. In his long illustrious career spanning over 32 years Mr. Tamotia has worked in various prestigious organizations such as Mahatransco, Global Energy Project Services, NTPC & PMI - Noida etc. | He had occupied senior positions in Associated Cement Company Ltd. and was the Managing Director of Associated Cement Company Ltd. from 1996 – 2002. | Mr. Abhiram Seth has more than three decades rich and varied professional experience in the area of sales and marketing including exports. Mr. Seth worked for Hindustan Lever and Pepsico India. He was the Chairman of Water Committee of FICCI and Food Regulatory Committee of CII and currently is director on the Board of various other Companies. | Mr. P. Sampath Kumar was holding the position of Chief Executive Officer of Gayatri Hitech Hotels. Prior to that he was President of Project Management & Implementation at Makers Development Services Pvt. Ltd. He was also in charge of developing the Bandra Kurla Maker Township consisting of High Tech office buildings, entertainment centre, shopping malls etc. |
| Chairman/ Director of Other Companies | 1. Ion Exchange Environment Management Limited. 2. The Mahindra United World College of India 3. Ion Exchange Projects & Engineering Limited | 1. Mamta Entertainment Pvt. Ltd | 1. Navin Fluorine International Ltd. 2. Hospital and Nursing Home Benefit Association 3. Ion Exchange Projects & Engineering Ltd. | 1. Motor General & Finance Ltd. 2. Aquagiri Processing Pvt. Ltd. 3. Ion Exchange Enviro Farms Ltd. 4. APT Biotech Pvt. Ltd. 5. Daawat Foods Pvt. Ltd. 6. Ion Exchange Projects & Engineering Ltd. 7. Aquagiri Green Tech Pvt. Ltd | |

| Name | Dr. V. N. Gupchup | Mr. Shishir Tamotia | Mr. T.M.M. Nambiar | Mr. Abhiram Seth | Mr. P. Sampath Kumar |
|---|---|---------------------|---|---|--|
| Chairman/ Member of the committees of the Company and other Company(s) | <p>Member of the following committees of Ion Exchange (India) Ltd.</p> <ol style="list-style-type: none"> 1. Stakeholders and Relationship Committee (Chairman) 2. Nomination Remuneration Committee (Chairman) 3. Audit Committee 4. Employee Stock Option Compensation Committee 5. Corporate Social Responsibility Committee (Chairman) <p>Member of the following committees of Ion Exchange Projects & Engineering Ltd.</p> <ol style="list-style-type: none"> 1. Nomination and Remuneration Committee (Chairman) 2. Audit Committee | | <p>Member of the following committees of Ion Exchange (India) Ltd.</p> <ol style="list-style-type: none"> 1. Audit Committee (Chairman) 2. Employee Stock Option Compensation Committee <p>Member of the following Committees of Navin Fluorine International Ltd.</p> <ol style="list-style-type: none"> 1. Audit Committee 2. Nomination and Remuneration Committee | <p>Member of the following committees of Ion Exchange (India) Ltd.</p> <ol style="list-style-type: none"> 1. Audit Committee 2. Nomination and Remuneration Committee <p>Member of the following committees of Motor & General Finance Ltd.</p> <ol style="list-style-type: none"> 1. Audit Committee 2. Nomination and Remuneration Committee 3. Stake Holders Relationship Committee (Chairman) <p>Member of the following committees of Ion Exchange Projects & Engineering Ltd:</p> <ol style="list-style-type: none"> 1. Audit Committee 2. Nomination and Remuneration Committee | <p>Member of the following committees of Ion Exchange (India) Ltd.</p> <ol style="list-style-type: none"> 1. Employee Stock Option Compensation Committee |
| Number of Board Meeting attended in a Year | 6 | 6 | 6 | 6 | 5 |
| Number of shares held in the Company | 108,526 | Nil | 56,200 | 78,750 | 50,000 |

4. Dividend, if declared at the meeting will be paid on or before 4th September, 2019 to those members (holding shares in physical form) whose names appear on the Register of members as on 30th August, 2019 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 Consultants Private Limited (TSRDCPL) to provide efficient and better services. Members holding shares in physical form are requested to intimate such changes to TSRDCPL.

6. Unclaimed Dividend for the period 2010-2011 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 2011-2012 and subsequent years are advised to write to our R&T.
7. Pursuant to the Provision of Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 (“the Rules”) which came into effect from 7th September, 2016 and further amended “the Rules” vide notification dated 28th February 2017, the Company is mandated to transfer all shares in the name of the Investor Education and Protection Fund (IEPF) DEMAT Account of the Authority in respect of which dividend has not been paid or claimed for seven consecutive years or more. The Company has transferred 9,215 shares to the Investor Education and Protection Fund Authority during the year 2018-19.
8. Nomination form can be obtained from our R&T, M/s.TSRDCPL. This form will have to be used by only those shareholders, holding in physical form & the same should be submitted to our R&T for registration. For shareholders, holding in dematerialized form, the nomination form prescribed by the Depository will have to be used and submitted with the Depository Participant.
9. Members seeking any information with regard to the Accounts are requested to write to the Company at an early date, so as to enable the Management to keep the information ready at the meeting.
10. Members are requested to produce the enclosed attendance slip duly signed as per the specimen signature(s) registered with the Company for admission to the meeting venue.
11. The Notice of the AGM along with the Annual Report 2018-19 is being sent by electronic mode to those Members whose e-mail addresses are registered with the Company/Depositories, unless any Member has requested for a physical copy of the same. For Members who have not registered their e-mail addresses, physical copies are being sent by the permitted mode.
12. To support the ‘Green Initiative’, the Members who have not registered their e-mail addresses are requested to register the same with TSRDCPL/Depositories.

13. Voting through electronic means

- I. In compliance with provisions of Section 108 of the Companies Act, 2013, Rule 20 of the Companies (Management and Administration) Rules, 2014 as amended by the Companies (Management and Administration) Amendment Rules, 2015 and Regulation 44 of SEBI 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 29th August, 2019.

Members have the option to request for physical copy of the Ballot Form by sending an email to investorhelp@ionexchange.co.in by mentioning their Folio/DP ID and client ID No. However, the duly completed Ballot Form should reach the Registered Office of the Company not later than 29th August, 2019.

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 26th August, 2019 (9:00 am) and ends on 29th August, 2019 (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 23rd August, 2019, may cast their vote by remote e-voting. The remote e-voting module shall be

disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by the member, the member shall not be allowed to change it subsequently.

VI. The process and manner for remote e-voting are as under:

- A. In case a Member receives an email from NSDL [for members whose email IDs are registered with the Company/ Depository Participants(s)] :

(i) Open email and open PDF file viz; "IONEX e-voting.pdf" with your Client ID or Folio No. as password. The said PDF file contains your user ID and password/PIN for remote e-voting. Please note that the password is an initial password.

(ii) Launch internet browser by typing the following URL: <https://www.evoting.nsdl.com/>

(iii) Click on 'Shareholders' - Login

(iv) A new screen will open. You will have to enter your User ID, your Password and a Verification Code as shown on the screen.

(Alternatively, if you are registered for NSDL eservices i.e. IDEAS, you can log-in at <https://eservices.nsdl.com/> with your existing IDEAS login. Once you log-in to NSDL eservices after using your log-in credentials, click on e-Voting and you can proceed to Step 2 i.e. Cast your vote electronically.)

(iv) Your User ID details are given below

a) For Members who hold shares in demat account with NSDL - 8 Character DP ID followed by 8 Digit Client ID

b) For Members who hold shares in demat account with CDSL - 16 Digit Beneficiary

c) For Members holding shares in Physical Form - EVEN Number followed by Folio Number registered with the company

(vi) If you are using NSDL e-Voting system for the first time, you will need to retrieve the 'initial password' which was communicated to you. Once you retrieve your 'initial password', you need to enter the 'initial password' and the system will force you to change your password.

(vii) How to retrieve your 'initial password'?

a) If your email ID is registered in your demat account or with the company, your 'initial password' is communicated to you on your email ID. Trace the email sent to you from NSDL from your mailbox. Open the email and open the attachment i.e. a .pdf file. Open the .pdf file. The password to open the .pdf file is your 8 digit client ID for NSDL account, last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The .pdf file contains your 'User ID' and your 'initial password'.

b) If your email ID is not registered, your 'initial password' is communicated to you on your postal address.

(viii) Home page of remote e-voting opens. Click on remote e-voting: Active Voting Cycles.

(ix) Select "EVEN" of "Ion Exchange (India) Limited".

a. Now you are ready for remote e-voting as Cast Vote page opens.

b. Cast your vote by selecting appropriate option and click on "Submit" and also "Confirm" when prompted.

c. Upon confirmation, the message "Vote cast successfully" will be displayed.

d. Once you have voted on the resolution, you will not be allowed to modify your vote.

e. Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer through e-mail to scrutinizers' email ID: vychakra@gmail.com with a copy marked to evoting@nsdl.co.in

- B. In case a Member receives physical copy of the Notice of AGM [for members whose email IDs are not registered with the Company/Depository Participants(s) or requesting physical copy] :
- (i) Initial password is provided in the enclosed ballot form: Even(E-Voting Event Number) User ID and Password.
 - (ii) Please follow all steps from Sl.No. (ii) to Sl. No. (ix) to cast vote.
 - (iii) In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Members and remote e-voting user manual for Members available at the downloads section of www.evoting.nsdl.com or call on toll free no.: 1800-222-990.
- VII. 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.
- VIII. 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).
- IX. 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 23rd August 2019.
- X. 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. 23rd August 2019 may obtain the login ID and password by sending a request at evoting@nsdl.co.in or to the Registrars M/s.TSR Darashaw Consultants Private Limited at csg-unit@tsrdarashaw.com.
- However, if you are already registered with NSDL for remote e-voting then you can use your existing user ID and password for casting your vote. If you forgot your password, you can reset your password by using "Forgot User Details/Password" option available on www.evoting.nsdl.com or contact NSDL at the following toll free no.: 1800-222-990.
- XI. 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.
- XII. 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.
- XIII. 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.
- XIV. The Chairman shall, (at the AGM), at the end of discussion on the resolutions on which voting is to be held, allow voting with the assistance of scrutineer, by use of "Ballot Paper" or "Polling Paper" for all those members who are present at the AGM but have not cast their votes by availing the remote e-voting facility.
- XV. 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.
- XVI. The Results declared alongwith the report of the Scrutinizer shall be placed on the website of the Company www.ionindia.com and on the website of NSDL immediately after the declaration of result by the Chairman or a person authorized by him in writing. The results shall also be immediately forwarded to the BSE Limited, Mumbai.

Registered Office:

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

By Order of the Board

Milind Puranik
Company Secretary

Mumbai, 29th May, 2019

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. 4 to 13 of the accompanying Notice:

Item No. 4

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 recommends the Resolution at Item No. 4 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. 4 of the accompanying Notice.

Item No. 5

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

Remuneration payable to M/s. Kishore Bhatia & Associates, Cost Auditors of the Company for the financial year ended March 31, 2020 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 29, 2019.

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 recommends the Resolution at item No. 5 for the approval by the Members.

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

Item Nos. 6 to 11

The members of the Company, at the 50th Annual General Meeting of the Company held on September 26, 2014 had approved the appointment of Dr. V.N. Gupchup, Mr. T.M.M.Nambiar, Mr. P.Sampath Kumar, Mr. Abhiram Seth, Mr. Shishir Tamotia and Ms. K.J. Udeshi, as Independent Directors of the Company to hold office for five years. As per Section 149(10) of the Companies Act, 2013 (the Act), an Independent Director shall hold office for a term of upto five consecutive years on the Board of a Company, but shall be eligible for re-appointment for further term of five consecutive years. The Company has received notices, pursuant to Section 160 of the Act, from member proposing the re-appointment of the aforesaid Independent Directors. Details of all the Independent Directors as stipulated under Regulation 36 of the SEBI (Listing Obligations and Disclosure Requirement) Regulations, 2015 (Listing Regulations), forms integral part of the Notice. In the opinion of the Board, the Independent Directors fulfill the conditions specified in sections 149 and 152 and Schedule IV of the Act read with the Companies (Appointment and Qualification of Directors) Rules, 2014 and Listing Regulations. Further, the aforesaid Independent Directors have given a declaration to the Board of Directors to the effect that they meet the criteria of independence as provided in Section 149(6) of the Act and that they are not disqualified from being appointed as a Director in terms of Section 164 of the Act.

The Board recommends the Special Resolutions at item Nos. 6 to 11 for the approval by the Members.

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

Item No. 12

The Board of Directors at its meeting held on 14th March, 2019 re-appointed Mr. Dinesh Sharma as Executive Director for a further period of 5 years commencing from 1st April, 2019. The Remuneration Committee and the Board approved the terms of remuneration payment at its meeting held on 14th March, 2019. 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.800,000/- (Rupees Eight Lacs only) per month. On the expiry of every 12 months from the effective date of this Agreement (i.e. 1 st April 2019) the basic salary shall stand increased by Rs.50,000/- (Rupees Fifty 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 | : | <ul style="list-style-type: none"> 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 Executive 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 Executive 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.300,000/- (Rupees Three Lacs only) for the Executive Director and his family, Allowance once a year incurred in accordance with the rules specified by the Company. |
| Educational Allowance | : | Rs.2,000/- per month |
| Medical Benefits | : | Reimbursement of medical expenses for the Executive Director, spouse and dependant 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.100,000/- (Rupees One 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 Executive Director, the Company has no profits or profits are inadequate, remuneration will be payable to the Executive Director as set out hereinabove.

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

1. Mr. Dinesh Sharma shall be entrusted with powers of management of the business of the Company. He shall faithfully and diligently serve the Company as Executive Director and exercise such other powers and functions as may be conferred on him by the Board.
2. Mr. Dinesh Sharma shall be posted in Mumbai.
3. Any discovery, invention made by Mr. Dinesh Sharma shall belong to the Company.
4. Mr. Dinesh Sharma shall maintain secrecy in regard to the affairs of the Company.
5. Mr. Dinesh Sharma shall not engage in any other business during the tenure of the Agreement.
6. The Company will reimburse Mr. Dinesh Sharma expenses incurred by him for traveling and entertainment in connection with the business of the Company.
7. So long as Mr. Dinesh Sharma functions as the Executive Director, he shall not be interested directly or indirectly in any selling agency of the Company.
8. Should Mr. Dinesh 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. Dinesh 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 Executive Director shall be entitled to and the Company shall accordingly pay to the Executive Director remuneration at the same rates specified in the schedule hereto.

11. After the termination of Mr. Dinesh Sharma's appointment he will not represent himself as being interested in the Company's business.

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

The Board recommends the Resolution at Item No. 12 for approval by the Members.

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. Rajesh Sharma as relative and Mr. Dinesh Sharma as the resolution is for his appointment and remuneration payment.

Item No. 13

The Board of Directors at its meeting held on 14th March, 2019 re-appointed Mr. Aankur Patni as Executive Director for a further period of 5 years commencing from 1st April, 2019. The Remuneration Committee and the Board approved the terms of remuneration payment at its meeting held on 14th March, 2019. 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.800,000/- (Rupees Eight Lacs only) per month. On the expiry of every 12 months from the effective date of this Agreement (i.e. 1 st April 2019) the basic salary shall stand increased by Rs.50,000/- (Rupees Fifty 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 | : | <ul style="list-style-type: none"> 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 Executive 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 Executive 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.300,000/- (Rupees Three Lacs only) for the Executive Director and his family, Allowance once a year incurred in accordance with the rules specified by the Company. |
| Educational Allowance | : | Rs.2,000/- per month |
| Medical Benefits | : | Reimbursement of medical expenses for the Executive Director, spouse and dependant 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.100,000/- (Rupees One 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 Executive Director, the Company has no profits or profits are inadequate, remuneration will be payable to the Executive Director as set out hereinabove.

The other terms and conditions of the appointment of Mr. Aankur Patni are as under:

1. Mr. Aankur Patni shall be entrusted with powers of management of the business of the Company. He shall faithfully and diligently serve the Company as Executive Director and exercise such other powers and functions as may be conferred on him by the Board.
2. Mr. Aankur Patni shall be posted in Kolkata.
3. Any discovery, invention made by Mr. Aankur Patni shall belong to the Company.
4. Mr. Aankur Patni shall maintain secrecy in regard to the affairs of the Company.
5. Mr. Aankur Patni shall not engage in any other business during the tenure of the Agreement.
6. The Company will reimburse Mr. Aankur Patni expenses incurred by him for traveling and entertainment in connection with the business of the Company.
7. So long as Mr. Aankur Patni functions as the Executive Director, he shall not be interested directly or indirectly in any selling agency of the Company.
8. Should Mr. Aankur Patni 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.Aankur Patni 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 Executive Director shall be entitled to and the Company shall accordingly pay to the Executive Director remuneration at the same rates specified in the schedule hereto.

11. After the termination of Mr. Aankur Patni's appointment he will not represent himself as being interested in the Company's business.

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

The Board recommends the Resolution at Item No. 13 for approval by the Members.

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. M.P.Patni as relative and Mr. Aankur Patni as the resolution is for his appointment and remuneration payment.

Registered Office:

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

By Order of the Board

Milind Puranik
Company Secretary

Mumbai, 29th May, 2019

DIRECTORS' REPORT

To

The Members,

Your Directors have pleasure in presenting the 55th Annual Report and Accounts for the year ended 31st March, 2019.

FINANCIAL RESULTS

The highlights of the financial results are as follows:

| | Year ended March 2019 (Rs. in Lacs) | Year ended March 2018 (Rs. in Lacs) |
|---|--|--|
| Profit before taxation | 10,110 | 7,283 |
| Less: Provision for taxation: | | |
| Current tax | 3,506 | 2,195 |
| Deferred tax | (55) | 313 |
| Profit after tax | 6,659 | 4,775 |
| Other comprehensive income/loss (Net of Taxes) | (52) | (18) |
| Add: Balance in Statement of Profit & Loss Account brought forward from Previous Year | 21,932 | 17,682 |
| Profit balance available for appropriation | 28,539 | 22,439 |
| Appropriations: | | |
| Dividend | (420) | (420) |
| Tax on dividend | (90) | (87) |
| Balance in Statement of Profit & Loss Account Carried Forward to Balance Sheet | 28,029 | 21,932 |

OPERATIONS

During the financial year ended 31st March, 2019, the net profit after tax of the company has increased to Rs. 6,659 Lacs, as compared to previous year's net profit after tax of Rs. 4,775 Lacs showing a mark improvement of 39.4% over the previous year. The turnover of the Company increased to Rs. 1,102 crores as compared to Rs. 994 crores of the previous year.

DIVIDEND

The Directors are pleased to recommend a dividend of Rs. 4.50 [45%] per equity share for the financial year ended 31st March, 2019.

FUTURE OUTLOOK

The Indian economy is projected to grow at the rate of 7.1% during 2019-20. The growth rates for the economy are gauged to be higher than the global growth rates at 3.5% for 2019-20 thus projecting a healthy growth even amidst growing global uncertainties. These projections could be attributed to the sustained rise in domestic consumption of goods and services with gradual revival in manufacturing capacities and investments in infrastructure development projects.

Industrial growth was modest during FY 2018-19 but it is expected to increase in the coming year. The manufacturing sector is expected to revive its growth led by increase in strong domestic consumption and exports.

The water and wastewater treatment market will continue to grow on account of increase in demand due to rapid urbanization, curbs on water pollution and implementation of stringent effluent disposal regulations. The demand for advanced wastewater treatment technologies in India is surging on account of increasing scarcity of water for industrial and domestic uses. Strict sewage disposal directives issued by Central Pollution Control Board (CPCB) necessitate efficient waste management. Implementation of Zero Liquid Discharge regulation by the government on industries, is expected to stimulate the wastewater treatment market even further.

In addition to this, ongoing schemes like development of 100 Smart Cities, the Atal Mission for Rejuvenation and Urban Transformation of 500 habitations, the Namami Gange Mission and the Swachh Bharat Mission are expected to pick up pace and will entail large investments in the municipal infrastructure segment where your company is cautiously and strategically building its position by creating references that can be leveraged in the future. However, the scale of investment and its sustainability will hinge largely on implementation of these projects.

As India marches ahead on its growth trajectory, your company continues to expand its business in the international market where it is now recognized as a quality supplier of Ion Exchange resins, specialty chemicals, membranes and a turnkey EPC supplier for customized water and waste treatment plants. With an innovative and strong product portfolio in engineering, chemicals and services focused customer-centric initiatives

and a strategic foresight to offer total water and environment management solutions, your company is confident of maintaining robust domestic and export growth in coming years.

FINANCIAL RESOURCES

Fixed Deposits

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

Particulars of Loans, Guarantees or Investments

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

SUBSIDIARY COMPANIES

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

During the year ended 31st March, 2019, the Subsidiary companies M/s. Aqua Investments (India) Limited posted profit after tax of Rs. 15.62 Lacs compared to Rs. 17.93 Lacs of the previous year and M/s. Watercare Investments (India) Ltd. posted profit after tax of Rs. 13.08 Lacs compared to Rs. 11.94 Lacs of the previous year.

Ion Exchange Enviro Farms Limited (IEEFL)

During the year ended 31st March 2019, the Company achieved a turnover of Rs. 68.07 Lacs as against Rs. 69.40 Lacs in the previous year.

Company's Appeal at Securities Appellate Tribunal (SAT) against SEBI remains pending and is expected to be taken for final hearing shortly.

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

The Company achieved a consolidated turnover of Rs. 721.95 Lacs for the year under review.

The Company's initiatives of restructuring the operations have started yielding results. The Company will continue its focus on chemical business and on select infrastructure opportunities in the region.

IEI Environmental Management [M] SDN.BHD, Malaysia

The Company achieved a turnover of Rs. 17.96 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. 1,283.23 Lacs for the year under review.

The company's main focus continues in the area of industrial water and waste water treatment and is poised for its foray into select infrastructure projects.

Ion Exchange WTS (Bangladesh) Limited, Bangladesh

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

The Company is currently not in operation.

Ion Exchange & Co. LLC, Oman

The Company achieved a turnover of Rs. 2,237.31 Lacs for the year under review as against Rs. 1,821.57 Lacs for the previous year. It registered a profit after tax at Rs. 202.39 Lacs as compared to Rs.160.26 Lacs for previous year.

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

The Company's efforts in cost optimization and improvement in operating efficiencies has started yielding good results. The contract with PDO which is a central oil exploration company of Oman has been renewed for another five years and the JV continues to make profit as in the past years.

The company is exploring opportunities in O & M sector and infrastructure sector for drinking water and small sewage treatment plants.

Ion Exchange LLC, USA

The Company achieved a turnover of Rs. 5,451.05 Lacs for the year under review as against Rs. 2,609.39 Lacs for the previous year showing improvement of 109%.

The Companies continued focus of Ion Exchange Resins helped it to penetrate in North American market which helped in doubling the turnover. Increased turnover and focus to promote Specialty Resins has helped in improving the profitability after tax from Rs. 102.06 Lacs to Rs. 243.01 Lacs.

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

Ion Exchange Projects and Engineering Limited

The Company achieved a turnover of Rs. 3,281.87 Lacs for the year under review.

The Company has provided project Management services and design services to the parent company for its ongoing contracts which ensured better utilisation of its resources thus resulting profit after tax of Rs. 33.84 Lacs as compared to loss of Rs. 53.77 Lacs during the previous year.

Global Composites and Structural Limited

The Company achieved a turnover of Rs. 983.01 Lacs for the year under review.

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

Ion Exchange Safic (Pty) Limited, South Africa

The Company achieved a turnover of Rs. 794.68 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.

Due to the dwindling South African economy fresh Investments were deferred which impacted the turnover of the Company.

Total Water Management Services (India) Ltd.

The Company achieved a turnover of Rs. 19.86 Lacs for the year under review.

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

Ion Exchange Purified Drinking Water Pvt. Ltd.

The Company achieved a turnover of Rs. 1,489.20 Lacs for the year under review.

The Company achieved Net Profit after Tax of Rs. 66 Lacs as compared to the previous year's Profit after Tax of Rs. 30.76 Lacs.

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

Ion Exchange Environment Management Limited

The Company achieved a turnover of Rs. 155.36 Lacs for the year under review.

During the year, your Company acquired entire share holding of Waterleau Group N.V., a Belgium based Company. The Company has become our wholly owned subsidiary with effect from 20th August, 2018. The name of the Company has been changed from Ion Exchange Waterleau Limited to Ion Exchange Environment Management Limited with effect from 21st December, 2018.

The Company is in the business of providing advanced environmental solutions and services for industrial, infrastructure and municipal applications.

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 of the company, retires by rotation and being eligible has offered himself for re-appointment.

Pursuant to the provisions of the Section 149 of Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Dr. V. N. Gupchup, Mr. T. M. M. Nambiar, Mr. P. Sampath Kumar, Mr. Abhiram Seth, Mr. Shishir Tamotia and Ms. Kishori Udeshi, are being re-appointed as Independent Directors of the Company for a further period of Five years.

The Companies Act, 2013, provides for the appointment of Independent Directors. Sub-section (10) of Section 149 of the Companies Act, 2013 provides that Independent Directors shall hold office for a term of up to five consecutive years on the board of a company and shall be eligible for re-appointment on passing of a special resolution by the shareholders of the

Company. Accordingly, all the Independent Directors, who were appointed by the shareholders at the general meeting, held on 26th September, 2014 seek re-appointment for a further period of five years commencing from ensuing AGM until the conclusion of sixtieth AGM to be held in the year 2024.

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

BOARD PERFORMANCE EVALUATION

Pursuant to the provisions of the Section 149 Companies Act, 2013 and the Listing Regulations, the Board has carried out an annual performance evaluation of its own performance, the directors individually, as well as the evaluation of the working of its Committees. The evaluation was done after taking into consideration the criteria laid down by Nomination and Remuneration committee. The criteria for evaluation included participation in deliberations, specific contributions made, compliance with company's code of conduct, carrying out assigned tasks in timely and efficient manner and planning and formulating the company's strategies. The performance evaluation of Independent Directors was carried out by the entire Board. The performance evaluation of the Chairman, non-independent Directors and the Board was carried out by Independent Directors. The Board of Directors expressed satisfaction with the evaluation process.

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

DIRECTORS' RESPONSIBILITY STATEMENT

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

- (i) in the preparation of the annual accounts for the year ended 31st March, 2019, the applicable accounting standards have been followed along with proper explanation given relating to material departures, if any;
- (ii) appropriate accounting policies have been selected and applied consistently and judgments and estimates were made that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period;
- (iii) proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities have been taken to the best of their knowledge;

- (iv) the annual accounts have been prepared for the financial year ended 31st March, 2019 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 2018-19 forms part of the Corporate Governance Report.

WHISTLE BLOWER POLICY

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

RELATED PARTY TRANSACTIONS

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

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

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

PARTICULARS OF EMPLOYEES

The information required pursuant to Section 197 read with Rule 5 of The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 in respect of employees of the Company, will be provided upon request. In terms of Section 136 of the Act, the Report and Accounts are being sent to the Members and others entitled thereto, excluding the information on employees' particulars which is available for inspection by the Members at the Registered Office of the Company during business hours on working days of the Company up to the date of the ensuing Annual General Meeting. If any Member is interested in obtaining a copy thereof, such Member may write to the Company Secretary in this regard.

SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS.

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

QUALITY INITIATIVES

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

The resin facility at Ankleshwar has also obtained renewed prestigious certificates like WQA-Gold seal certificate from Water Quality Association- USA, Kosher Certificate from the Kashruth council of Canada, Halal certificate from the Manjellis Ulama Indonesia. The Indonesia Council of Ulama, EU certificate from Central Drugs Standard Control Organisation, New Delhi, WHO/GMP, GMP (Good Manufacturing Practice) and GLP (Good Laboratory Practice) certificate from the food and drug control administration Gujarat state.

The Chemical facility at Patancheru is Halal certified by Halal India. Halal India is recognized by IHI (International Halal Integrity Alliance, Malaysia) and is a recognised member with the World Halal Council. This facility is also certified for few of the products for NSF/ANSI 60 certificate by UL India Pvt Limited, affiliated to UL International.

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 improvement 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.

As per Section 40 of the Companies Amendment Act, 2017 (amending Section 139 of the Companies Act, 2013) notified on 7th May, 2018, ratification of Statutory Auditor's appointment is not required at every Annual General Meeting. Accordingly, resolution for ratification of appointment of Statutory Auditors is not proposed.

Branch Auditors

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

Cost Auditors

Pursuant to Section 148 of the Companies Act, 2013 read with The Companies (Cost Records and Audit) Amendment Rules, 2014, the cost audit records maintained by the Company in respect of its Chemicals Manufacturing activity is required to be audited. Your Directors had, on the recommendation of the Audit Committee, appointed M/s. Kishore Bhatia & Associates to audit the cost accounts of the Company for the financial year ending 31st March 2019. 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

In accordance with the Companies Act, 2013 (The Act), read with the Companies (Accounts) Rules, 2014, SEBI (Listing Regulations) and Ind AS 110 – Consolidated Financial Statements and Ind AS 28 – Investment in Associates and Joint Venture – the audited consolidated financial statements are provided in this report.

The consolidated financial statements have been prepared on the basis of the audited financial statements of the company, its Subsidiaries, Joint Venture and Associate companies, as approved by their Board of Directors.

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.

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.

ANNUAL RETURN

The annual return of the Company as required under the Companies Act, 2013 will be available on the website of the Company (www.ionindia.com).

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 I".

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 Companies (Corporate Social Responsibility Policy) Rules, 2014 is set out as "Annexure II" forming part of this report.

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

Information in accordance with Section 134 (3) (m) of the Companies Act 2013 read with the Companies (Accounts) Rules, 2014 and forming part of this Report for the year ended 31st March, 2019 is given in "Annexure III".

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: 29th May, 2019

Annexure I
FORM MR - 3
SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED 31st MARCH, 2019

[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 31st March, 2019 complied with the statutory provisions of the applicable acts listed hereunder and also that the Company has proper Board-processes and compliance- mechanism in place to the extent, in the manner and subject to the reporting made hereinafter :

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company, for the financial year ended on 31st March, 2019 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) viz:-
 - 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 (Listing Obligations and Disclosure Requirements) Regulations, 2015.
 - d) 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.
 - e) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009; **[Not applicable during the period of audit].**
 - f) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and SEBI (Share based Employee Benefits) Regulations, 2014; **[Not applicable during the period of audit].**
 - g) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; **[Not applicable during the period of audit].**
 - h) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; **[Not applicable during the period of audit].**

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

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

- a) Secretarial Standards issued by The Institute of Company Secretaries of India;
- b) The Listing Agreement entered into by the Company with BSE Limited read with the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

During the 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 proper balance of Executive Directors, Non-Executive Directors and Independent Directors. There were no changes in the composition of the Board of Directors that took place during the period under review.

Adequate notice is given to all Directors to schedule the Board Meetings, Board Committee Meetings, agenda and detailed notes on agenda were sent well in advance and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting. As per the minutes of the meetings duly recorded and signed by the Chairman, the decisions of the Board were unanimous and no dissenting views have been recorded.

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

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

We further report that during the 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 PRABHAT MAHESHWARI]

PARTNER

FCS No. : 2405

COP No. : 1432

Place: Mumbai

Date: 29th May, 2019

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 PRABHAT MAHESHWARI]

PARTNER

FCS No. : 2405

COP No. : 1432

Place: Mumbai

Date: 29th May, 2019

Annexure II

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 was approved by the Board of Directors at its Meeting held on 17th March, 2015 and has been uploaded 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

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. 621,956,109/-
4. Prescribed CSR Expenditure (2% per cent of the amount as in item 3 above): Rs.12,439,122/-
5. Details of CSR spent during the financial year.
 - (a) Total amount spent during the financial year: Rs.12,440,000/-
 - (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 State & Dist. where project/ program was undertaken | Amount outlay (budget) project or program-wise | Amount spent on the projects or programs Sub-heads (1) Direct expenditure on projects or programs (2) Overheads | Cumulative exp upto reporting period | Amount spent: Direct / thru implementing agency |
|---------|--|---------------------------------|--|--|---|--------------------------------------|---|
| 1 | Teaching expenses, stationery, drainage pipe connection, soak pit : Chitkul Primary School(400 students) | Education, Sanitation | Medak, Telangana | 387,000 | 298,449 | 298,449 | 298,449 (Direct) |
| 2 | Teaching expenses, construction of toilets : Zilla Parishat High School (340 students) | Education, Sanitation | Lakdaram, Telangana | 362,000 | 338,660 | 338,660 | 338,660 (Direct) |

| Sr. No. | CSR project or activity identified | Sector in which project covered | Projects or programs (1) Local area or other (2) Specify State & Dist. where project/ program was undertaken | Amount outlay (budget) project or program-wise | Amount spent on the projects or programs Sub-heads (1) Direct expenditure on projects or programs (2) Overheads | Cumulative exp upto reporting period | Amount spent: Direct / thru implementing agency |
|---------|--|---------------------------------|--|--|---|--------------------------------------|---|
| 3 | Tree plantation, computers : New Gurukul Girls High School cum Jr Colleges (600 students) | Environment, Education | Isnapur, Telangana | 260,000 | 250,290 | 250,290 | 250,290 (Direct) |
| 4 | Bore well and motor pump: New Gurukul Girls High School cum Jr Colleges (640 students) | Water | Chitkul, Telangana | 136,200 | 108,960 | 108,960 | 108,960 (Direct) |
| 5 | School infrastructure development at Aanganwadi Play School (50 children) | Education | Lakdaram, Telangana | 65,400 | 30,400 | 30,400 | 30,400 (Direct) |
| 6 | Stationery & Drinking water unit at Mucharla Primary School (82 students) | Education Drinking Water | Sangareddy, Telangana | 52,000 | 27,473 | 27,473 | 27,473 (Direct) |
| 7 | Telangana Ku Haritha Haram" massive tree plantation program by District Collector, Sangareddy thru Telangana Pollution Control Board | Environment | Sangareddy, Telangana | 100,000 | 100,000 | 100,000 | 100,000 (Direct) |
| 8 | Educational assistance & Health & Hygiene support to Timbaktu Collective (50 students) | Education Health & Hygiene | Anantapur, Andhra Pradesh | 247,344 | 247,344 | 247,344 | 247,344 (through implementing agency) |
| 9 | Education, Stationery, Health related assistance to Home of Faith Charitable Trust & Orphanage (45 students) | Education, Health | Kothanur, Bangalore, Karnataka | 55,550 | 55,550 | 55,550 | 55,550 (through implementing agency) |
| 10 | Tuition teaching : SoCare Ind (60 students) | Education | Rajajinagar, Bangalore, Karnataka | 150,000 | 150,000 | 150,000 | 150,000 (through implementing agency) |
| 11 | Education, Stationery, Health related assistance & Health & Hygiene support to Shishu Mandir Orphanage & School (245 students) | Education, Health | Hella Nagar, Bangalore, Karnataka | 150,000 | 150,000 | 150,000 | 150,000 (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 State & Dist. where project/ program was undertaken | Amount outlay (budget) project or program-wise | Amount spent on the projects or programs Sub-heads (1) Direct expenditure on projects or programs (2) Overheads | Cumulative exp upto reporting period | Amount spent: Direct / thru implementing agency |
|---------|--|---------------------------------|--|--|---|--------------------------------------|---|
| 12 | Therapy related support to special children at Tamahar Trust (60 beneficiaries) | Education | Malleshwaram, Bangalore, Karnataka | 200,000 | 200,000 | 200,000 | 200,000 (through implementing agency) |
| 13 | Educational activites relating to Water Sanitation and Hygiene to teachers and children in 16 Govt. Schools, thru VOICE Foundation (350 beneficiaries) | Education | Kadambathur Block, Tiruvallur Dist., Tamil Nadu | 184,000 | 184,000 | 184,000 | 184,000 (through implementing agency) |
| 14 | Disaster Mgt Unit and water purifiers for Kerala Flood Relief | Water | Kochi, Kerala | 296,000 | 291,696 | 291,696 | 291,696 (direct) |
| 15 | Remedial education to Kids Centre (55 students) | Education | Ferns Road, Kolkatta, West Bengal | 302,580 | 302,580 | 302,580 | 302,580 (through implementing agency) |
| 16 | Conservation of Environment : The Nature Volunteers : National Environment (Wildlife and Water) Film Fest 17-19 May 2018 | Environment | Indore, Madhya Pradesh | 250,000 | 250,000 | 250,000 | 250,000 (direct) |
| 17 | Educational assistance to Bethesda Life Centre (96 students) | Education | Santa Cruz, Goa | 75,000 | 75,000 | 75,000 | 75,000 (through implementing agency) |
| 18 | Laptop to Govt. Primary School (20 students) | Education | Malcornem, Goa | 50,000 | 34,000 | 34,000 | 34,000 (direct) |
| 19 | Educational assistance to Lokvishwas Pratistan (40 physically challenged students) | Education | Ponda, Goa | 25,000 | 25,000 | 25,000 | 25,000 (direct) |
| 20 | Educational assistance to St. Joseph's Convent (150 students) | Education | Verna, Goa | 50,000 | 50,000 | 50,000 | 50,000 (direct) |
| 21 | Water purifiers to Perpetual Succour Convent High School (1,171 students) | Water | Navelim, Salcete, Goa | 15,000 | 13,010 | 13,010 | 13,010 (direct) |

| Sr. No. | CSR project or activity identified | Sector in which project covered | Projects or programs (1) Local area or other (2) Specify State & Dist. where project/ program was undertaken | Amount outlay (budget) project or program-wise | Amount spent on the projects or programs Sub-heads (1) Direct expenditure on projects or programs (2) Overheads | Cumulative exp upto reporting period | Amount spent: Direct / thru implementing agency |
|---------|--|---------------------------------|--|--|---|--------------------------------------|---|
| 22 | Tuition and teaching assistance to Hind Education Society (25 students) | Education | Cuncolim, Salcete, Goa | 210,000 | 210,000 | 210,000 | 210,000 (direct) |
| 23 | The Collector, 'Sujalam Suflam Jal Abhiyan' project thru Ankl Industries Assoc. | Water conservation | Kosamdi Village, Ankleshwar, Gujarat | 100,000 | 100,000 | 100,000 | 100,000 (through implementing agency) |
| 24 | Speech Therapist at Aapulki Special School (60 students) | Education | Wai, Dist. Satara, Maharashtra | 120,000 | 120,000 | 120,000 | 120,000 (direct) |
| 25 | Teaching assistance to Vasundhara Charitable Trust, 'Science on Wheels' project and Science Laboratory (18452 beneficiaries) | Education | Sindhudurg, Maharashtra | 408,000 | 408,000 | 408,000 | 408,000 (through implementing agency) |
| 26 | Water treatment and Sewage Treatment plants to Om Creations (Om Abode) 320 beneficiaries | Water resource development | Khandpe, Karjat, Raigad, Maharashtra | 18,00,000 | 15,34,944 | 15,34,944 | 1,534,944 (direct) |
| 27 | Educational assistance to educational 'Project Anando' of Light of Life Trust (35 students) | Education | Karjat, Raigad, Maharashtra | 336,000 | 336,000 | 336,000 | 336,000 (through implementing agency) |
| 28 | E-teach English program at ZP Schools thru Women In Need Given Support (WINGS Foundation) 1380 beneficiaries | Education | Palghar, Maharashtra | 176,000 | 176,000 | 176,000 | 176,000 (through implementing agency) |
| 29 | E-Teach English to vernacular primary schools through Learning Space Foundation (3441 students) | Education | Wada, Dist. Palghar, Maharashtra | 469,500 | 469,500 | 469,500 | 469,500 (through implementing agency) |
| 30 | Construction of toilets: Anand Laxman Vidyalaya thru NGO Habitat for Humanity India Trust (728 beneficiaries) | Sanitation | Khaniwali, Wada, Palghar, Maharashtra | 1,120,860 | 1,120,860 | 1,120,860 | 1,120,860 (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 State & Dist. where project/ program was undertaken | Amount outlay (budget) project or program-wise | Amount spent on the projects or programs Sub-heads (1) Direct expenditure on projects or programs (2) Overheads | Cumulative exp upto reporting period | Amount spent: Direct / thru implementing agency |
|---------|--|---------------------------------|--|--|---|--------------------------------------|---|
| 31 | Speech Therapist at Indian Council for Mental Health (83 beneficiaries) | Education | Nerul, Navi Mumbai, Maharashtra | 246,000 | 246,000 | 246,000 | 246,000 (through implementing agency) |
| 32 | Educational assistance to Shiksha Amrit Foundation (15 students) | Education | Navi Mumbai, Maharashtra | 251,100 | 251,100 | 251,100 | 251,100 (direct) |
| 33 | Educational assistance to Indian Association for Promotion of Adoption & Child Welfare (IAPA) (55 students) | Education | Mumbai Central, Maharashtra | 174,000 | 174,000 | 174,000 | 174,000 (through implementing agency) |
| 34 | Support to children suffering from leukemia/blood disorders thru Cherish Life India Foundation, 3 beneficiaries | Health & Hygiene | Sion, Mumbai, Maharashtra | 300,000 | 300,000 | 300,000 | 300,000 (through implementing agency) |
| 35 | 'Running for a Cause' Tata Mumbai Marathon : Educational support to SMILE Foundation (40 students) | Education | Dharavi, Mumbai, Maharashtra | 455,000 | 455,000 | 455,000 | 455,000 (through implementing agency) |
| 36 | Computer assistance to support Blood Bank Data Management Software at Indian Red Cross Society (12684 beneficiaries) | Health & Hygiene | Mumbai, Maharashtra | 82,000 | 81,010 | 81,010 | 81,010 (through implementing agency) |
| 37 | Educational assistance to 120 children in 4 communities through Magic Bus Foundation. | Education | Dharavi, Mumbai, Maharashtra | 300,000 | 300,000 | 300,000 | 300,000 (through implementing agency) |
| 38 | Teaching assistance to The Anchorage (24 students) | Education | Mumbai, Maharashtra | 228,696 | 228,696 | 228,696 | 228,696 (through implementing agency) |
| 39 | Remedial education: Chetna Learning Centre (100 students) | Education | Mumbai, Maharashtra | 300,000 | 299,515 | 299,515 | 299,515 (through implementing agency) |
| 40 | Higher Education to needy children | Education | Mumbai, Maharashtra | 500,000 | 289,415 | 289,415 | 289,415 (direct) |

| Sr. No. | CSR project or activity identified | Sector in which project covered | Projects or programs (1) Local area or other (2) Specify State & Dist. where project/ program was undertaken | Amount outlay (budget) project or program-wise | Amount spent on the projects or programs Sub-heads (1) Direct expenditure on projects or programs (2) Overheads | Cumulative exp upto reporting period | Amount spent: Direct / thru implementing agency |
|---------|---|---------------------------------|--|--|---|--------------------------------------|---|
| 41 | Prayatna Foundation, Kolkatta | Education | Kolkatta, West Bengal | 72,000 | 72,000 | 72,000 | 72,000 (through implementing agency) |
| 42 | Fluoride removal power pump 2m3/hr | Water | Chhattisgarh | 249,676 | 222,048 | 222,048 | 22,2048 (direct) |
| 43 | <u>C/F 2017-18</u> Construction of 1st floor for tuition classes at Ramkrishna Vivekanand Charitable Trust | Education | Ankleshwar, Gujarat | 313,226 | 329,106 | 329,106 | 329,106 (through implementing agency) |
| 44 | <u>C/F 2017-18</u> : Sanitation project at Govt School, Jawhar Block, Village Dhabosa, Palghar thru NGO, Habitat for Humanity | Sanitation | Wada, Dist. Palghar, Maharashtra | 195,533 | 195,533 | 195,533 | 195,533 (through implementing agency) |
| 45 | <u>C/F 2017-18</u> Water Initiative at Kharpada Pada, Wada, Palghar thru Kherwadi Social Welfare Assoc. | Water | Wada, Dist. Palghar, Maharashtra | 37,950 | 37,950 | 37,950 | 37,950 (through implementing agency) |
| 46 | <u>C/F : 2017-18</u> Arsenic Removal Tube Well Attachment 5m3/hr to RWSS | Water | Amritsar, Punjab | 140,395 | 175,820 | 175,820 | 175,820 (direct) |
| | Administrative Overheads | | | 20,000 | 20,095 | 20,095 | 20,095 |
| | Amount contributed for which activity is in progress | | | | 1,104,996 | 1,104,996 | 1,104,996 |
| | | | | | 12,440,000 | 12,440,000 | 12,440,000 |

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

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

Sd/-

Rajesh Sharma

Chairman & Managing Director

Mumbai

Date : 29th May, 2019

Sd/-

Dr. V. N. Gupchup

Chairman of CSR Committee

ANNEXURE III

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. ETP & RO were operated and permeate water was recycled for process use at the manufacturing facility in Patancheru. Overall there has been reduction of water intake by 19%. Availability of state electricity power continued to remain high at 88.3% thereby DG set operation and diesel consumption was comparatively lower.
2. Gas consumption at the manufacturing facility in Ankleshwar was lowered to 3 SCM/m³ of Resin production than the previous year due to the efficiency of newly installed IBR boiler in 2016-17.

The electricity consumption continued to be at 31 KWH/m³ of Resin production and lower than the previous year due to installation of VFD in the utility area in the year 2016-17

(ii) the steps taken by the company for utilizing alternate sources of energy; - NIL

(iii) the capital investment on energy conservation equipments; - NIL

(B) Technology absorption:

i) During the period, your Company has absorbed and commercialized following new products/processes

Chemicals:

- Several new ion exchange resins and adsorbents for separation and purification applications
- Improvements in anion resin manufacturing process
- Defoamers and antiscalants for various utility and process applications
- Improvement and development in newer membrane-chemistries and products

Benefits derived as a result of the above include:

- Enhancing your company's market share in defined applications of newer resins and adsorbents for process separation, purification, isolation and concentration of products.
- Reducing effluent loads in anion manufacturing process thereby reducing utility, cost and enhancing productivity in the manufacturing process.
- Development of import substitute membranes in India offering value advantages with respect to cost, delivery time and service.

Engineering:

- Technology / processes for removing contaminants like heavy metals, hydrogen sulphide, phenols from complex waste water.
- Several process separation, purification and concentration applications for dairy, food and beverages, sugar and chemical industries.
- Membrane systems using SiC material for complex oil separation processes.
- High purity water making systems with higher capacities for institutional business requirements.

Benefits derived as a result of the above include:

- Increased market opportunities in specialty growth segments mentioned above
- Import substitution

- ii) 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; : NA
- iii) the expenditure incurred on Research and Development

| Sr. No. | | Location | |
|------------|--|-------------------|----------------------|
| | | Patancheru Rs. | Vashi, New Mumbai Rs |
| a. | Capital Expenditure | 883,123 | 5,617,313 |
| b. | Revenue Expenditure | 31,237,483 | 42,459,028 |
| c. | Total | 32,120,606 | 48,076,341 |
| d. | Total R & D Expenditure as percentage of Turnover: | 0.73% | |

(C) Foreign exchange earnings and Outgo

During the year under review foreign exchange earnings were Rs. 31,791.45 Lacs and foreign exchange outgo was Rs. 16,062.46 Lacs

On behalf of the Board of Directors

Rajesh Sharma
Chairman & Managing Director

Mumbai

Date : 29th May, 2019

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

A. INDUSTRY STRUCTURE AND DEVELOPMENT

Overview

Ion Exchange (India) Ltd. (IEIL) is a premier Indian company that offers total water and environment management solutions. Supported by a robust infrastructure of ISO 9000 certified manufacturing facilities and the largest after-sales network in the country, the company has strong domestic and growing international presence.

IEIL offers complete range of solutions for water, waste water management, solid waste management and waste to energy to industries and municipal corporations. Its Zero B brand extends its total water and environment management solutions to homes, hotels, hospitals and other institutions with the help of a countrywide network of channel partners and service franchisees. Thus the company's holistic approach enables it to cater to industries, institutions, homes and communities to provide water, wastewater and solid waste management solutions efficiently. Your company serves the defined markets with its technological innovations and excellent after-sales-service with a sustained focus on customer satisfaction.

It employs experienced professional managers, engineers, scientists, and technologists and has been duly recognized as the 'National Best Employer 2019' at the 14th Employer Branding awards.

Global Economy:

While growth in advanced economies is estimated to have slightly decelerated to 2.2 percent in 2018-2019, it was still in line with previous forecasts. Growth from Emerging Market and Developing Economies (EMDE) edged down to an estimated 4.2 percent in 2018-19 as a number of countries with elevated current account deficits experienced substantial financial market pressures and slowdowns in activity.

The global economy is facing a confluence of risks such as escalation of trade disputes, an abrupt tightening of global financial conditions, and intensifying climate risks, which could severely disrupt economic activity and damage longer-term development prospects. Global growth is expected to remain at 3.0 per cent in 2019 and 2020. However, the steady pace of expansion in the global economy will come with risks that could potentially intensify development challenges in many parts of the world.

The above developments and increase in demand for quality products and services related to water and environment needs of the global market augers well for the water industry and your company which has

established itself as a reliable, innovative service provider in this category.

Indian Economy:

While the world suffered collateral damage from pressures like the US-China trade war and a spike in oil prices, India emerged as one of the fastest growing major economies in the world and is expected to be one of the top three economic powers over the next 10-15 years, backed by its strong economic fundamentals.

On the external front, improvements in India's export performance and stable oil prices should bring about a reduction in the current account deficit to 2.1 per cent of GDP. On the internal front, fiscal deficit is targeted at 3.3 per cent for the FY 2019-20 as compared to 3.4% for the earlier year.

It is estimated that India's GDP growth will moderately accelerate to 7.1 per cent in FY 2019-20, driven by improvement in domestic investment by the private sector, sustained infrastructure, capital outlays, improved export performance backed by increase in domestic consumption and on the assumption of near-normal monsoon and stable political scenario.

Indian Water Industry:

India is one of the largest consumers of freshwater in the world today, accounting for about 750 billion cubic meters annually. For a country which accounts for only 4 per cent of the world's water resources despite hosting 17 per cent of the world's population, the water crisis is looming large. The Central Pollution Control Board (CPCB) estimates that by 2030, India's water demand is expected to rise to 1.5 trillion cubic meters.

This poses an urgent need as well as opportunity to use alternate sources of water. Your company had pioneered the concept of sea water desalination and has built very large and impressive references over the years. In recent times it has developed technologies, processes and built impressive references to tap municipal sewage as the other alternate source of water. Wastewater market in India is projected to grow at a CAGR of over 12% during 2016-2021 driven by curbs on increasing water pollution, rapid urbanization and implementation of stringent regulations. Demand for tertiary wastewater treatment plants in India is also surging on account of rising industrialization and development of residential sector that require good quality of water in large quantities. Strict directives issued by Central Pollution Control Board (CPCB) regarding proper disposal and reuse of sewage, necessitating construction of new sewage treatment and recycle plants in the country.

B. Highlights of Performance**Standalone**

- Total Income : INR 1,146 Crores registering a growth of 11.91% annually
- EBITDA : INR 135 Crores registering a growth of 35% annually
- EBITDA Margin:11.78%
- Net Profit After Tax: INR 67 Crores registering a growth of 39.58% annually
- PAT Margin: 5.85%
- Diluted EPS: INR 55.47

Consolidated

- Total Income: INR 1,196 Crores registering a growth of 11.15% annually
- EBITDA : INR 140 Crores registering a growth of 42.86% annually
- EBITDA Margin: 11.71%
- Net Profit After Tax: INR 66 Crores registering a growth of 65% annually
- PAT Margin: 5.52%
- Diluted EPS: INR 56.99

C. Segment wise Operational Performance

The business of your company can be segmented into:

1. Engineering
2. Chemicals
3. Consumer Products

ENGINEERING

On a standalone basis, the Engineering segment achieved a higher turnover of INR 640 crores compared to INR 583 crores for the previous year.

Engineering projects continues to be one of the key business segments of your company and contributes to almost 55% of the revenues. In this segment, the company meets the requirements of medium and small scale industries such as F&B, pharmaceutical, automotive and chemicals etc through its predesigned, pre-engineered product range for water and waste treatment. For the heavy segments in core sectors like power, refinery, steel, bulk chemicals and municipal infrastructure, it offers technologically advanced innovative and customized solutions for total water and waste management.

The USD 194 mn water supply project for the Sri Lankan Water Board continues to progress satisfactorily. During the year, the company successfully completed a prestigious project for the Municipal Corporation of Greater Mumbai for improving the performance of its largest water treatment plant near Mumbai.

On the industrial front, your company received several large and prestigious orders from industries in oil and gas, automotive, pharmaceutical, steel, paper etc. Notably amongst them is the turnkey EPC order that includes advanced membrane systems from Cairn Oil & Gas for its onshore oil & gas processing facility. The order is the valued Rs. 373 crores and was won against stiff competition acknowledging the company's proven credentials in membrane technologies.

Integrating its innovation in ion exchange resin technology and standard engineering, your company launched a unique product INDION SWIFT 5Gx to meet the growing requirements of high purity water systems required by the pharmaceutical, power, semi-conductor and electronic industries. Based on several unique features of this product, the company received a large number of orders for this product during the year under consideration.

Your company also continued to maintain its market leadership in innovative and advanced Zero Liquid Discharge (ZLD) projects. It successfully executed a ZLD project for a very large automotive manufacturing company which also included a water treatment plant for industrial and potable water supply, domestic sewage treatment systems using advanced Membrane Bioreactor (MBR) technology apart from dedicated facilities for water and sewage treatment plants for the company's township.

In addition to the above major orders, your company has also received many orders from leading companies in almost all sectors.

CHEMICALS

On standalone basis, the segment achieved sales turnover of INR 409 crores compared to INR 345 crores of the previous year.

Despite stiff competition and increasing raw material cost, the Industrial Chemical Division registered a modest growth.

During the year, the division developed several new products on variety of chemistries with the objective of reducing cost and enhancing value during use in utility and process applications in various industries.

The Resin Division continued to contribute to the company's growth and profitability. Whilst the company has established its position as a reliable and quality supplier in geographies such as USA, Europe, it has successfully exported its products to the SE Asian

market through its established presence in these geographies.

Newer products and their applications in specialty API and excipient markets were developed and well received. This enabled to enhance the company's profit potential in these segments and was also in alignment with the company's expansion plans.

MEMBRANES

Your company has invested in a state-of-the-art membrane manufacturing facility in Goa. Our products under the brand name of HYDRAMEM have received a very good response from large number of users in the industrial segment, water treatment OEM's and also exports. Based on this initial success, the division expects a quantum growth in coming years for membranes made in India as import substitutes against established overseas suppliers. We have also started exports of these membranes and like resins we hope to build good presence in the international market.

CONSUMER PRODUCTS

On standalone basis, the consumer products segment achieved a turnover of INR 110 cores during FY 2018 - 19, registering 2% growth over last year. The segment caters to needs of Individual homes, institutions and commercial establishments.

The division launched three products namely 'ZeroB Rakshak' in the category of storage water purifiers for areas affected by excess iron contamination, 'ZeroB Icy Hot Pro' with added features of warm, cold and hot water dispensing for the institution segment and the very popular 'ZeroB Suraksha' tap attachment with enhanced features. The new products complement the widest range of ZeroB products in the market to provide safe and pure drinking water to homes, communities and institutions backed by country-wide channel partners and service centers.

Your company has doubled its revenue in the rural segment affected by contaminants like iron, arsenic fluoride, nitrate, brackishness and micro contaminants. It has also developed products for Uranium removal from ground water to alleviate problems faced by several communities affected by this contaminant. Your company continues to support government / non-government and CSR initiatives of corporates with its widest range of technologies and services.

In the institution segment, your company successfully introduced a highly specialized top-end model for water purification to meet the stringent water quality standards required for Hemodialysis. It also introduced new generation of back washable membrane bio reactor system for decentralized sewage / waste treatment. It further expanded its network of channel partners and service franchisees in order to efficiently service the

requirement of this segment.

EXPORTS

Your company has posted a turnover of INR 315 crores driven by the chemicals business in addition to revenues from ongoing engineering projects including Sri Lanka. It has secured breakthrough orders for membranes manufactured in the newly constructed state-of-the-art integrated Reverse Osmosis membrane manufacturing facility in Goa.

Your company consolidated business in geographies like the North America, Middle East, SE Asia, South and East Africa by increasing business presence in many countries in these geographies.

D.

Risks, Threats, Concerns and Risk Mitigation

Pre-empting risks and activating a mitigation plan has been a priority on the management's agenda. Your company has a comprehensive risk management framework that identifies, assesses, reports and mitigates risks arising out of internal as well as external factor. The multi-layered risk management frame work adopted by your company is aimed at achieving the strategic objective of increasing the market share, optimal utilisation of assets to increase productivity, comprehensive financial reporting and compliance to the regulatory and social obligation.

The Global economy, in 2018, started with an upbeat note due to buoyed manufacturing and trade activities around the globe. The IMF estimated that the economy would grow at a pace of 3.6% (source World Economic Outlook by IMF). During the later part of 2018, however, continued adoption of protectionist tariffs by the US, specifically on the Chinese imports, led to decline in investors' confidence. In China the growth of 6.6% in 2018 is now showing signs of deceleration and much will depend on the authorities to calibrate supportive monetary and fiscal policies to address external challenges and other headwinds. Emerging market and developing economies (EMDEs) growth remains constrained by subdued investments. The spectre of Downside Risks remains on the global economy in part reflecting the possibility of further escalation of trade tension. However, inspite of this overall risk, the economic activity in East Asia Pacific and South Asia regions remain buoyant. This has augured well for Indian businesses and export earnings have seen an upswing and this trend is expected to remain so in the current year. We have been treading cautiously with our Export strategy and make deliberate efforts to broaden our exports geographically while being aware of specific country risks. Further, we have consistently followed a policy of establishing local presence in various countries and encouraged local participation. This would help in the face of increasing Protectionism across the Globe.

Tax cuts and increased spending stimulated demand in US, buoyed growth and interest rates and, the dollar appreciated against most other currencies in 2018 thus increasing the external borrowing costs for most of the countries. Commodity prices for Indian businesses were impacted due to strengthening of the dollar and costs were further impacted by overall increased costs and supply constraints in China. This environment adversely affected procurement cost and impacted the margins in 1st half of 2018. This continues to remain a matter of concern for Indian Industry. While the management of your company remains vigilant of the situation and actively try to ensure that the costs are fairly passed on to customers, where possible; but it cannot completely overrule the company being impacted for some period due to cost increases. The management follows a conservative policy of covering our foreign exchange exposures.

On the domestic front, while on one side, existing government initiative of Ease of doing business, Make in India drive, Stand up India scheme, single taxation regime (GST), Bharatmala Pariyojna, North East Industrial Development scheme, Swach Bharat Abhiyaan, Namami Gange, etc helped the economy to move forward. However, at the same time, GDP growth seemed to be hampered due to unemployment, declining profits in sectors like automobiles, real estate, FMCG, steel, pharmaceuticals etc, strengthening of dollar against the rupee, NPAs of bank, volatile oil market etc and thus reduced the pace of acceleration of Indian economy. Thus while the economy showed some positive signs during the early part of the year, there was a visible slowdown in private sector economic activity during the later part of the year. However, it is expected that a revival of upward trend in the domestic economic environment would soon be seen.

Whereas the business operation of your company has built in a solid risk and mitigation framework, Sri Lanka EPC order, being a high value job, has received substantial attention. The management has taken additional care to identify and assess operational and forex risk emanating out of the Sri Lanka order. Risk mitigation has been ensured through provision of proper infrastructure, tight operational and internal controls and extensive monitoring mechanism.

The management of your company is well updated about the risks prevailing in the Global and domestic markets. It keeps track of continuous changes in the water treatment industry pre-dominantly to pre-empt risk and opportunities arising therefrom. Your company also remains vigilant of its creditability, quality, services and technology vis-a-vis the major Indian and global players. Regular efforts are made to shore up the competitive pricing. Your company continues to invest in research and development and is always on the lookout for technology assimilation and collaboration through partnership with international partners of repute.

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

E. Human Resources & Training

The employees (their knowledge, expertise, abilities, skill-sets, and experience) are valuable and intangible assets in securing the future of your company. Therefore your company believes and considers employees as its most valuable asset.

Your company has a well organized HR department which ensures sourcing of best available talent, developing them for future leadership roles through career-development programs and a well-defined succession plan. It also facilitates an employee-oriented, productive workplace.

Your company trains employees for their current jobs and hones skills for their future roles and responsibilities. This is done in accordance with organization practices and policies which include providing in-house technical training as well as training in organizational development & executive/managerial development programs. Trainings are directly linked to the Performance Management System to ensure that your company is a performance driven company.

Your company continuously addresses various aspects of people practices through well defined HR policies. This includes whistle blower policy, developing the employees through executive development programs, management development programs, health and wellness initiatives, safety of women employees and a host of employee engagement initiatives.

F. Internal controls

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

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

Corporate Social Responsibility at Ion Foundation focuses on environmental protection and the well-being of the community and society in general. It is integral part of your company's value systems. Your company believes that being socially and environmentally responsible is good for people and the planet. Ion Foundation upholds these values by empowering the economically disadvantaged through its CSR initiatives in Education, Health, Hygiene and Environment.

Ion Foundation has partnered with NGOs & community leaders to support educational & vocational projects such as tuitions to first generation learners, sponsorships (providing teaching aids, books, tuition fees for children/students) increasing access to education by encouraging children to go to school by spreading awareness in communities, helping or training teachers or volunteers and providing infrastructure for the school.

We also continue our support in the areas of Health and Hygiene by providing drinking water treatment systems and renovating, constructing and maintaining sanitation facilities.

Your company also continues to support "Running for a Cause" at the Tata Mumbai Marathon, installation of drinking water treatment systems, construction and maintenance of sanitation facilities and tree plantation drives. Our initiative of planting more than 1000 saplings involving children who were encouraged to responsibly take care of those saplings received appreciation from local authorities in Telangana.

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: 29th May, 2019

CORPORATE GOVERNANCE REPORT 2019

1. Philosophy

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

The Company is in compliance with the requirements stipulated under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") entered with the Bombay Stock Exchange with regard to Corporate Governance.

2. Board of Directors (The Board)

- Composition & Category of Directors [as on 31st March, 2019]

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:

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

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

- Board Meetings, Annual general meeting and Attendance of each Director

The Company held six Board Meetings on 23.05.2018, 31.07.2018, 07.09.2018, 24.10.2018, 24.01.2019 and 14.03.2019. At every board meeting, the matters specified under 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 was held on 7th September, 2018 and 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 (31/3/19) # | Member/ Chairman of committees of other company(s) (as on 31/3/19) | Name of the Listed Company (s) in which Director holds Directorship- Category of Director |
|----------------------|-----------------------------------|---|--|---|
| Mr. Rajesh Sharma | 6 | 16 | 0 | - |
| Mr. Dinesh Sharma | 6 | 11 | 1 (chairman) | - |
| Mr. Aankur Patni | 6 | 9 | 0 | - |
| Dr. V. N. Gupchup | 6 | 3 | 1 | - |
| Mr. M. P. Patni | 6 | 10 | 1 | - |
| Mr. T. M. M. Nambiar | 6 | 3 | 1 | Navin Fluorine International Limited - Non-Executive - Non Independent Director |
| Mr. P. Sampath Kumar | 5 | 0 | 0 | - |
| Mr. Abhiram Seth | 6 | 7 | 3 (including 1 chairmanship) | The Motor And General Finance Limited - Non-Executive - Independent Director |
| Mr. Shishir Tamotia | 6 | 1 | 0 | - |

| | | | | |
|-----------------|---|---|------------------------------|--|
| Ms. K.J. Udeshi | 5 | 8 | 5 (including 1 chairmanship) | 1. Elantas Beck India Limited - Non-Executive - Independent Director 2. Haldyn Glass Limited - Non-Executive - Independent Director 3. Thomas Cook (India) Limited - Non-Executive - Independent Director 4. Shriram Transport Finance Company Limited - Non-Executive - Independent Director |
|-----------------|---|---|------------------------------|--|

It covers foreign, private, public and listed companies

- iii. Inter – se relationship among Directors
 - Mr. Rajesh Sharma & Mr. Dinesh Sharma are brothers
 - Mr. M.P Patni is the father of Mr. Aankur Patni

Except for the above, there are no Inter – se relationships among the other directors.
- iv. The following list summarizes the key skills/ expertise/ competence of the Board of Directors which are required in the context of Company's business activities and which in the opinion of the Board, its Members possess:
 1. Business and Strategy review.
 2. Expertise in field of Finance, General Management & Information Technology.
 3. Marketing of heavy and medium engineering equipments and allied items.
 4. Science and technology.
 5. Exposure in the field of handling large projects of National Importance.
 6. Professional experience in International Business and Markets.
 7. Experience in field of Business Management.
 8. Corporate Governance, risk and compliances.
 9. Human Capital Management.

iv. Code of Conduct

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

A declaration signed by the Managing Director is given below:

I hereby confirm that:

The Company has obtained from all the members of the Board and Senior Management, affirmation that they have complied with the code of conduct in respect of the Financial Year 2018-19.

Rajesh Sharma
Chairman & Managing Director

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 SEBI Listing Regulations. The Internal Auditor submits reports periodically to the Committee and suggestions are given for effective functioning of the internal control system.

The Committee held four meetings during the year on 23.05.2018, 30.07.2018, 24.10.2018 and 24.01.2019.

| Name | Number of the Audit Committee meetings attended |
|------------------------------|---|
| Mr. T.M.M.Nambiar (Chairman) | 4 |
| Dr. V.N.Gupchup | 4 |
| Mr. Abhiram Seth | 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 meeting during the year on 24.01.2019 and 14.03.2019.

| 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 25 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 Stakeholder Relationship Committee attended by them as a 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 Executive Directors may be paid commission based on performance, subject to availability of profits.

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 2018-2019 is given hereunder.

| Name | Tenure | Salary & Allowances (Rs.) | Contribution to Provident & other funds (Rs.) | Perquisites (Rs.) | Total (Rs.) |
|-------------------|---------|---------------------------|---|-------------------|-------------|
| Mr. Rajesh Sharma | 2018-19 | 33,679,581 | 6,489,240 | 753,278 | 40,922,099 |
| Mr. Dinesh Sharma | 2018-19 | 14,742,872 | 2,862,900 | 134,786 | 17,740,558 |
| Mr. Aankur Patni | 2018-19 | 14,450,502 | 2,862,900 | 100,000 | 17,413,402 |

During the year, the Company paid Rs. 2,820,000/- as sitting fees to the Non-Executive Directors for attending the Board and Committee Meetings. The details are given below:

| Name of Director | Commission | Sitting fees | Total Compensation | No. of shares held |
|----------------------|------------|--------------|--------------------|--------------------|
| Dr. V. N. Gupchup | 1,000,000 | 585,000 | 1,585,000 | 1,08,526 |
| Mr. M. P. Patni | 1,000,000 | 350,000 | 1,350,000 | 7,11,747 |
| Mr. T. M. M. Nambiar | 1,000,000 | 425,000 | 1,425,000 | 56,200 |
| Mr. P. Sampath Kumar | 1,000,000 | 275,000 | 1,275,000 | 50,000 |
| Mr. Abhiram Seth | 1,000,000 | 475,000 | 1,475,000 | 78,750 |
| Mr. Shishir Tamotia | 1,000,000 | 325,000 | 1,325,000 | - |
| Ms. K.J. Udeshi | 1,000,000 | 385,000 | 1,385,000 | 350 |

5. Employee Stock Option Compensation Committee (ESOCC)

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

6. Stakeholders' Relationship (Grievance) Committee

The members of the Committee are Dr. V. N. Gupchup (Non-executive and Independent), Mr. Rajesh Sharma and Ms. Kishori Udeshi. The Committee is headed by Dr. V. N. Gupchup and Company Secretary is the Compliance Officer.

To expedite the process of share transfer mechanism and for effective resolution of grievances/ complaints, the Committee has delegated powers to the executives of the Company Mr. Milind Puranik, Company Secretary and Mr. N. M. Ranadive, Chief Financial Officer.

The Stakeholders' Relationship (Grievance) Committee meets at regular intervals to review the status of redressal of Members'/Investors' Grievances

Number of Queries / Complaints / Requests received during the financial year from shareholders / investors:

| Sr. No. | QUERIES / COMPLAINTS/ REQUESTS RELATED TO | TOTAL RECEIVED | TOTAL REPLIED |
|---------|--|----------------|---------------|
| 1 | Payments | | |
| a | Instruments found already paid / payment sent for electronic credit to Bank | 1 | 1 |
| b | Outdated, Duplicate Warrants and Changes on live warrants (where new instruments being issued) | 74 | 74 |

| Sr. No. | QUERIES / COMPLAINTS/ REQUESTS RELATED TO | TOTAL RECEIVED | TOTAL REPLIED |
|---------|---|----------------|---------------|
| c | Issue of new Drafts against unencashed Drafts/ Recovery Drafts | 25 | 25 |
| d | Non Receipt of warrants (where recon in progress) | 0 | 0 |
| e | Non Receipt of payments (where new Instruments already issued) | 17 | 17 |
| f | Unclaimed and Unpaid amounts transferred to ROC / IEPF | 1 | 1 |
| g | Miscellaneous | 61 | 59 |
| 2 | Annual Report | 0 | 0 |
| 3 | Bonus Issue | 0 | 0 |
| 4 | Change In Name / Status | 17 | 17 |
| 5 | Communication received through SEBI and other statutory/ regulatory bodies | 3 | 3 |
| 6 | Conversion / Demerger - Scheme of Arrangement / Exchange/ Merger - Amalgamation of Cos/ Subdivision | 31 | 27 |
| 7 | Dematerialisation/ Rematerialisation of Securities | 10 | 10 |
| 8 | Dividend / Interest | 0 | 0 |
| 9 | Document Registration | 21 | 21 |
| 10 | Legal Matters | 0 | 0 |
| 11 | Loss of Securities | 164 | 161 |

| Sr. No. | QUERIES / COMPLAINTS/ REQUESTS RELATED TO | TOTAL RECEIVED | TOTAL REPLIED |
|----------------------|---|----------------|---------------|
| 12 | Nomination | 0 | 0 |
| 13 | Tax Exemption | 0 | 0 |
| 14 | Transfer of Securities | 4 | 4 |
| 15 | Transmission of Securities | 29 | 26 |
| 16 | Other Queries | 126 | 120 |
| TOTAL | | 584 | 566 |
| Request For | | | |
| 1 | Change of Address | 58 | 58 |
| 2 | Change in Bank Details | 40 | 40 |
| 3 | Issue of New Certificates on Split/Consolidation/ Renewal | 40 | 40 |
| 4 | Nomination | 1 | 1 |
| 5 | Pan Updation | 1 | 1 |
| TOTAL | | 140 | 140 |
| GRAND TOTAL : | | 724 | 706 |

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 2018 - 2019 the Stakeholders' Relationship committee held 6 meetings. Dr. V.N. Gupchup (Non – Executive Director), Mr. Rajesh Sharma (Executive Director) and Ms. Kishori Udeshi (Non – Executive Director) are the members of the Committee. The Company Secretary is the Compliance Officer.

7. Corporate Social Responsibility (CSR) Committee

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

During the year 2018-19, the Committee met two times on 19.07.2018 and 15.01.2019. The Composition and details of the meetings attended by the members are given below:

| Name | Number of the Corporate Social Responsibility (CSR) Committee meetings attended |
|------------------------------|---|
| Dr. V. N. Gupchup (Chairman) | 2 |
| Ms. K. J. Udeshi | 2 |
| Mr. M. P. Patni | 0 |
| Mr. Rajesh Sharma | 2 |

The Company Secretary acts as the Secretary to the Committee.

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

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

8. Independent Directors' Meeting

During the year under review, the Independent Directors met once on March 14, 2019 inter alia, to discuss:

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

All the Independent Directors were present at the Meeting.

The Company has familiarized the Independent Directors with the Company, their roles, responsibilities in the Company, nature of industry in which the Company operates, business model of the Company, etc.

The details of the familiarization programme is available on the website of the Company at <http://www.ionindia.com/pdf/ionindia/familiarization%20program%20independent%20directors.pdf>

9. Annual General Meetings

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

| Year | Date | Time | Location | Special Resolution Passed |
|-----------|------------|------------|---|---|
| 2015-2016 | 09.09.2016 | 11.00 a.m. | Ravindra Natya Mandir, P.L. Deshpande, Maharashtra Kala Academy, Near Siddhivinayak Temple, Sayani Raod, Prabhadevi, Mumbai – 400 025 | To approve payment of commission to Non- Executive Directors. |
| 2016-2017 | 15.09.2017 | 11.00 a.m. | Ravindra Natya Mandir, P.L. Deshpande, Maharashtra Kala Academy, Near Siddhivinayak Temple, Sayani Raod, Prabhadevi, Mumbai – 400 025 | To appoint Mr. Rajesh Sharma as Chairman & Managing Director. |
| 2017-2018 | 07.09.2018 | 11.00 a.m. | Ravindra Natya Mandir, P.L. Deshpande, Maharashtra Kala Academy, Near Siddhivinayak Temple, Sayani Raod, Prabhadevi, Mumbai – 400 025 | — |

10. Postal Ballot:

During the year 2018-19, one Postal Ballot was conducted in accordance with Section 110 of the Companies Act, 2013 read with Companies (Management and Administration) Rules, 2014, as per the details given below:

Particulars of the Resolution:

- Special Resolution for Approval for continuation of Directorship of Dr. V.N.Gupchup as a Non-Executive Independent Director who has attained the age of 75 years.

| | |
|---|-----------|
| Number of valid Postal / electronic ballot forms received | 7,780,730 |
| Votes in favour of the Resolution | 7,776,109 |
| Votes against the Resolution | 4,621 |
| Number of invalid Votes (Postal/ Electronic) | 115,300 |
| % Votes in favour | 99.94 |

- Special Resolution for Approval for continuation of Directorship of Mr. T.M.M.Nambiar as a Non-Executive Independent Director who has attained the age of 75 years.

| | |
|---|-----------|
| Number of valid Postal / electronic ballot forms received | 7,792,740 |
| Votes in favour of the Resolution | 7,787,196 |
| Votes against the Resolution | 5,544 |
| Number of invalid Votes (Postal/ Electronic) | 103,290 |
| % Votes in favour | 99.93 |

- Special Resolution for Approval for continuation of Directorship of Mr. P.Sampath Kumar as a Non-Executive Independent Director who has attained the age of 75 years.

| | |
|---|-----------|
| Number of valid Postal / electronic ballot forms received | 7,843,486 |
| Votes in favour of the Resolution | 7,837,992 |
| Votes against the Resolution | 5,494 |
| Number of invalid Votes (Postal/ Electronic) | 52,544 |
| % Votes in favour | 99.93 |

- Special Resolution for Approval for continuation of Directorship of Ms. Kishori Udeshi as a Non-Executive Independent Director who has attained the age of 75 years.

| | |
|---|-----------|
| Number of valid Postal / electronic ballot forms received | 7,893,121 |
| Votes in favour of the Resolution | 7,887,967 |
| Votes against the Resolution | 5,154 |
| Number of invalid Votes (Postal/ Electronic) | 2,909 |
| % Votes in favour | 99.93 |

11. Disclosures

- Transactions with related parties, as per requirements of Accounting Standard 18, are disclosed in notes to accounts annexed to the financial statements. The Policy intends to ensure that proper reporting; approval and disclosure processes are in place for all transactions between

the Company and Related Parties. As required under Regulation 23 of Listing Regulations the Company has formulated a policy on dealing with Related Party Transaction. The policy is available on the website of the Company.

(Weblink:<http://www.ionindia.com/pdf/ionindia/Related%20Party%20Policy%2031072015.pdf>)

- b. The Board of Directors of the Company has adopted the policy and procedures with regard to determination of Material Subsidiaries. The details of the Policy are available on the website of the Company at http://www.ionindia.com/pdf/ionindia/subsidiaries_policy.pdf
- c. The Company has not entered into any transaction of a material nature with the Promoters, Directors or Management, their subsidiaries or relatives, etc. that may have a potential conflict with the interests of the Company at large.
- d. With regard to matters related to capital markets, the Company has complied with all requirements of the Listing Regulations as well as SEBI regulations and guidelines. No penalties were imposed or strictures passed against the Company by the Stock Exchanges, SEBI or any other statutory authority during the last three years in this regard.
- e. Disclosures have also been received from the senior management personnel relating to the financial and commercial transactions in which they or their relatives may have a personal interest. However, none of these transactions have potential conflict with the interests of the Company at large.
- f. As required by Regulation 17(8) of Listing Regulations, the Compliance Certificate on the Financial Statements, the Cash Flow Statement and the Internal Control Systems for financial reporting has been obtained from Mr. Rajesh Sharma (Chairman & Managing Director) and Mr. N.M. Ranadive (Chief Financial Officer).
- g. The Company has complied with the compliances as specified in regulation 17 to 27 and clauses (b) to (i) of sub-regulation (2) of regulation 46 of Listing Regulations.

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

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

Regulation 22 of Listing 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 Regulations with The Stock Exchange, Mumbai, the quarterly, half yearly and annual financial results of the Company are sent to the Stock Exchange immediately after the same are approved by the Board. The same is published in English (Free press journal) and regional language (Navshakti) newspapers, within 48 hours of approval by the Board and uploaded on our company's website (www.ionindia.com).

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

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, 30th August, 2019

Time: 11.00 a.m.

Venue: Mini Theatre, 3rd Floor, Ravindra Natya

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

ii) Financial Year 2019-20

| | | |
|----------------|---|---|
| Financial year | : | 1 st April to 31 st March |
| Quarter ending | : | First week of August, June 30, 2019 |
| Quarter ending | : | Last week of October, September 30, 2019 |
| Quarter ending | : | Last week of January, December 31, 2019 |
| Year ending | : | Last week of May, March 31, 2020 |

iii) Book closure date

The Register of Members and the Share Transfer Books of the Company will remain closed from Thursday, 22nd August, 2019 to Friday 30th August, 2019 (both days inclusive) for determining the entitlement of shareholders to receive dividend for the year ended 31st March, 2019, if declared at the Annual general meeting.

iv) Dividend payment date

Dividend, if declared shall be paid on or before 4th September, 2019.

v) Listing on Stock Exchange

The Company's equity shares are listed at The Stock Exchange, Mumbai. Annual listing fees for the Financial Year 2018-19 has been paid to BSE.

vi) Stock code and ISIN Number

Bombay Stock Exchange, Mumbai
 Script Code - 500214
 ISIN Number - INE570A01014

vii) Rating Action

| | | |
|-------------------|---------------------|-----------|
| Long Term Rating | CRISIL (Reaffirmed) | A-/Stable |
| Short Term Rating | CRISIL (Reaffirmed) | A2+ |

CRISIL has reaffirmed its 'CRISIL A-/Stable/ CRISIL A2+' ratings on bank facilities of the Company. The ratings continue to reflect the Company's established market position in the water treatment segment, its diverse product mix, and comfortable financial risk profile.

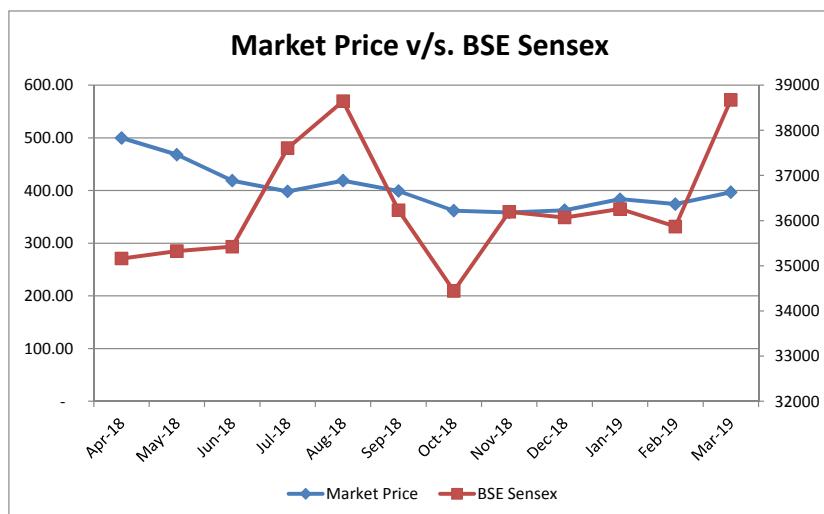
During the year under review, there have been no revisions in Credit Rating obtained by the Company.

The Stock Exchange, Mumbai

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

| Month | High Price (Rs.) | Low Price (Rs.) |
|----------------|------------------|-----------------|
| April 2018 | 521 | 479 |
| May 2018 | 511 | 425 |
| June 2018 | 445 | 392 |
| July 2018 | 425 | 371 |
| August 2018 | 452 | 385 |
| September 2018 | 428 | 370 |
| October 2018 | 388 | 335 |
| November 2018 | 379 | 338 |
| December 2018 | 385 | 340 |
| January 2019 | 399 | 368 |
| February 2019 | 394 | 355 |
| March 2019 | 421 | 372 |

Market Price v/s. S & P BSE Sensex



DISTRIBUTION OF HOLDINGS AS ON 31/03/2019

| DESCRIPTION | | | NO. OF SHARES | % | NO. OF HOLDERS | % |
|--------------|---|----------|-------------------|---------------|-------------------|---------------|
| | | | | | | |
| 1 | | 500 | 1,384,500 | 9.44 | 13,526 | 88.81 |
| 501 | - | 1000 | 622,449 | 4.24 | 807 | 5.30 |
| 1001 | - | 2000 | 635,797 | 4.33 | 433 | 2.84 |
| 2001 | - | 3000 | 301,318 | 2.05 | 120 | 0.79 |
| 3001 | - | 4000 | 189,221 | 1.29 | 53 | 0.35 |
| 4001 | - | 5000 | 216,795 | 1.48 | 46 | 0.30 |
| 5001 | - | 10000 | 839,446 | 5.72 | 114 | 0.75 |
| 10001 | - | 99999999 | 10,477,133 | 71.45 | 131 | 0.86 |
| TOTAL | | | 14,666,659 | 100.00 | 15,230 | 100.00 |

Shareholding Pattern as on 31st March, 2019

| Category | Holdings | % |
|---|-------------------|---------------|
| Promoter & Promoter Group | 6,458,727 | 44.04 |
| Mutual Funds & UTI | 617,997 | 4.21 |
| Banks, Financial Institutions & Insurance Companies | 166,507 | 1.13 |
| FII's | 25,000 | 0.17 |
| Domestic Companies | 785,598 | 5.36 |
| Public | 6,413,514 | 43.73 |
| NRIs/OCBs | 199,316 | 1.36 |
| Total | 14,666,659 | 100.00 |

Dematerialization of Shares and Liquidity

The Company's Equity Shares are in compulsory demat i.e. electronic mode and as on 31st March, 2019, 96.84% 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, Tamilnadu, 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

Membrane Manufacturing Plant : Plot Nos. U 04/5, Phase IV, Verna IDC, Verna, Goa - 403 722

Address for correspondence:

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

M/s. TSR Darashaw Consultants Private Limited
(Formerly Known as M/s. TSR Darashaw Limited.)
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, 2019, 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, 2018 to 31st March, 2019.

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 29, 2019

Independent Auditors' Report

To
The Members of
Ion Exchange (India) Limited

Report on Audit of the Standalone Financial Statements

Opinion

We have audited the standalone financial statements of Ion Exchange (India) Limited ("the Company"), which comprise the standalone balance sheet as at 31 March 2019, and the standalone statement of profit and loss (including other comprehensive income), standalone statement of changes in equity and standalone statement of cash flows for the year then ended, and notes to the standalone financial statements, including a summary of the significant accounting policies and other explanatory information, in which are included the Returns for the year ended on that date audited by the branch auditor of the Company's branch at Bengaluru and IEI Shareholding (Staff Welfare) Trusts (Sixty Trusts) audited by respective auditor of the Trusts (hereinafter referred to as 'Standalone financial statements').

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of reports of other auditors on separate financial statements of such branch and Trusts, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2019, and profit and other comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under Section 143 (10) of the Act. Our responsibilities under those SAs are further described in the *Auditors' Responsibilities for the Audit of the Standalone Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Description of Key Audit Matters

| Recognition of contract revenue, margin and related receivables | |
|--|---|
| See Note 1.17 to the standalone financial statements | |
| The Key audit matters | How the matter was addressed in our audit |
| <p>The Company enters into Engineering Procurement and Construction (EPC) contracts, which are complex in nature and span over a number of reporting periods.</p> <p>The accounting standard requires an entity to select a single measurement method for the relevant performance obligation that depicts the entity's performance in transferring goods or services or if a contract is onerous, present obligations are recognized and measured as provisions.</p> <p>The Company is recognizing contract revenue and margin for these contracts using cost based input method, in accordance with the requirement of the standard which relies on management's estimates of the final outcome of each contract, and involves the exercise of significant management judgment, particularly in forecasting the cost to complete a contract, in valuing contract variations, claims and liquidated damages.</p> <p>We identified contract accounting as a key audit matter because the estimation, of the total revenue and total cost to complete the contract, prepared based on the prevailing circumstances, is inherently subjective, complex and require significant management judgment and forecast of contract revenue and/or contract cost may get subsequently changed due to change in prevailing circumstances, assumptions, contract variations or any other factor, and could result in material variance in the revenue and profit or loss from contract for the reporting period.</p> | <p>Our procedures included the following:</p> <ul style="list-style-type: none"> • We selected a sample of contracts to test, using a risk based criteria which included individual contracts with: <ul style="list-style-type: none"> - significant revenue recognised during the year; - low profit margins. • Obtained an understanding of management's process for reviewing long term contracts, the risk associated with the contract and any key judgments. • Evaluated the design and implementation of key internal controls over the contract revenue and cost estimation process through the combination of procedures involving inquiry and observations, re-performance and inspection of evidence in respect of operations of these controls. • Verified underlying documents such as original contract, and its amendments, if any, key contract terms and milestones, etc. for verifying the estimation of contract revenue and costs and /or any change in such estimation. • Evaluated the outcome of previous estimates and agreeing the actual cost after the year end to the forecasted costs for the period. • Inquired with management on the progress of works and collections from customers to identify specific customers with which the company might have disagreements or disputes. • Evaluated the status of trade receivables on sample basis which are past due as at year end, the Company's on-going business relationship with customer and past payment history of the customers through discussion with management. |

| Recoverability of carrying value of investment and receivables | |
|--|---|
| See Note 1.13 and Note 42 to the standalone financial statements | |
| The Key audit matters | How the matter was addressed in our audit |
| <p>The assessment of recoverable amount of the Company's investment in and loans receivable from subsidiaries involves significant judgement in respect of assumptions such as discount rates, current work in hand, future contract wins/future business plan as well as economic assumption such as growth rate.</p> <p>We focused on this area as a key audit matter due to judgement involved in forecasting future cash flows and the selection of assumptions.</p> | <p>Our procedures included the following:</p> <ul style="list-style-type: none"> • Evaluated the net worth and past performance of the Company to whom loans given or investments made. • Compared the carrying amount of the investment with the expected value of the business based on the discounted cash flow analysis; • Assessed the key assumptions for valuation performed by the management by comparing them with historical performance and future expected orders to assess the Company's ability to forecast accurately. • Performed sensitivity analysis on Key assumptions including discount rates and estimated future growth. • Assessed the appropriateness of the relevant disclosures in the financial statements. |

Other Information

The Company's management and Board of Directors are responsible for the other information. The other information comprises the information included in the Company's annual report, but does not include the financial statements and our auditors' report thereon.

Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management's Responsibility for the Standalone Financial Statements

The Company's management and Board of Directors are responsible for the matters stated in Section 134 (5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the state of affairs, profit and other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act.

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

In preparing the standalone financial statements, management and Board of Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Board of Directors is also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Standalone Financial Statements

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will

always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3) (i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matters

We did not audit the financial statements of a branch and Trusts (Sixty Trusts) included in the standalone financial statements of the Company whose standalone financial statements reflect total assets of Rs. 7,695.61 Lacs as at 31 March 2019, as well as total revenues is Rs 10,416.98 Lacs, total profit after tax of Rs. 820.44 Lacs and total comprehensive income of Rs. 820.44 Lacs for the year then ended on 31 March 2019, as considered in the standalone financial statements. These branch and Trusts have been audited by the branch and Trusts auditors 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 these branch and Trusts, is based solely on the report of such branch and Trust auditors.

Our opinion is not modified in respect of the above matters.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditors' Report) Order, 2016 ('the Order'), issued by the Central Government of India in terms of section 143 (11) of the Act, we give in the "Annexure A", a statement on the matters specified in the paragraphs 3 and 4 of the Order to the extent applicable.

(A) As required by 143(3) of the Act, we report that:

- (a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief, were necessary for the purposes of our audit.
- (b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
- (c) the reports on the accounts of the branch office of the Company audited under Section 143(8) of the Act by branch auditor and report on accounts of the IEI Shareholding Trusts (Sixty Trusts) have been sent to us and have been properly dealt with by us in preparing this report
- (d) the standalone balance sheet, the standalone statement of profit and loss (including other comprehensive income), the standalone statement of changes in equity and the standalone statement of cash flows 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 Ind AS specified under section 133 of the Act.

(f) on the basis of the written representations received from the directors as on 31 March 2019 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2019 from being appointed as a director in terms of Section 164(2) of the Act.

(g) with respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B".

(B) With respect to the other matters to be included in the Auditors' 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:

- i. the Company has disclosed the impact of pending litigations as at 31 March 2019 on its financial position in its standalone financial statements – Refer Note 46 to the standalone financial statements;
- ii. the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
- iii. there has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company during the year ended 31 March 2019; and
- iv. The disclosures in the standalone financial statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made in these financial statements since they do not pertain to the financial year ended 31 March 2019.

(C) With respect to the matter to be included in the Auditors' Report under section 197(16):

In our opinion and according to the information and explanations given to us, the remuneration paid by the Company to its directors during the current year is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) which are required to be commented upon by us.

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

Mumbai
 29 May 2019

Bhavesh Dhupelia
Partner
 Membership No: 042070

Annexure A to the Independent Auditors' Report – 31 March 2019

With reference to the Annexure A referred to in the Independent Auditors' Report to the members of the Company on the standalone financial statements for the year ended 31 March 2019, we report the following:

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The Company has a regular programme of physical verification of its fixed assets, by which all fixed assets are verified in a phased manner over a period of three years. In accordance with this programme, a portion of the fixed assets has been physically verified by the management during the year and no material discrepancies have been noticed on such verification. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets.
- (c) According to the information and explanations given to us, the title deeds of immovable properties, as disclosed in Note 2 to the Standalone financial statements, are held in the name of the Company, except for the following:

(Amount in Rupees)

| Particulars | Freehold Land | Buildings |
|---------------------------------|---------------|-----------|
| Gross block as at 31 March 2019 | 1,844,060 | Nil |
| Net block as at 31 March 2019 | 1,844,060 | Nil |

- (ii) The inventory, except goods-in-transit and stock lying with third parties, has been physically verified by the management at reasonable intervals during the year. In our opinion, the frequency of such verification is reasonable. In respect of inventory lying with third parties, these have substantially been confirmed by them. The discrepancies noticed on verification between the physical stocks and the book records were not material.
- (iii) The Company has granted unsecured loans to eleven companies covered in the register maintained under Section 189 of the Companies Act, 2013 ('the Act').
- i) 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.

ii) The loans granted are repayable on demand and as per terms of the agreement. 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 four subsidiaries.

iii) There are no overdue amounts in respect of the loan granted to a companies listed in the register maintained under section 189 of the Act.

(iv) In our opinion, and according to the information and explanations given to us, in respect of investments, loans, guarantee and security, the Company has complied with the provisions of Section 185 and 186 of the Act.

(v) In our opinion, and according to the information and explanations given to us, during the year the Company has not accepted any new deposits. The Company has complied with the provisions of Section 73 to 76 of the Act or other relevant provisions of the Act and the rules framed thereunder/the directives issued by the Reserve Bank of India (as applicable) with regard to deposits accepted from the public. No order has been passed by the Company Law Board or National Company Law Tribunal (as applicable) or Reserve Bank of India or any Court or any other Tribunal.

(vi) We have broadly reviewed the books of accounts maintained by the Company pursuant to the rules prescribed by the Central Government for the maintenance of cost records under Section 148(1) of the Act and are of the opinion that *prima facie*, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

(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, goods and services tax, cess, duty of customs, 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, goods and services tax, cess, duty of customs, professional tax and other material statutory dues were in arrears as at 31 March 2019 for a period of more than six months from the date they became payable.
- (b) According to the information and explanations given to us, there are no dues of Income tax, Sales tax, Value added tax, Service tax, goods and services tax, duty of customs, duty of excise which have not been deposited with the appropriate authorities on account of any dispute other than those mentioned in Annexure I to this report.
- (viii) According to the information and explanations given to us, the Company has not defaulted in repayments of loans or borrowings to financial institutions or banks. The Company neither have any loans or borrowings from Government nor has it issued any debentures, as at the balance sheet date.
- (ix) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not raised any moneys by way of initial public offer or further public offer (including debt instruments) during the year. In our opinion and according to the information and explanations given to us, the term loans taken by the Company have been applied for the purpose for which they are raised.
- (x) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such case by the management.
- (xi) According to the information and explanations given to us and based on our examination of the records of the Company, 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 and the Nidhi Rules, 2014 are not applicable to it. Accordingly, paragraph 3 (xii) of the Order is not applicable to the Company.
- (xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with Sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the standalone financial statements as required by applicable accounting standards.
- (xiv) According to the information and explanations given to us and based on our examination of the records, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, paragraph 3 (xiv) of the Order is not applicable to the Company.
- (xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into any non-cash transactions with directors or persons connected with them. Accordingly, paragraph 3 (xv) of the Order is not applicable to the Company.
- (xvi) In our opinion and according to the information and explanations given to us, the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, paragraph 3 (xvi) of the Order is not applicable to the Company.

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

Mumbai
 29 May 2019

Bhavesh Dhupelia
Partner
 Membership No: 042070

Annexure B to the Independent Auditors' Report – 31 March 2019

Report on the Internal Financial Controls with reference to the aforesaid standalone financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013

(Referred to in paragraph A(g) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Opinion

We have audited the internal financial controls with reference to standalone financial statements of Ion Exchange (India) Limited ("the Company") as of 31 March 2019 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls were operating effectively as at 31 March 2019, based on the internal financial controls with reference to financial statements 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 (the "Guidance Note").

Management's Responsibility for Internal Financial Controls

The Company's management and the Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal control with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note. 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 ('hereinafter referred to as 'the Act').

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform

the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements were 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 with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of such internal financial controls, 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 standalone financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by the auditors of the branch 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 with reference to financial statements.

Meaning of Internal Financial Controls with Reference to Financial Statements

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

Inherent Limitations of Internal Financial Controls with Reference to Financial Statements

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

Other Matters

Our aforesaid report under section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial control with reference to standalone financial statements in so

far as it relates to branch at Bengaluru which is incorporated in India is based on the corresponding report of the auditor of such branch. Our opinion is not modified in respect of this matter.

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

Bhavesh Dhupelia

Partner

Mumbai
 29 May 2019

Membership No: 042070

Annexure I to the Independent Auditors' Report - 31 March 2019

(Referred to in our report of even date)

| Name of the Statute | Nature of the dues | *Demand including interest in Rupees | Financial year to which the amount relates | Forum where dispute is pending |
|---|---|--------------------------------------|--|---|
| Central Excise Act, 1944 | Excise duty and penalty | 1,678,600 | 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 | 13,123,278 | 1993-1994 ,1995-1996 2006-2007, 2008- 2010 2013-2014 | Joint Commissioner Appeals |
| | | 23,623,539 | 2001-2005 2006-2014 | Assistant Commissioner Appeals |
| | | 14,089,450 | 2010-2011 2016-2017 | Commercial tax appeals |
| | | 16,679,413 | 2010-2011 | Objection Hearing Authority |
| | | 8,173,216 | 2008-2012, 2013-2015 | Deputy Commissioner Of Commercial Taxes |
| | | 14,797,713 | 2008-2012 2013-2015 | Deputy Commissioner Of Sales Tax, Appeals |
| | | 420,427 | 2008-2009 | Additional Commissioner Of Commercial Taxes |
| | | 249,215 | 2009-2010 | Gujarat VAT Tribunal |
| | | 2,478,901 | 2004-2005 2007-2008 | Senior Joint Commissioner Of Commercial Tax, Appeal |
| Finance Act, 1994 – Service Tax | Disallowance of service tax taken on input services | 1,251,327 | 2006-2013 | Assistant Commissioner of Central Excise |
| Income Tax act, 1961 | Income Tax Demand | 21,742,929 | 2008-2009, 2010-2011 | Income Tax Appellate Tribunal |
| | | 28,736,133 | 2009-2010, 2012-2013 to 2014-2015 | Commissioner of Income Tax (Appeal) |
| | | 9,735,030 | 2015-2016 | Deputy Commissioner of Income Tax |

* Net of duty paid under protest.

BALANCE SHEET as at 31st March 2019

| | Notes | As at 31st March 2019 INR in Lacs | As at 31st March 2018 INR in Lacs |
|---|-------|---|---|
| ASSETS | | | |
| Non-current assets | | | |
| (a) Property, plant and equipment | 2 | 14,251.54 | 13,473.63 |
| (b) Capital work-in-progress | | 1,228.49 | 657.76 |
| (c) Other intangible assets | 3 | 136.86 | 128.49 |
| (d) Financial assets | | | |
| (i) Investments | 4 | 6,075.46 | 5,754.37 |
| (ii) Trade receivables | 5 | 357.97 | 358.09 |
| (iii) Loans | 6 | 4,030.26 | 3,992.41 |
| (e) Other non current assets | 7 | 629.64 | 561.82 |
| (f) Non current tax assets (Net) | 8 | - | 28.28 |
| Total non-current assets | | 26,710.22 | 24,954.85 |
| Current assets | | | |
| (a) Inventories | 9 | 10,915.30 | 7,709.18 |
| (b) Financial assets | | | |
| (i) Investments | 10 | 36.53 | 39.82 |
| (ii) Trade receivables | 5 | 42,763.80 | 42,969.51 |
| (iii) Cash and cash equivalents | 11 | 3,599.55 | 6,061.57 |
| (iv) Bank balances other than (iii) above | 12 | 23,939.31 | 19,024.16 |
| (v) Loans | 6 | 5,093.00 | 5,536.92 |
| (vi) Other financial assets | 13 | 1,837.41 | 754.47 |
| (c) Other current assets | 7 | 6,608.83 | 3,762.65 |
| Total current assets | | 94,793.73 | 85,858.28 |
| Total assets | | 121,503.95 | 110,813.13 |
| EQUITY AND LIABILITIES | | | |
| Equity | | | |
| (a) Equity share capital | 14 | 1,466.67 | 1,466.67 |
| (b) Other equity | 15 | 35,968.27 | 29,872.01 |
| Total equity | | 37,434.94 | 31,338.68 |
| Liabilities | | | |
| Non-current liabilities | | | |
| (a) Financial liabilities | | | |
| (i) Borrowings | 16 | 2,610.25 | 3,308.19 |
| (ii) Other financial liabilities | 17 | 810.93 | 885.96 |
| (b) Provisions | 18 | 1,181.78 | 1,013.65 |
| (c) Deferred tax liabilities (Net) | 19 | 110.40 | 193.09 |
| (d) Non current tax liabilities (Net) | 20 | 152.70 | 174.20 |
| Total non-current liabilities | | 4,866.06 | 5,575.09 |
| Current liabilities | | | |
| (a) Financial liabilities | | | |
| (i) Borrowings | 21 | 4,338.94 | 8,861.50 |
| (ii) Trade payables | 22 | | |
| - Due to micro and small enterprises | | 596.68 | 147.36 |
| - Due to others | | 38,885.01 | 33,912.07 |
| (iii) Other financial liabilities | 23 | 3,802.35 | 3,582.30 |
| (b) Other current liabilities | 24 | 29,786.82 | 25,864.33 |
| (c) Provisions | 18 | 385.83 | 392.73 |
| (d) Liabilities for current tax (Net) | 20 | 1,407.32 | 1,139.07 |
| Total current liabilities | | 79,202.95 | 73,899.36 |
| Total liabilities | | 84,069.01 | 79,474.45 |
| Total equity and liabilities | | 121,503.95 | 110,813.13 |

Significant accounting policies

1

The accompanying notes are an integral part of the financial statements

As per our report of even date

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

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

BHAVESH DHUPELIA
Partner
Membership no.: 042070

RAJESH SHARMA
Chairman & Managing Director
DIN - 00515486

M. P. PATNI
Director
DIN - 00515553

MILIND PURANIK
Company Secretary

Place : Mumbai
Date : 29th May 2019

N. M. RANADIVE
Executive Vice President - Finance

Place : Mumbai
Date : 29th May 2019

STATEMENT OF PROFIT AND LOSS for the year ended 31st March 2019

| | Notes | Year ended 31st March 2019 INR in Lacs | Year ended 31st March 2018 INR in Lacs |
|--|-------|--|--|
| Income | | | |
| Revenue from operations | 25 | 110,233.63 | 99,425.39 |
| Other income | 26 | 4,409.80 | 3,000.67 |
| Total Income (I) | | 114,643.43 | 102,426.06 |
| Expenses | | | |
| Cost of materials and components consumed | 27 | 70,356.34 | 59,783.68 |
| Purchases of stock-in-trade | 28 | 4,137.02 | 4,185.95 |
| Change in inventories of finished goods, work-in-progress and stock-in-trade | 29 | (1,316.04) | 2,205.31 |
| Employee benefits expenses | 30 | 12,544.47 | 11,549.25 |
| Finance costs | 31 | 1,622.43 | 1,572.63 |
| Depreciation and amortization expenses | 32 | 1,813.10 | 1,193.30 |
| Other expenses | 33 | 15,376.02 | 14,653.04 |
| Total expenses (II) | | 104,533.34 | 95,143.16 |
| Profit before tax (I - II) | | 10,110.09 | 7,282.90 |
| Tax expense | 34 | | |
| Current tax | | 3,505.64 | 2,195.00 |
| Deferred tax | 19 | (54.39) | 313.41 |
| Total tax expense | | 3,451.25 | 2,508.41 |
| Profit after tax (III) | | 6,658.84 | 4,774.49 |
| Other comprehensive income | 35 | | |
| Items that will not be reclassified to profit or loss | | | |
| (a) Remeasurement benefit of defined benefit plans | | (80.98) | (26.99) |
| (b) Income tax expense on remeasurement benefit of defined benefit plans | | 28.30 | 9.34 |
| Total other comprehensive income (IV) | | (52.68) | (17.65) |
| Total comprehensive income (III + IV) | | 6,606.16 | 4,756.84 |
| Earnings per equity share: | | | |
| [Nominal value of shares INR 10 (2017-18: INR 10)] (Refer note 36) | | | |
| Basic (in INR) | | 55.47 | 39.78 |
| Diluted (in INR) | | 55.47 | 39.78 |
| Significant accounting policies | 1 | | |
| The accompanying notes are an integral part of the financial statements | | | |

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Place : Mumbai
 Date : 29th May 2019

N. M. RANADIVE
Executive Vice President - Finance

Place : Mumbai
 Date : 29th May 2019

STATEMENT OF CHANGES IN EQUITY for the year ended 31st March 2019

A. Equity share capital

| | 2018-19 | | 2017-18 | |
|---|------------------|-------------|------------------|-------------|
| | Number of shares | INR in Lacs | Number of shares | INR in Lacs |
| Issued, subscribed and fully paid up equity shares outstanding at the beginning of the year | 14,666,659 | 1,466.67 | 14,666,659 | 1,466.67 |
| Add: Shares issued during the year | - | - | - | - |
| Issued, subscribed and fully paid up equity shares outstanding at the end of the year | 14,666,659 | 1,466.67 | 14,666,659 | 1,466.67 |

B. Other equity

| | Reserves and Surplus | | | | Treasury shares (Refer note 15) | Total other equity |
|---|--------------------------|-----------------|-----------------|-------------------|------------------------------------|--------------------|
| | Security premium account | Special reserve | General reserve | Retained earnings | | |
| | INR in Lacs | INR in Lacs | INR in Lacs | INR in Lacs | INR in Lacs | INR in Lacs |
| Balance as at 1st April 2017 | 8,276.09 | 16.00 | 2,644.66 | 17,681.90 | (2,996.99) | 25,621.66 |
| Profit for the year (a) | - | - | - | 4,774.49 | - | 4,774.49 |
| Other Comprehensive Income (b) | - | - | - | (17.65) | - | (17.65) |
| Total comprehensive income for the year (a+b) | - | - | - | 4,756.84 | - | 4,756.84 |
| Dividend paid | - | - | - | (420.13) | - | (420.13) |
| Tax on Dividend paid | - | - | - | (86.36) | - | (86.36) |
| Balance as at 31st March 2018 | 8,276.09 | 16.00 | 2,644.66 | 21,932.25 | (2,996.99) | 29,872.01 |
| Profit for the year (c) | - | - | - | 6,658.84 | - | 6,658.84 |
| Other Comprehensive Income (d) | - | - | - | (52.68) | - | (52.68) |
| Total comprehensive income for the year (c+d) | - | - | - | 6,606.16 | - | 6,606.16 |
| Dividend paid | - | - | - | (420.13) | - | (420.13) |
| Tax on Dividend paid | - | - | - | (89.77) | - | (89.77) |
| Balance as at 31st March 2019 | 8,276.09 | 16.00 | 2,644.66 | 28,028.51 | (2,996.99) | 35,968.27 |

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Place : Mumbai
Date : 29th May 2019

N. M. RANADIVE
Executive Vice President - Finance

Place : Mumbai
Date : 29th May 2019

CASH FLOW STATEMENT for the year ended 31st March 2019

| | Year ended 31st March 2019 INR in Lacs | Year ended 31st March 2018 INR in Lacs |
|---|--|--|
| A. Cash flow from operating activities: | | |
| Profit before tax | 10,110.09 | 7,282.90 |
| Adjustment to reconcile profit before tax to net cash flows: | | |
| Depreciation and amortization expense | 1,813.10 | 1,193.30 |
| (Profit) / Loss on assets sold / discarded (Net) | 1.53 | (0.25) |
| Finance cost | 1,622.43 | 1,572.63 |
| Dividend received | (96.66) | (87.01) |
| Interest received | (3,032.30) | (2,355.84) |
| Bad debts written off | 553.33 | 83.49 |
| Backcharges on contracts | - | 15.26 |
| Amount set aside for liabilities, no longer required, written back | - | (243.70) |
| Change in fair value of investments | 3.29 | (7.82) |
| Guarantee commission | (78.69) | (86.40) |
| Remeasurement benefit of defined benefit plans | (80.98) | (26.99) |
| Unrealised exchange loss / (gain) | (520.49) | (184.79) |
| Operating profit before working capital changes | 10,294.65 | 7,154.78 |
| Movements in working capital: | | |
| (Increase) / Decrease in inventories | (3,206.12) | 2,685.07 |
| (Increase) / Decrease in trade receivables | 67.98 | (3,668.56) |
| (Increase) / Decrease in loans | 32.69 | (193.48) |
| (Increase) / Decrease in other current assets | (2,944.78) | 1,302.48 |
| (Decrease) / Increase in trade payables | 5,463.06 | (278.09) |
| (Decrease) / Increase in other financial liabilities | 50.88 | 227.60 |
| (Decrease) / Increase in other current liabilities | 3,930.09 | 3,416.55 |
| (Decrease) / Increase in provisions | 161.23 | 185.57 |
| Cash generated from operations | 13,849.68 | 10,831.92 |
| Taxes paid | (3,329.61) | (2,816.10) |
| Net cash generated from operating activities | (A) 10,520.07 | 8,015.82 |
| B. Cash flow from investing activities: | | |
| Purchase of property, plant and equipment | (3,013.56) | (2,896.59) |
| Proceeds from sale of property, plant and equipment | 13.52 | 0.25 |
| Investments made in subsidiaries | (250.00) | - |
| Investments made in others | - | (25.00) |
| (Increase) / Decrease in loans | 378.77 | (143.17) |
| Bank deposit made during the year (with maturity more than three months) | (8,878.07) | (15,629.50) |
| Bank deposit matured during the year (with maturity more than three months) | 3,963.91 | 986.44 |
| Dividend received | 96.66 | 87.01 |
| Interest received | 1,949.36 | 1,677.37 |
| Net cash used in investing activities | (B) (5,739.41) | (15,943.19) |

Cash Flow Statement for the year ended 31st March 2019 (Contd.)

| | | Year ended 31st March 2019 INR in Lacs | Year ended 31st March 2018 INR in Lacs |
|---|---|--|--|
| C. | Cash flow from financing activities: | | |
| Repayment of borrowings | | (9,243.47) | (5,584.99) |
| Proceeds from borrowings | | 3,978.21 | 10,770.39 |
| Dividend paid | | (420.13) | (420.13) |
| Dividend tax paid | | (89.77) | (86.36) |
| Finance cost | | (1,526.34) | (1,419.46) |
| Net cash generated / (used) in financing activities | (C) | (7,301.50) | 3,259.45 |
| Net Increase / (Decrease) in cash and cash equivalents | (A)+(B)+(C) | (2,520.84) | (4,667.92) |
| Effect of exchange difference on cash and cash equivalent held in foreign currency | | 58.82 | (92.96) |
| Cash and cash equivalents as at the beginning of the year | | 6,061.57 | 10,822.45 |
| Cash and cash equivalents as at the end of the year | | 3,599.55 | 6,061.57 |

Notes:

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

| | Year ended 31st March 2019 INR in Lacs | Year ended 31st March 2018 INR in Lacs |
|---|--|--|
| Cash and cash equivalents disclosed under current assets [Note 11] | 3,599.55 | 6,061.57 |
| Other bank balances disclosed under current assets [Note 12] | 23,939.31 | 19,024.16 |
| Total cash and cash equivalents as per Balance Sheet | 27,538.86 | 25,085.73 |
| Less: Other bank balances disclosed under current assets | | |
| On unclaimed dividend account | 43.26 | 41.46 |
| On unclaimed interest on fixed deposits | 1.38 | 2.19 |
| On deposit account | 8,437.03 | 5,001.69 |
| On margin money account | 15,457.64 | 13,978.82 |
| | 23,939.31 | 19,024.16 |
| Total cash and cash equivalents as per Statement of Cash Flows | 3,599.55 | 6,061.57 |

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MILIND PURANIK
Company Secretary

Place : Mumbai
Date : 29th May 2019

N. M. RANADIVE
Executive Vice President - Finance

Place : Mumbai
Date : 29th May 2019

NOTES TO FINANCIAL STATEMENTS for the year ended 31st March 2019

Company Overview

Ion Exchange (India) Limited (the 'company') offers a wide range of solutions across the water cycle from pre-treatment to process water treatment, waste water treatment, recycle, zero liquid discharge, sewage treatment, packaged drinking water, sea water desalination etc. The company is also engaged in manufacturing resins, speciality chemicals for water and waste water treatment as well as non-water applications. The company's water and environment management solutions extend beyond the industrial sector to homes, hotels, spas, educational institutions, hospitals, laboratories, realty sector and defense establishments providing safe drinking water and a clean environment.

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

1. Significant Accounting Policies

1.1 Statement of compliance

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

The financial statements are authorised for issue by the Board of Directors of the company at their meeting held on 29th May 2019.

1.2 Basis of preparation

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

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

1.3 Functional and presentation currency

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

1.4 Basis of measurement

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

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

1.5 Use of estimates

The preparation of the standalone financial statements in accordance with Ind AS requires use of judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively. Assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ended 31st March 2019 are as follows:

a) Evaluation of percentage completion

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

b) Useful life of property, plant and equipment

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

NOTES TO FINANCIAL STATEMENTS for the year ended 31st March 2019 (contd...)**1. Significant Accounting Policies (Contd...)****1.5 Use of estimates (Contd...)**

- c) Recognition and measurement of defined benefit obligations

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

1.6 Measurement of fair values

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

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

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

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

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

1.7 Property, plant and equipment and depreciation

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

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

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

Leasehold assets are depreciated over the period of lease.

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

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

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

NOTES TO FINANCIAL STATEMENTS for the year ended 31st March 2019 (contd...)

1. Significant Accounting Policies (Contd...)

1.8 Intangible assets

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

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

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

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

1.9 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.

The company reviews its carrying value of investments carried at cost and amortised cost annually, or more frequently when there is indication for impairment. If the recoverable amount is less than its carrying amount, the impairment loss is accounted for.

1.10 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.

1.11 Inventories

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

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

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

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

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

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

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

1.12 Research and development

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

NOTES TO FINANCIAL STATEMENTS for the year ended 31st March 2019 (contd...)

1. Significant Accounting Policies (contd...)

1.13 Financial instruments

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

A. Financial assets

(i) Initial recognition and measurement

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

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

(ii) Classification and subsequent measurement

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

a) At amortised cost,

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

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

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

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

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

(iii) Equity investments

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

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

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

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

(iv) Impairment of financial assets

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

(v) De-recognition of financial assets

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

B. Financial liabilities

(i) Initial recognition and measurement

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

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

NOTES TO FINANCIAL STATEMENTS for the year ended 31st March 2019 (contd...)

1. Significant Accounting Policies (contd...)

1.13 Financial instruments (contd...)

(ii) Classification and subsequent measurement

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

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

- **Financial liabilities excluding derivative financial instruments at amortised cost**

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

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

- **Derivative financial instruments**

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

(iii) De-recognition

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

1.14 Financial guarantees

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

1.15 Retirement and other employee benefits

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

1.16 Employee stock compensation cost

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

NOTES TO FINANCIAL STATEMENTS for the year ended 31st March 2019 (contd...)

1. Significant Accounting Policies (contd...)

1.16 Employee stock compensation cost (contd...)

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

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

1.17 Revenue recognition

Effective 1st April 2018, the company has applied Ind AS 115 which establishes a comprehensive framework for determining whether, how much and when revenue is to be recognised. Ind AS 115 replaces Ind AS 18 'Revenue' and Ind AS 11 'Construction Contracts'.

The company has adopted Ind AS 115 using the modified retrospective adoption method. The effect of initially applying this standard is recognised at the date of initial application (i.e. 1st April 2018). The standard is applied retrospectively only to contracts that are not completed as at the date of initial application and the comparative information in the statement of profit and loss is not restated – i.e. the comparative information continues to be reported under Ind AS 18 and Ind AS 11. Refer note 1.7 (k) – Significant accounting policies – Revenue recognition in the annual report of the company for the year ended 31st March 2018, for the revenue recognition policy as per Ind AS 18 and Ind AS 11.

The impact of the adoption of the standard on the financial statements of the company is insignificant.

Revenue from sale of goods is recognised at the point in time when control of the assets is transferred to the customer, generally on delivery of the goods.

Revenue is recognised upon transfer of control of promised products or services to customers for an amount that reflects the consideration which the company expects to receive in exchange for those products or services.

- Revenue related to fixed price maintenance and support services contracts where the company is standing ready to provide services is recognised based on time elapsed mode and revenue is straight lined over the period of performance.
- In respect of other fixed-price contracts, revenue is recognised using percentage-of-completion method ('POC method') of accounting with contract costs incurred determining the degree of completion of the performance obligation. The contract costs used in computing the revenues include cost of fulfilling warranty obligations.

Revenue is measured based on the transaction price, which is the consideration, adjusted for volume discounts and incentives, if any, as specified in the contract with the customer.

Revenue also excludes taxes collected from customers.

Revenue from subsidiaries is recognised based on transaction price which is at arm's length.

Contract assets are recognised when there is excess of revenue earned over billings on contracts. Contract assets are classified as unbilled receivables (only act of invoicing is pending) when there is unconditional right to receive cash, and only passage of time is required, as per contractual terms.

Unearned and deferred revenue ("contract liability") is recognised when there is billings in excess of revenues.

The billing schedules agreed with customers include periodic performance based payments and / or milestone based progress payments. Invoices are payable within contractually agreed credit period.

In accordance with Ind AS 37, the company recognises an onerous contract provision when the unavoidable costs of meeting the obligations under a contract exceed the economic benefits to be received.

Contracts are subject to modification to account for changes in contract specification and requirements. The company reviews modification to contract in conjunction with the original contract, basis which the transaction price could be allocated to a new performance obligation, or transaction price of an existing obligation could undergo a change. In the event transaction price is revised for existing obligation, a cumulative adjustment is accounted for.

The Company disaggregates revenue from contracts with customers into categories that depict the nature of services and geography.

Use of significant judgements in revenue recognition

- The company's contracts with customers could include promises to transfer multiple products and services to a customer. The company assesses the products / services promised in a contract and identify distinct performance obligations in the contract. Identification of distinct performance obligation involves judgement to determine the deliverables and the ability of the customer to benefit independently from such deliverables.

NOTES TO FINANCIAL STATEMENTS for the year ended 31st March 2019 (contd...)

1. Significant Accounting Policies (contd...)

1.17 Revenue recognition (contd...)

- Judgement is also required to determine the transaction price for the contract. The transaction price could be either a fixed amount of customer consideration or variable consideration with elements such as volume discounts and incentives. The transaction price is also adjusted for the effects of the time value of money if the contract includes a significant financing component. Any consideration payable to the customer is adjusted to the transaction price, unless it is a payment for a distinct product or service from the customer. The estimated amount of variable consideration is adjusted in the transaction price only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur and is reassessed at the end of each reporting period. The company allocates the elements of variable considerations to all the performance obligations of the contract unless there is observable evidence that they pertain to one or more distinct performance obligations.
- The company uses judgement to determine an appropriate standalone selling price for a performance obligation. The company allocates the transaction price to each performance obligation on the basis of the relative standalone selling price of each distinct product or service promised in the contract. Where standalone selling price is not observable, the company uses the expected cost plus margin approach to allocate the transaction price to each distinct performance obligation.
- The company exercises judgement in determining whether the performance obligation is satisfied at a point in time or over a period of time. The company considers indicators such as how customer consumes benefits as services are rendered or who controls the asset as it is being created or existence of enforceable right to payment for performance to date and alternate use of such product or service, transfer of significant risks and rewards to the customer, acceptance of delivery by the customer, etc.
- Revenue for fixed-price contract is recognised using percentage-of-completion method. The company uses judgement to estimate the future cost-to-completion of the contracts which is used to determine the degree of completion of the performance obligation.
- Dividend income is recorded when the right to receive payment is established. Interest income is recognised using the effective interest method.

1.18 Taxation

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

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

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

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

1.19 Provisions and contingent liabilities

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

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

1.20 Earnings per share

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

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

NOTES TO FINANCIAL STATEMENTS for the year ended 31st March 2019 (contd...)

1. Significant Accounting Policies (contd...)

1.20 Earnings per share (contd...)

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

1.21 Segment reporting policies

Identification of segments

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

Inter-segment Transfers

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

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.

1.22 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.

1.23 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 lease by the company are included in property, plant and equipment. Lease income is recognized in the statement of profit and loss on a straight-line basis over the lease term. Costs, including depreciation, are recognized as an expense in the statement of profit and loss. Initial direct costs such as legal costs, brokerage costs, etc. are recognized immediately in the statement of profit and loss.

Where the company is the lessee

Finance lease, 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.

1.24 Borrowing costs

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

1.25 Dividend payable

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

NOTES TO FINANCIAL STATEMENTS for the year ended 31st March 2019 (contd...)

2. Property, plant and equipment

| | Land (Freehold) (Refer note a) | Land (Leasehold)* (Refer note b, c, d and e) | Road | Building on freehold land | Building on leasehold land | Plant and machinery (Refer note f) | Furniture and fixtures | Vehicles | Office equipments (Refer note g) | INR in Lacs Total |
|---|--------------------------------------|---|--------------|---------------------------------|----------------------------------|--|------------------------------|---------------|--|----------------------|
| Gross block | | | | | | | | | | |
| As at 1st April 2018 | 204.29 | 360.13 | 88.46 | 2,147.03 | 2,923.15 | 8,508.43 | 441.02 | 272.19 | 704.73 | 15,649.43 |
| Addition during the year | - | - | - | 65.64 | 76.55 | 2,022.08 | 68.79 | 22.77 | 307.82 | 2,563.65 |
| Disposal during the year | - | - | - | - | - | 79.89 | 0.40 | 7.22 | 4.03 | 91.54 |
| As at 31st March 2019 | 204.29 | 360.13 | 88.46 | 2,212.67 | 2,999.70 | 10,450.62 | 509.41 | 287.74 | 1,008.52 | 18,121.54 |
| Depreciation / Amortisation | | | | | | | | | | |
| As at 1st April 2018 | - | 14.66 | 15.38 | 108.38 | 163.95 | 1,432.90 | 84.40 | 73.61 | 282.52 | 2,175.80 |
| Depreciation during the year | - | 9.48 | 11.79 | 58.61 | 129.25 | 1,255.92 | 50.87 | 58.34 | 196.43 | 1,770.69 |
| Deduction during the year | - | - | - | - | - | 66.94 | 0.40 | 5.38 | 3.77 | 76.49 |
| As at 31st March 2019 | - | 24.14 | 27.17 | 166.99 | 293.20 | 2,621.88 | 134.87 | 126.57 | 475.18 | 3,870.00 |
| Net carrying value as at 31st March 2019 | 204.29 | 335.99 | 61.29 | 2,045.68 | 2,706.50 | 7,828.74 | 374.54 | 161.17 | 533.34 | 14,251.54 |
| Gross block | | | | | | | | | | |
| As at 1st April 2017 | 204.29 | 353.79 | 47.58 | 2,093.14 | 1,525.42 | 4,910.75 | 207.61 | 115.09 | 441.67 | 9,899.34 |
| Addition during the year | - | 6.34 | 40.88 | 53.89 | 1,397.73 | 3,597.68 | 233.41 | 157.10 | 265.55 | 5,752.58 |
| Disposal during the year | - | - | - | - | - | - | - | - | 2.49 | 2.49 |
| As at 31st March 2018 | 204.29 | 360.13 | 88.46 | 2,147.03 | 2,923.15 | 8,508.43 | 441.02 | 272.19 | 704.73 | 15,649.43 |
| Depreciation / Amortisation | | | | | | | | | | |
| As at 1st April 2017 | - | 5.11 | 7.69 | 53.47 | 81.22 | 664.12 | 44.37 | 37.75 | 136.50 | 1,030.23 |
| Depreciation during the year | - | 9.55 | 7.69 | 54.91 | 82.73 | 768.78 | 40.03 | 35.86 | 148.51 | 1,148.06 |
| Deduction during the year | - | - | - | - | - | - | - | - | 2.49 | 2.49 |
| As at 31st March 2018 | - | 14.66 | 15.38 | 108.38 | 163.95 | 1,432.90 | 84.40 | 73.61 | 282.52 | 2,175.80 |
| Net carrying value as at 31st March 2018 | 204.29 | 345.47 | 73.08 | 2,038.65 | 2,759.20 | 7,075.53 | 356.62 | 198.58 | 422.21 | 13,473.63 |

* The leasehold land under finance lease is recognised under property, plant and equipment as substantially all the significant risk and rewards incidental to ownership have been transferred to the company.

Notes

- a) Freehold land includes land at Pune, the title deeds of which are in the name of the nominees of the company.
Deemed gross book value INR 18.44 Lacs (2017-18: INR 18.44 Lacs)
- b) Buildings on freehold land includes residential flats, the cost of which includes:
 - INR 250 (2017-18: INR 250) being the value of 5 Shares (unquoted) of INR 50 each, fully paid up in Sunrise Co-operative Housing Society Limited.
 - INR 3,500 (2017-18: INR 3,500) being the value of 70 Shares (unquoted) of INR 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.
Deemed gross book value INR 41.15 Lacs (2017-18: INR 41.15 Lacs)
Net book value INR 38.03 Lacs (2017-18: INR 39.07 Lacs)

NOTES TO FINANCIAL STATEMENTS for the year ended 31st March 2019 (contd...)**2. Property, plant and equipment (Contd....)**

- 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.
 Deemed gross book value INR Nil (2017-18: INR Nil)
 Net book value INR Nil (2017-18: INR Nil)
- e) Buildings on freehold land includes office premises given on operating lease :
 Deemed gross book value INR 144.44 Lacs (2017-18: INR 133.50 Lacs)
 Accumulated depreciation INR 19.42 Lacs (2017-18: INR 11.21 Lacs)
 Depreciation for the year INR 8.21 Lacs (2017-18: INR 6.03 Lacs)
 Net book value INR 125.02 Lacs (2017-18: INR 122.29 Lacs)
- f) Plant and machinery includes items taken on finance lease:
 Deemed gross book value INR 2,156.28 Lacs (2017-18: INR 1,375.85 Lacs)
 Accumulated depreciation INR 547.42 Lacs (2017-18: INR 270.88 Lacs)
 Depreciation for the year INR 276.54 Lacs (2017-18: INR 168.85 Lacs)
 Net book value INR 1,608.86 Lacs (2017-18: INR 1,104.97 Lacs)
- g) Office equipment includes data processing items taken on finance lease:
 Deemed gross book value INR 361.36 Lacs (2017-18: INR 95.35 Lacs)
 Accumulated depreciation INR 110.22 Lacs (2017-18: INR 50.62 Lacs)
 Depreciation for the year INR 59.60 Lacs (2017-18: INR 17.32 Lacs)
 Net book value INR 251.14 Lacs (2017-18: INR 44.73 Lacs)
- h) Addition to Property, plant and equipment includes amount of INR 65.00 Lacs (2017-18: INR 71.69 Lacs) pertaining to research and development.
- i) Addition during the year and capital work-in-progress include INR Nil (2017-18: INR 310.53 Lacs) being borrowing cost capitalised in accordance with Indian Accounting Standard (Ind AS) 23 on "Borrowing Costs". Asset wise break-up of borrowing costs capitalised is as follows:

| | Year ended 31st March 2019 INR in Lacs | Year ended 31st March 2018 INR in Lacs |
|----------------------------|--|--|
| Road | - | 2.83 |
| Building on leasehold land | - | 90.44 |
| Plant and machinery | - | 204.39 |
| Furniture and fixtures | - | 7.47 |
| Office equipments | - | 5.40 |
| Capital work-in-progress | - | - |
| | - | 310.53 |

NOTES TO FINANCIAL STATEMENTS for the year ended 31st March 2019 (contd...)
3. Other intangible assets

| | INR in Lacs | |
|---|-------------------|---------------|
| | Computer Software | Total |
| Gross block | | |
| As at 1st April 2018 | 218.40 | 218.40 |
| Addition during the year | 50.78 | 50.78 |
| Disposal during the year | - | - |
| As at 31st March 2019 | 269.18 | 269.18 |
| Amortisation | | |
| As at 1st April 2018 | 89.91 | 89.91 |
| Amortised during the year | 42.41 | 42.41 |
| Deduction during the year | - | - |
| As at 31st March 2019 | 132.32 | 132.32 |
| Net carrying value as at 31st March 2019 | 136.86 | 136.86 |
| Gross block | | |
| As at 1st April 2017 | 175.20 | 175.20 |
| Addition during the year | 43.20 | 43.20 |
| Disposal during the year | - | - |
| As at 31st March 2018 | 218.40 | 218.40 |
| Amortisation | | |
| As at 1st April 2017 | 44.67 | 44.67 |
| Amortised during the year | 45.24 | 45.24 |
| Deduction during the year | - | - |
| As at 31st March 2018 | 89.91 | 89.91 |
| Net carrying value as at 31st March 2018 | 128.49 | 128.49 |

NOTES TO FINANCIAL STATEMENTS for the year ended 31st March 2019 (contd...)**4. Non-current investments**

| | As at 31st March 2019 INR in Lacs | As at 31st March 2018 INR in Lacs |
|---|---|---|
| Measured at cost in equity shares of subsidiaries | | |
| Unquoted, fully paid-up | | |
| 1,760,000 (31st March 2018: 1,760,000) equity shares of INR 10 each, fully paid-up in Aqua Investments (India) Limited | 176.00 | 176.00 |
| 1,770,000 (31st March 2018: 1,770,000) equity shares of INR 10 each, fully paid-up in Watercare Investments (India) Limited | 177.00 | 177.00 |
| 547,000 (31st March 2018: 547,000) equity shares of INR 10 each, fully paid-up in Ion Exchange Enviro Farms Limited | 54.70 | 54.70 |
| 2,603,211 (31st March 2018: 2,603,211) equity shares of SGD 1 each, fully paid-up in Ion Exchange Asia Pacific Pte. Ltd. | 1,115.04 | 1,108.73 |
| 250,000 (31st March 2018: 250,000) equity shares of MYR 1 each, fully paid-up in IEI Environmental Management (M) Sdn. Bhd. | 18.10 | 18.10 |
| 700,000 (31st March 2018: 700,000) equity shares of USD 1 each, fully paid-up in Ion Exchange LLC | 372.01 | 372.01 |
| 153,000 (31st March 2018: 153,000) equity shares of OMR 1 each, fully paid-up in Ion Exchange And Company LLC | 180.85 | 180.85 |
| 55,862 (31st March 2018: 55,862) equity shares of BDT 100 each, fully paid-up in Ion Exchange Environment Management (BD) Limited | 37.72 | 37.06 |
| 27,469 (31st March 2018: 27,469) equity shares of BDT 100 each, fully paid-up in Ion Exchange WTS (Bangladesh) Limited | 2.45 | 2.45 |
| 2,170,000 (31st March 2018: 2,170,000) equity shares of INR 10 each, fully paid-up in Global Composites And Structural Limited | 263.25 | 245.00 |
| 13,968,634 (31st March 2018: 13,968,634) equity shares of INR 10 each, fully paid-up in Ion Exchange Projects And Engineering Limited | 1,417.22 | 1,388.64 |
| 600 (31st March 2018: 600) equity shares of ZAR 1 each, fully paid-up in Ion Exchange Safic Pty Ltd. | 58.80 | 52.51 |
| 65,618 (31st March 2018: 65,618) equity shares of INR 10 each, fully paid-up in Total Water Management Services (India) Limited | 18.00 | 18.00 |
| 10,000 (31st March 2018: 10,000) equity shares of INR 10 each, fully paid-up in Ion Exchange Purified Drinking Water Private Limited | 39.01 | 39.01 |
| 4,999,500 equity shares of INR 10 each, fully paid-up in Ion Exchange Environment Management Limited (Formerly known as Ion Exchange Waterleau Limited) * | 501.23 | - |
| | (A) | 4,431.38 |
| | | 3,870.06 |
| Measured at cost in equity shares of joint venture | | |
| Unquoted, fully paid-up | | |
| 31st March 2018: 2,499,500 equity shares of INR 10 each, fully paid-up in Ion Exchange Environment Management Limited (Formerly known as Ion Exchange Waterleau Limited) * | - | 251.23 |
| | (B) | 251.23 |
| Measured at cost in equity shares of associates | | |
| Unquoted, fully paid-up | | |
| 460,000 (31st March 2018: 460,000) equity shares of INR 10 each, fully paid-up in Aquanomics Systems Limited | 79.00 | 68.00 |
| | (C) | 79.00 |
| | | 68.00 |

* Ion Exchange Environment Management Limited (Formerly known as Ion Exchange Waterleau Limited), a joint venture of the company has become a wholly owned subsidiary of the company w.e.f. 20th August 2018.

NOTES TO FINANCIAL STATEMENTS for the year ended 31st March 2019 (contd...)
4. Non-current investments (contd...)

| | As at 31st March 2019 INR in Lacs | As at 31st March 2018 INR in Lacs |
|--|---|---|
| Measured at fair value through profit and loss in equity shares of others | | |
| Unquoted, fully paid-up | | |
| 6,000 (31st March 2018: 6,000) equity shares of INR 10 each, fully paid-up in IEK Plastics Limited | - | - |
| 113 (31st March 2018: 113) equity shares of INR 10 each, fully paid-up in Patancheru Enviro-tech Limited | 0.01 | 0.01 |
| 10,500 (31st March 2018: 10,500) equity shares of INR 10 each, fully paid-up in Bharuch Enviro Infrastructure Limited | 1.05 | 1.05 |
| 352,500 (31st March 2018: 352,500) equity shares of INR 10 each, fully paid-up in Bharuch Eco-Aqua Infrastructure Limited | 35.25 | 35.25 |
| 71,518 (31st March 2018: 71,518) equity shares of INR 10 each, fully paid-up in Global Procurement Consultants Limited | 27.46 | 27.46 |
| 1,000 (31st March 2018: 1,000) equity shares of INR 10 each, fully paid-up in Ion Foundation | 0.10 | 0.10 |
| 7,143 (31st March 2018: 7,143) equity shares of INR 10 each, fully paid-up in Water Quality India Association | 0.71 | 0.71 |
| (D) | 64.58 | 64.58 |
| Measured at amortised cost in preference shares of others | | |
| Unquoted, fully paid-up | | |
| 75,000 (31st March 2018: 75,000) 14.25% preference shares of INR 100 each, fully paid-up in HMG Industries Limited | 0.50 | 0.50 |
| (E) | 0.50 | 0.50 |
| Measured at amortised cost in debenture of subsidiaries | | |
| 1,500,000 (31st March 2018: 1,500,000) 7% secured redeemable non-convertible debenture of INR 100 each, fully paid-up in Ion Exchange Enviro Farms Limited | 1,500.00 | 1,500.00 |
| (F) | 1,500.00 | 1,500.00 |
| Total non current investments | (A+B+C+D+E+F) | 6,075.46 |
| Aggregate amount of quoted Investments | - | - |
| Aggregate amount of unquoted Investments | 6,075.46 | 5,754.37 |

NOTES TO FINANCIAL STATEMENTS for the year ended 31st March 2019 (contd...)**5. Trade receivables**

| | Non-current | | Current | |
|---|---|---|---|---|
| | As at 31st March 2019 INR in Lacs | As at 31st March 2018 INR in Lacs | As at 31st March 2019 INR in Lacs | As at 31st March 2018 INR in Lacs |
| Trade receivables | | | | |
| (a) Unsecured, considered good | - | - | 42,763.80 | 42,969.51 |
| (b) Unsecured, have significant increase in credit risk | 357.97 | 358.09 | - | - |
| (c) Unsecured, credit impaired | 59.62 | 59.62 | - | - |
| | 417.59 | 417.71 | 42,763.80 | 42,969.51 |
| Less: Provision for credit impaired | 59.62 | 59.62 | - | - |
| | 357.97 | 358.09 | 42,763.80 | 42,969.51 |

6. Loans

| | Non-current | | Current | |
|---|---|---|---|---|
| | As at 31st March 2019 INR in Lacs | As at 31st March 2018 INR in Lacs | As at 31st March 2019 INR in Lacs | As at 31st March 2018 INR in Lacs |
| Tender, security and other deposits | | | | |
| (a) Unsecured, considered good | 683.62 | 666.92 | 91.22 | 36.65 |
| (b) Unsecured, credit impaired | 13.74 | 10.99 | - | - |
| | 697.36 | 677.91 | 91.22 | 36.65 |
| Less: Provision for credit impaired | 13.74 | 10.99 | - | - |
| (A) | 683.62 | 666.92 | 91.22 | 36.65 |
| Loans and advances to related parties (Refer note 41) | | | | |
| (a) Unsecured, considered good | 3,346.64 | 3,325.49 | 4,606.24 | 5,000.77 |
| (b) Unsecured, credit impaired | 19.50 | 22.25 | - | - |
| | 3,366.14 | 3,347.74 | 4,606.24 | 5,000.77 |
| Less: Provision for credit impaired | 19.50 | 22.25 | - | - |
| (B) | 3,346.64 | 3,325.49 | 4,606.24 | 5,000.77 |
| Claims receivables | (C) | - | 345.07 | 443.64 |
| Loans and advances to employees | (D) | - | 50.47 | 55.86 |
| Rent receivable (Unsecured, credit impaired) | | 17.05 | 17.05 | - |
| Less: Provision for credit impaired | | 17.05 | 17.05 | - |
| (E) | - | - | - | - |
| Others - Unsecured, credit impaired | | | | |
| - Inter corporate deposits | | 57.07 | 57.07 | - |
| - Other loans and advances | | 55.07 | 55.07 | - |
| | 112.14 | 112.14 | - | - |
| Less: Provision for credit impaired | | 112.14 | 112.14 | - |
| (F) | - | - | - | - |
| | (A+B+C+D+E+F) | 4,030.26 | 3,992.41 | 5,093.00 |
| | | | | 5,536.92 |

NOTES TO FINANCIAL STATEMENTS for the year ended 31st March 2019 (contd...)

7. Other assets

| | | Non-current | | Current | |
|---|-----------------|---|---|---|---|
| | | As at 31st March 2019 INR in Lacs | As at 31st March 2018 INR in Lacs | As at 31st March 2019 INR in Lacs | As at 31st March 2018 INR in Lacs |
| Capital advances | (A) | 45.97 | 76.75 | - | - |
| Balance with statutory authorities | (B) | 583.67 | 485.07 | 1,806.19 | 2,014.65 |
| Advance to suppliers | | | | | |
| Unsecured, considered good - Others | | - | - | 3,732.25 | 446.92 |
| Unsecured, considered good - related parties [Refer note 41] | | - | - | 625.43 | 882.70 |
| Unsecured, credit impaired | | 14.20 | 14.20 | - | - |
| | | 14.20 | 14.20 | 4,357.68 | 1,329.62 |
| Less: Provision for credit impaired | | 14.20 | 14.20 | - | - |
| | (C) | - | - | 4,357.68 | 1,329.62 |
| Prepaid expenses | (D) | - | - | 444.96 | 418.38 |
| | (A)+(B)+(C)+(D) | 629.64 | 561.82 | 6,608.83 | 3,762.65 |

8. Tax assets

| | Non-current | | Current | |
|-----------------------|---|---|---|---|
| | As at 31st March 2019 INR in Lacs | As at 31st March 2018 INR in Lacs | As at 31st March 2019 INR in Lacs | As at 31st March 2018 INR in Lacs |
| Income tax paid (Net) | - | 28.28 | - | - |
| | - | 28.28 | - | - |

9. Inventories

(valued at lower of cost and net realizable value)

| | As at 31st March 2019 INR in Lacs | As at 31st March 2018 INR in Lacs |
|---|---|---|
| Raw materials and components (includes in transit INR 598.65 Lacs, 31st March 2018: INR 244.78 Lacs) | 4,678.63 | 2,798.11 |
| Work-in-progress | 473.09 | 544.84 |
| Finished goods (includes in transit INR 54.50 Lacs, 31st March 2018: INR 27.70 Lacs) | 3,354.69 | 2,618.60 |
| Traded goods | 778.28 | 654.91 |
| Stores and spares | 633.80 | 624.24 |
| Contract work-in-progress | 996.81 | 468.48 |
| | 10,915.30 | 7,709.18 |

NOTES TO FINANCIAL STATEMENTS for the year ended 31st March 2019 (contd...)**10. Investments**

| | As at 31st March 2019 INR in Lacs | As at 31st March 2018 INR in Lacs |
|---|---|---|
| Investments measured at fair value through profit and loss | | |
| Quoted, fully paid-up | | |
| 5,875 (31st March 2018: 5,875) equity shares of INR 2 each, fully paid-up in Sterlite Technologies Limited | 12.84 | 18.34 |
| 70 (31st March 2018: 70) equity shares of INR 2 each, fully paid-up in Jain Irrigation Systems Limited | 0.04 | 0.08 |
| 8,100 (31st March 2018: 8,100) equity shares of INR 10 each, fully paid-up in Canara Bank Ltd. | 23.65 | 21.40 |
| | 36.53 | 39.82 |
| Aggregate amount of quoted investments | 36.53 | 39.82 |
| Aggregate amount of unquoted investments | - | - |

11. Cash and cash equivalents

| | As at 31st March 2019 INR in Lacs | As at 31st March 2018 INR in Lacs |
|--|---|---|
| Balances with banks | | |
| On current accounts [Refer note below] | 3,530.77 | 6,005.33 |
| On Exchange Earner's Foreign Currency accounts | 15.65 | 14.71 |
| Cash on hand | 53.13 | 41.53 |
| | 3,599.55 | 6,061.57 |

Note

Includes balance of Rs. 839.41 Lacs (31st March 2018: Rs. 3,579.32 Lacs) in escrow accounts for utilisation in the execution of a specific EPC contract.

12. Bank balances other than cash and cash equivalents

| | As at 31st March 2019 INR in Lacs | As at 31st March 2018 INR in Lacs |
|--|---|---|
| Balances with banks | | |
| On Unclaimed dividend account | 43.26 | 41.46 |
| On Unclaimed interest on fixed deposits | 1.38 | 2.19 |
| Other bank balances: | | |
| On deposit account | 8,437.03 | 5,001.69 |
| On margin money account [Refer note below] | 15,457.64 | 13,978.82 |
| | 23,939.31 | 19,024.16 |

Note

Margin money deposits with a carrying amount of Rs. 15,457.64 Lacs (31st March 2018: Rs. 13,978.82 Lacs) are subject to first charge to secure bank guarantees issued by banks on our behalf.

NOTES TO FINANCIAL STATEMENTS for the year ended 31st March 2019 (contd...)

13. Other financial assets

| | As at 31st March 2019 INR in Lacs | As at 31st March 2018 INR in Lacs |
|---|---|---|
| Interest accrued on deposits and margin money | 1,837.41 | 754.47 |
| | 1,837.41 | 754.47 |

14. Equity share capital

| | As at 31st March 2019 INR in Lacs | As at 31st March 2018 INR in Lacs |
|--|---|---|
| Authorised capital | | |
| 17,000,000 (31st March 2018: 17,000,000) equity shares of Rs. 10 each. | 1,700.00 | 1,700.00 |
| Issued, subscribed and fully paid-up capital | | |
| 14,666,659 (31st March 2018: 14,666,659) equity shares of Rs. 10 each. | 1,466.67 | 1,466.67 |
| | 1,466.67 | 1,466.67 |

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

| | As at 31st March 2019 | | As at 31st March 2018 | |
|------------------------------|-----------------------|-----------------|-----------------------|-----------------|
| | No of shares | INR in Lacs | No of shares | INR in Lacs |
| At the beginning of the year | 14,666,659 | 1,466.67 | 14,666,659 | 1,466.67 |
| Add: Issued during the year | - | - | - | - |
| At the end of the year | 14,666,659 | 1,466.67 | 14,666,659 | 1,466.67 |

(b) Terms/rights attached to equity shares

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

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

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

| | As at 31st March 2019 | | As at 31st March 2018 | |
|-------------------------|-----------------------|-----------|-----------------------|-----------|
| | No of shares | % holding | No of shares | % holding |
| Mr. Rakesh Jhunjhunwala | 800,000 | 5.45% | 800,000 | 5.45% |
| Mr. Rajesh Sharma | 781,218 | 5.33% | 781,218 | 5.33% |

* 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 2019: Nil (Previous period of five years ended 31st March 2018: 1,180,256 shares)

The aggregate number of equity shares issued pursuant to exercise of options granted under the Employee Stock Option Scheme (ESOS) wherein part consideration was received in form of employee services preceding last five years ended on 31st March 2019: 134,500 shares (Previous period of five years ended 31st March 2018: 182,300 shares)

(e) Shares reserved for issue under ESOS

There are no pending shares reserved for issue under Employee Stock Option Schemes (ESOS).

NOTES TO FINANCIAL STATEMENTS for the year ended 31st March 2019 (contd...)**15. Other equity**

| | As at 31st March 2019 INR in Lacs | As at 31st March 2018 INR in Lacs |
|---|---|---|
| Security premium account | | |
| Balance as at 1st April | 8,276.09 | 8,276.09 |
| (A) | 8,276.09 | 8,276.09 |
| Special reserve | | |
| Balance as at 1st April | 16.00 | 16.00 |
| (As per section 45 - IC of the Reserve Bank of India Act, 1934) | | |
| (B) | 16.00 | 16.00 |
| General reserve | | |
| Balance as at 1st April | 2,644.66 | 2,644.66 |
| (C) | 2,644.66 | 2,644.66 |
| Retained earnings | | |
| Balance as at 1st April | 21,932.25 | 17,681.90 |
| Profit for the year | 6,658.84 | 4,774.49 |
| Other comprehensive income | (52.68) | (17.65) |
| Appropriations | | |
| - Dividend | (420.13) | (420.13) |
| - Tax on dividend | (89.77) | (86.36) |
| (D) | 28,028.51 | 21,932.25 |
| Treasury shares | | |
| Balance as at 1st April | (2,996.99) | (2,996.99) |
| (E) | (2,996.99) | (2,996.99) |
| (A+B+C+D+E) | 35,968.27 | 29,872.01 |

Notes**a) Description of nature and purpose of each reserve**

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

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

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

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

b) Dividends**Dividend on equity shares paid during the year**

| | 31st March 2019 INR in Lacs | 31st March 2018 INR in Lacs |
|---|--------------------------------|--------------------------------|
| Dividend | 513.33 | 513.33 |
| INR 3.50 per equity share (31st March 2018 INR 3.50 per equity share) | | |
| Less: Dividend on treasury shares | (93.20) | (93.20) |
| Dividend distribution tax | 89.77 | 86.36 |
| | 509.90 | 506.49 |

Proposed dividend on equity shares

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

| | 31st March 2019 INR in Lacs | 31st March 2018 INR in Lacs |
|---|--------------------------------|--------------------------------|
| Dividend | 660.00 | 513.33 |
| INR 4.50 per equity share (31st March 2018 INR 3.50 per equity share) | | |
| Less: Dividend on treasury shares | (119.83) | (93.20) |
| Dividend distribution tax | 118.70 | 89.77 |
| | 658.87 | 509.90 |

NOTES TO FINANCIAL STATEMENTS for the year ended 31st March 2019 (contd...)

16. Borrowings

| | Non-current | | Current | |
|---|---|---|---|---|
| | As at 31st March 2019 INR in Lacs | As at 31st March 2018 INR in Lacs | As at 31st March 2019 INR in Lacs | As at 31st March 2018 INR in Lacs |
| Term loans (Secured) | | | | |
| Indian rupee loan from financial institution [Refer note (a) below] | 1,106.73 | 1,556.92 | 418.44 | 313.83 |
| Indian rupee loan from a bank [Refer note (b) and (c) below] | 756.67 | 1,106.01 | 510.78 | 773.85 |
| Indian rupee vehicle loan from banks and finance companies [Refer note (d) below] | 117.19 | 147.20 | 49.32 | 46.20 |
| Other loans and advances | | | | |
| Finance lease obligation (Secured) [Refer note (e) below] | 629.66 | 498.06 | 671.73 | 558.32 |
| | 2,610.25 | 3,308.19 | 1,650.27 | 1,692.20 |
| The above amount includes | | | | |
| Secured borrowings | 2,610.25 | 3,308.19 | 1,650.27 | 1,692.20 |
| Unsecured borrowings | - | - | - | - |
| Amount included under the head "Other financial liabilities" (Refer note 23) | - | - | (1,650.27) | (1,692.20) |
| | 2,610.25 | 3,308.19 | - | - |

Notes

- a) Indian rupee loan from financial institution for capital expenditure carries interest @ 11.00 to 11.30% 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.
- (b) Indian rupee loan from a bank for capital expenditure disbursed in two tranches of Rs. 683.22 Lacs and Rs. 816.78 Lacs. Loan is repayable in 26 months and 37 months respectively from the date of first disbursement and carries interest rate of 10.50% p.a. The loan is secured by exclusive first charge on three residential properties of the company situated at Mumbai and one residential property of the company situated at Thane.
- (c) Indian rupees loan of Rs. 1,500.00 Lacs from a bank for capital expenditure. Loan is repayable in 48 months from the date of the first disbursement and carries interest rate of 9.50% p.a. The loan is secured by exclusive first charge on three residential properties of the company situated at Mumbai and one residential property of the company situated at Thane.
- (d) Indian rupee vehicle loans from banks and finance companies carries interest @ 8.00% 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.

17. Other financial liabilities - Non Current

| | As at 31st March 2019 INR in Lacs | As at 31st March 2018 INR in Lacs |
|----------|---|---|
| Deposits | 810.93 | 885.96 |
| | 810.93 | 885.96 |

NOTES TO FINANCIAL STATEMENTS for the year ended 31st March 2019 (contd...)**18. Provisions**

| | Non-current | | Current | |
|---|---|---|---|---|
| | As at 31st March 2019 INR in Lacs | As at 31st March 2018 INR in Lacs | As at 31st March 2019 INR in Lacs | As at 31st March 2018 INR in Lacs |
| Provision for employee benefits (Refer note 37) | 1,181.78 | 1,013.65 | 360.28 | 369.09 |
| Provision for warranties | - | - | 25.55 | 23.64 |
| | 1,181.78 | 1,013.65 | 385.83 | 392.73 |

Provision for warranties

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

| | Year ended 31st March 2019 INR in Lacs | Year ended 31st March 2018 INR in Lacs | |
|------------------------------|--|--|-------------------------|
| | | At the beginning of the year | Arising during the year |
| At the beginning of the year | | 23.64 | 25.87 |
| Arising during the year | | 25.55 | 23.64 |
| Utilised during the year | | 23.64 | 25.87 |
| Unused amounts reversed | | - | - |
| At the end of the year | 25.55 | 23.64 | |

19. Deferred tax liabilities (Net)

As at 31st March 2019

| Particulars | Opening balance | Recognised in profit or loss | Recognised in other comprehensive income | Closing balance | Deferred tax asset | Deferred tax liabilities |
|---|-----------------|------------------------------|--|-----------------|--------------------|--------------------------|
| Deferred tax assets/ (liabilities) | | | | | | |
| Property, plant and equipment | (1,170.13) | (139.56) | - | (1,309.69) | | (1,309.69) |
| Trade receivables | 138.24 | 118.16 | - | 256.40 | 256.40 | |
| Loans and borrowings | 57.89 | 3.33 | - | 61.22 | 61.22 | |
| Retention money | 183.56 | (46.35) | - | 137.21 | 137.21 | |
| Other items | 597.35 | 118.81 | 28.30 | 744.46 | 744.46 | |
| Tax assets/(liabilities) | (193.09) | 54.39 | 28.30 | (110.40) | 1,199.29 | (1,309.69) |

As at 31st March 2018

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

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

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

NOTES TO FINANCIAL STATEMENTS for the year ended 31st March 2019 (contd...)

20. Tax Liabilities

| | Non-current | | Current | |
|--|---|---|---|---|
| | As at 31st March 2019 INR in Lacs | As at 31st March 2018 INR in Lacs | As at 31st March 2019 INR in Lacs | As at 31st March 2018 INR in Lacs |
| Provision for income tax (Net of advance tax) | 152.70 | 174.20 | 1,407.32 | 1,139.07 |
| | 152.70 | 174.20 | 1,407.32 | 1,139.07 |

21. Borrowings - Current

| | As at 31st March 2019 INR in Lacs | As at 31st March 2018 INR in Lacs |
|--|---|---|
| Working capital loan from banks (Secured) [Refer note (a) below] | 2,656.43 | 4,906.46 |
| Working capital loan from a bank (Unsecured) [Refer note (b) below] | - | 2,500.00 |
| MSME finance scheme with a financial institution (Unsecured) [Refer note (c) below] | - | 722.79 |
| MSME finance scheme with Trade Receivable Discounting System (Unsecured) [Refer note (d) below] | 970.01 | - |
| Inter-corporate deposits (Unsecured) [Refer note (e) below] | | |
| - from related parties [Refer note 41] | 112.50 | 82.25 |
| - from others | 600.00 | 650.00 |
| | 4,338.94 | 8,861.50 |
| The above amount includes | | |
| Secured borrowings | 2,656.43 | 4,906.46 |
| Unsecured borrowings | 1,682.51 | 3,955.04 |
| | 4,338.94 | 8,861.50 |

- (a) The working capital loan is secured by joint hypothecation of book debts and stocks and collateral security by way of pari passu first charge on all fixed assets situated at Hosur and Patancheru, pari passu second charge on fixed assets situated at Mumbai (Office Premises), Vashi, Goa and pari passu second charge on moveable and immovable properties situated at Ankleshwar. The working capital loan is repayable on demand and carries interest @ 11.00% to 12.35% p.a.
- (b) The unsecured working capital loan was repayable within 180 days from disbursement date and carried interest @ 11.50% p.a.
- (c) MSME Finance Scheme with a financial institution is MSME vendor bills discounting facility with a financial institution and carried interest @ 11.00% to 11.25% p.a.
- (d) MSME Finance Scheme with Trade Receivable Discounting System is MSME vendor bills discounting facility and carries interest @ 8.50% to 11.00% p.a.
- (e) Inter corporate deposit are for a period from 90 to 365 days and carried interest @ 9.50% to 12.25%. p.a.

22. Trade payables

| | As at 31st March 2019 INR in Lacs | As at 31st March 2018 INR in Lacs |
|--|---|---|
| Trade payables (including acceptances) | | |
| - Due to micro and small enterprises (Refer note 47) | 596.68 | 147.36 |
| - Due to others | 38,885.01 | 33,912.07 |
| | 39,481.69 | 34,059.43 |

NOTES TO FINANCIAL STATEMENTS for the year ended 31st March 2019 (contd...)**23. Other financial liabilities - Current**

| | As at 31st March 2019 INR in Lacs | As at 31st March 2018 INR in Lacs |
|---|---|---|
| Current maturities of long term borrowings (Refer note 16) | 1,650.27 | 1,692.20 |
| Interest accrued but not due | 35.44 | 38.35 |
| Employee benefits payable | 1,463.80 | 1,337.89 |
| Creditors for capital goods | 602.73 | 461.91 |
| Investor Education and Protection Fund will be credited by following amounts (as and when due) | | |
| - Unpaid dividend | 43.26 | 41.46 |
| - Unclaimed interest on fixed deposit | 1.38 | 2.19 |
| - Unclaimed matured deposit | 5.47 | 8.30 |
| | 3,802.35 | 3,582.30 |

24. Other current liabilities

| | As at 31st March 2019 INR in Lacs | As at 31st March 2018 INR in Lacs |
|----------------------------------|---|---|
| Advance from customers | 28,833.87 | 24,969.80 |
| Unearned revenue on AMC services | 324.39 | 321.48 |
| Statutory dues | 627.51 | 557.86 |
| Others liabilities | - | 6.54 |
| Unearned income | 1.05 | 8.65 |
| | 29,786.82 | 25,864.33 |

25. Revenue from operations

| | Year ended 31st March 2019 INR in Lacs | Year ended 31st March 2018 INR in Lacs |
|--|--|--|
| Revenue from operations (Refer note 52) | | |
| Sale of products | | |
| Finished goods | 84,235.80 | 80,872.92 |
| Traded goods | 6,979.70 | 6,210.05 |
| Sale of services | 18,310.05 | 11,605.57 |
| Other operating revenues | | |
| Scrap sale | 218.04 | 211.42 |
| Management fees | 77.00 | 66.35 |
| Other operating income | 413.04 | 459.08 |
| | 110,233.63 | 99,425.39 |

Revenue disaggregation as per industry vertical and geography has been included in segment information (Refer note 40)

NOTES TO FINANCIAL STATEMENTS for the year ended 31st March 2019 (contd...)
26. Other income

| | Year ended 31st March 2019 INR in Lacs | Year ended 31st March 2018 INR in Lacs |
|---|--|--|
| Interest income on financial instruments measured at amortised cost | | |
| - From banks | 1,555.81 | 951.60 |
| - From subsidiaries and joint venture | 1,180.32 | 1,236.10 |
| - From others | 296.17 | 168.14 |
| Guarantee commission | 78.69 | 86.40 |
| Rent | 198.77 | 179.24 |
| Dividend income on | | |
| - Investment in subsidiaries | 82.53 | 76.61 |
| - Current investments | 0.12 | 0.13 |
| - Long-term investments | 14.01 | 10.27 |
| Amount set aside for liabilities, no longer required, written back | - | 243.70 |
| Exchange gain (Net) | 710.96 | 31.07 |
| Profit on fixed assets sold/discharged (Net) | - | 0.25 |
| Other non operating Income | 292.42 | 9.34 |
| Change in fair value of investments classified at FVTPL | - | 7.82 |
| | 4,409.80 | 3,000.67 |

27. Cost of raw material and components consumed

| | Year ended 31st March 2019 INR in Lacs | Year ended 31st March 2018 INR in Lacs |
|---|--|--|
| Inventory at the beginning of the year | 2,798.11 | 3,392.24 |
| Add: Purchases* | 72,236.86 | 59,189.55 |
| Less: Inventory at the end of the year | 4,678.63 | 2,798.11 |
| Cost of raw material and components consumed ** | 70,356.34 | 59,783.68 |

* Includes direct expenses incurred on contracts INR 3,948.90 Lacs (2017-18: INR 3,702.95 Lacs)

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

28. Purchase of Stock-in-trade

| | Year ended 31st March 2019 INR in Lacs | Year ended 31st March 2018 INR in Lacs |
|-------------------|--|--|
| Consumer products | 2,974.59 | 3,112.27 |
| Spares | 449.81 | 191.04 |
| Others | 712.62 | 882.64 |
| | 4,137.02 | 4,185.95 |

NOTES TO FINANCIAL STATEMENTS for the year ended 31st March 2019 (contd...)**29. Change in inventories of finished goods, work-in-progress and stock-in-trade**

| | Year ended 31st March 2019 INR in Lacs | Year ended 31st March 2018 INR in Lacs |
|---|--|--|
| Inventories at the end of the year | | |
| Traded goods | 778.28 | 654.91 |
| Work-in-progress | 473.09 | 544.84 |
| Finished goods | 3,354.69 | 2,618.60 |
| Contract work-in-progress | 996.81 | 468.48 |
| | (A) | 5,602.87 |
| | 4,286.83 | 4,286.83 |
| Inventories at the beginning of the year | | |
| Traded goods | 654.91 | 580.95 |
| Work-in-progress | 544.84 | 717.52 |
| Finished goods | 2,618.60 | 3,234.18 |
| Contract work-in-progress | 468.48 | 1,959.49 |
| | (B) | 6,492.14 |
| | (1,316.04) | 2,205.31 |

30. Employee benefits expense

| | Year ended 31st March 2019 INR in Lacs | Year ended 31st March 2018 INR in Lacs |
|---|--|--|
| Salaries, wages and bonus | 11,285.17 | 10,292.05 |
| Contribution to provident and other funds (Refer note 37) | 713.65 | 677.68 |
| Staff welfare expense | 545.65 | 579.52 |
| | 12,544.47 | 11,549.25 |

31. Finance costs

| | Year ended 31st March 2019 INR in Lacs | Year ended 31st March 2018 INR in Lacs |
|--|--|--|
| Interest expense on financial liabilities measured at amortised cost | 1,415.21 | 1,314.87 |
| Other borrowing costs | 207.22 | 257.76 |
| | 1,622.43 | 1,572.63 |

32. Depreciation and amortisation expense

| | Year ended 31st March 2019 INR in Lacs | Year ended 31st March 2018 INR in Lacs |
|--|--|--|
| Depreciation of property, plant and equipment (Refer note 2) | 1,770.69 | 1,148.06 |
| Amortization of intangible assets (Refer note 3) | 42.41 | 45.24 |
| | 1,813.10 | 1,193.30 |

NOTES TO FINANCIAL STATEMENTS for the year ended 31st March 2019 (contd...)

33. Other expenses

| | Year ended 31st March 2019 INR in Lacs | Year ended 31st March 2018 INR in Lacs |
|---|--|--|
| Stores and spare parts consumed | 82.58 | 57.63 |
| Power and fuel | 1,442.95 | 1,224.93 |
| Repairs and Maintenance - Buildings | 69.71 | 53.71 |
| - Plant and machinery | 458.67 | 362.88 |
| - Others | 263.73 | 218.16 |
| Rent (Net of recoveries) | 504.21 | 522.85 |
| Rates and taxes | 456.82 | 374.54 |
| Insurance (Net of recoveries) | 94.96 | 88.07 |
| Travelling and conveyance | 2,738.17 | 2,571.33 |
| Excise duty | - | 831.90 |
| Freight (Net of recoveries) | 2,153.29 | 2,025.45 |
| Packing (Net of recoveries) | 1,763.98 | 1,596.93 |
| Advertisement and publicity | 781.05 | 744.66 |
| Commission | 127.55 | 60.16 |
| Legal and professional charges | 947.25 | 862.39 |
| Telephone and telex | 193.57 | 200.78 |
| Bad debts written off | 553.33 | 83.49 |
| Auditors' remuneration (Refer note 33.1) | 37.88 | 37.50 |
| Directors' fees (Refer note 41) | 28.20 | 33.05 |
| Directors' commission | 98.00 | 62.00 |
| Bank charges | 191.09 | 248.88 |
| Loss on fixed assets sold/discharged (Net) | 1.53 | - |
| Change in fair value of investments classified at FVTPL | 3.29 | - |
| Backcharges on contracts (Refer note 48) | - | 15.26 |
| Establishment and other miscellaneous expenses | 2,384.21 | 2,376.49 |
| | 15,376.02 | 14,653.04 |

33.1 Auditors' remuneration (excluding taxes)

| | Year ended 31st March 2019 INR in Lacs | Year ended 31st March 2018 INR in Lacs |
|---------------------------------------|--|--|
| As auditor: | | |
| - Audit fees | 14.75 | 14.75 |
| - Tax audit fees | 3.00 | 3.00 |
| - Limited review | 5.25 | 5.25 |
| In other capacity: | | |
| - Other services (Certification fees) | 8.00 | 8.50 |
| Reimbursement of expenses | 2.88 | 2.12 |
| Branch auditor | | |
| - Audit fees | 2.50 | 2.50 |
| - Other services (Certification fees) | 1.10 | 1.00 |
| - Reimbursement of expenses | 0.40 | 0.38 |
| | 37.88 | 37.50 |

NOTES TO FINANCIAL STATEMENTS for the year ended 31st March 2019 (contd...)**34. Tax expense**

| | Year ended 31st March 2019 INR in Lacs | Year ended 31st March 2018 INR in Lacs |
|--|--|--|
| Current tax | 3,505.64 | 2,195.00 |
| Deferred tax | (54.39) | 313.41 |
| | 3,451.25 | 2,508.41 |
| Reconciliation of Tax Expense | | |
| Profit before tax | 10,110.09 | 7,282.90 |
| Applicable tax rate | 34.944% | 34.608% |
| Computed tax expense | (A) | 3,532.87 |
| Adjustments for: | | |
| Non-deductible tax expenses | 0.50 | 1.58 |
| Tax-exempt income | (4.77) | (3.60) |
| Corporate social responsibility expenditure | 43.47 | 34.12 |
| Incremental deduction allowed for research and development costs | (68.62) | (128.37) |
| Deduction under house property | (12.67) | (10.57) |
| Income taxed at different rate | (14.42) | (13.25) |
| Others | (25.11) | 108.03 |
| Net adjustments | (B) | (81.62) |
| Tax expense | (A+B) | 3,451.25 |
| | | 2,508.41 |

35. Other comprehensive income

| | Year ended 31st March 2019 INR in Lacs | Year ended 31st March 2018 INR in Lacs |
|--|--|--|
| Items that will not be reclassified to profit or loss | | |
| Re-measurement of defined benefit plans | (80.98) | (26.99) |
| Income tax expense on remeasurement benefit of defined benefit plans | 28.30 | 9.34 |
| | (52.68) | (17.65) |

NOTES TO FINANCIAL STATEMENTS for the year ended 31st March 2019 (contd...)

36. Earnings per share (EPS)

| Particulars | | 31st March 2019 | 31st March 2018 |
|--------------------|---|------------------------|------------------------|
| I | Profit computation for both basic and diluted earnings per share of INR 10 each Net profit as per the statement of profit and loss available for equity shareholders (INR in Lacs) | 6,658.84 | 4,774.49 |
| II | Weighted average number of equity shares for earnings per share computation | | |
| A) | For basic earnings per share | | |
| | No. of shares | 14,666,659 | 14,666,659 |
| | Less: Treasury shares held by IEI Shareholding (Staff Welfare) Trusts | 2,662,914 | 2,662,914 |
| | No. of shares for basic earnings per share | 12,003,745 | 12,003,745 |
| B) | For diluted earnings per share | | |
| | No. of shares for basic EPS | 12,003,745 | 12,003,745 |
| | Add: Weighted average outstanding employee stock options deemed to be issued for no consideration | - | - |
| | No. of shares for diluted earnings per share | 12,003,745 | 12,003,745 |
| III | Earnings per share in Rupees | | |
| | Basic (INR) | 55.47 | 39.78 |
| | Diluted (INR) | 55.47 | 39.78 |

37. Employee benefits

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

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

| INR in Lacs | | | |
|--------------------|---|----------------|----------------|
| | Particulars | 2018-19 | 2017-18 |
| I | Change in defined benefit obligation | | |
| | Defined benefit obligation, Beginning of period | 1,658.15 | 1,454.95 |
| | Interest cost | 120.31 | 98.77 |
| | Service cost | 124.30 | 113.08 |
| | Liability transferred in / acquisitions | 0.95 | 2.06 |
| | Actual plan participants' contributions | - | - |
| | Total actuarial (gains)/losses | 84.81 | 51.25 |
| a. | Effect of change in financial assumptions | 49.13 | (24.13) |
| b. | Effect of change in demographic assumptions | 4.41 | - |
| c. | Experience (gains) / losses | 31.27 | 75.38 |
| | Changes in foreign currency exchange rates | - | - |
| | Acquisition / Business combination/divestiture | - | - |
| | Benefits paid | (211.75) | (67.45) |
| | Past service cost | - | 5.49 |
| | Losses / (gains) on curtailments / settlements | - | - |
| | Defined benefit obligation, end of period | 1,776.77 | 1,658.15 |

NOTES TO FINANCIAL STATEMENTS for the year ended 31st March 2019 (contd...)**37. Employee benefits (contd...)**

| | Particulars | 2018-19 | INR in Lacs 2017-18 |
|------------|---|----------|------------------------|
| II | Change in the fair value of plan assets | | |
| | Fair value of plan assets at the beginning of the period | 1,498.70 | 1,329.74 |
| | Interest income | 113.67 | 92.62 |
| | Contributions by the employer | 161.06 | 102.74 |
| | Expected contributions by the employees | - | - |
| | Assets transferred in / acquisitions | 0.95 | 2.06 |
| | (Assets transferred out / divestments) | - | - |
| | (Benefit paid from the fund) | (166.21) | (52.71) |
| | (Assets distributed on settlements) | - | - |
| | Effects of asset ceiling | - | - |
| | The effect of changes in foreign exchange rates | - | - |
| | Return on plan assets, excluding interest income | 3.83 | 24.25 |
| | Fair value of plan assets at the end of the period | 1,612.00 | 1,498.70 |
| III | Expenses recognized in the statement of profit or loss for current period | | |
| | Current service cost | 124.30 | 113.08 |
| | Net interest cost | 6.64 | 6.15 |
| | Past service cost | - | 5.49 |
| | (Expected contributions by the employees) | - | - |
| | (Gains) / Losses on curtailments and settlements | - | - |
| | Net effect of changes in foreign exchange rates | - | - |
| | Expenses recognized | 130.94 | 124.72 |
| IV | Expenses recognized in the other comprehensive income (OCI) for current period | | |
| | Actuarial (gains) / losses on obligation for the period | 86.63 | 51.24 |
| | Return on plan assets, excluding interest income | (5.65) | (24.25) |
| | Change in asset ceiling | - | - |
| | Net (income) / expense for the period recognized in OCI | 80.98 | 26.99 |
| V | Maturity analysis of the benefit payments | | |
| | Projected benefits payable in future years from the date of reporting | | |
| | 1st following year | 376.14 | 426.11 |
| | 2nd following year | 276.51 | 241.57 |
| | 3rd following year | 196.21 | 227.47 |
| | 4th following year | 485.10 | 180.86 |
| | 5th following year | 161.40 | 360.36 |
| | Sum of years 6 to 10 | 449.08 | 429.99 |
| | Sum of years 11 and above | 233.86 | 165.12 |
| VI | Sensitivity analysis | | |
| | Projected benefit obligation on current assumptions | 1,776.77 | 1,658.15 |
| | Delta effect of +0.5% change in rate of discounting | (32.97) | (30.82) |
| | Delta effect of -0.5% change in rate of discounting | 34.40 | 32.15 |
| | Delta effect of +0.5% change in rate of salary increase | 33.54 | 31.28 |
| | Delta effect of -0.5% change in rate of salary increase | 10.01 | (30.07) |
| | Delta effect of +0.5% change in rate of employee turnover | (1.63) | (1.02) |
| | Delta effect of -0.5% change in rate of employee turnover | 1.67 | 1.04 |

The company expects to contribute INR 99.55 Lacs (2018-19, INR 82.06 Lacs) to gratuity in 2019-20.

NOTES TO FINANCIAL STATEMENTS for the year ended 31st March 2019 (contd...)

37. Employee benefits (contd...)

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

| Sr. No. | Categories of Assets | % of holding(Gratuity) | |
|---------|------------------------------------|------------------------|---------|
| | | 2018-19 | 2017-18 |
| 1 | Central and state government bonds | - | 2% |
| 2 | Public sector undertaking | - | - |
| 3 | Insurance policy | 100% | 98% |
| 4 | Special deposit scheme 1975 | - | - |
| 5 | Other assets | - | - |

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

Notes:

- a) Amounts recognized as an expense and included in note 30:

Gratuity in "Contribution to provident and other funds" INR 159.14 Lacs (2017-18: INR 164.45 Lacs).

B. Provident fund

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

The company's provident fund scheme which is managed by trust set up by the company, the contribution to the Provident Fund is remitted to a separate trust established for this purpose based on a fixed percentage of the eligible employees' salary and charged to Statement of profit and loss. Shortfall, if any, in the fund assets, based on the government specified minimum rate of return, will be made good by the company and charged to statement of profit and loss. The actual return earned by the fund has mostly been higher than the Government specified minimum rate of return in the past years. There is no shortfall in the fund as on 31st March 2019 and 31st March 2018.

The details of fund obligations are given below:

INR in Lacs

| Particulars | As at 31st March 2019 | As at 31st March 2018 |
|---|--------------------------|--------------------------|
| Present value of benefit obligation at period end | 5,070.68 | 4,534.89 |

C. Defined contribution plan

Amount recognized as an expense and included in the note 30 – "Contribution to provident and other funds" of the statement of profit and loss INR 430.85 Lacs (2017-18: INR 389.97 Lacs).

D. Other employee benefits

Amounts recognized as an expense and included in note 30

Leave encashment in "Salaries, wages and bonus" INR 281.56 Lacs (2017-18: INR 218.40 Lacs)

E. The net provision for leave encashment liability upto 31st March 2019 is INR 1,350.71 Lacs (31st March 2018: INR 1,209.99 Lacs)

Note :

The Hon'ble Supreme Court of India ("SC") by their order dated 28th February 2019, in the case of Surya Roshni Limited and others v/s Employees' Provident Fund Organisation (EPFO), set out the principles based on which allowances paid to the employees should be identified for inclusion in basic wages for the purposes of computation of provident fund contribution. Subsequently, a review petition against this decision has been filed and is pending before the SC for disposal. In view of the management, the liability for the period from date of the SC order to 31st March 2019 is not significant. Further, the pending decision on the subject review petition and directions from the EPFO, the impact for the past period, if any, is not ascertainable and consequently no effect has been given in the accounts.

NOTES TO FINANCIAL STATEMENTS for the year ended 31st March 2019 (contd...)**38. Financial instruments**

Financial instruments – Fair values and risk management

A. Accounting classification and fair values

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

INR in Lacs

| | As at 31st March 2019 | | As at 31st March 2018 | | | | | |
|--|-----------------------|------------------------|-----------------------|-----------------|------------|------------------------|---------|--|
| | Carrying amount | Fair value | | Carrying amount | Fair value | | | |
| | | Level of input used in | | | Level 1 | Level of input used in | | |
| | | Level 1 | Level 2 | | | Level 1 | Level 2 | |
| Financial assets - Non-current | | | | | | | | |
| At amortised cost | | | | | | | | |
| Trade receivables | 357.97 | - | 357.97 | 358.09 | - | 358.09 | | |
| Loans | 4,030.26 | - | 4,030.26 | 3,992.41 | - | 3,992.41 | | |
| Investments * | 1,500.50 | - | 1,500.50 | 1,500.50 | - | 1,500.50 | | |
| At FVTPL | | | | | | | | |
| Investments * | 64.58 | - | 64.58 | 64.58 | - | 64.58 | | |
| Financial assets - Current ** | | | | | | | | |
| At amortised cost | | | | | | | | |
| Trade receivables | 42,763.80 | | | 42,969.51 | | | | |
| Cash and cash equivalents | 3,599.55 | | | 6,061.57 | | | | |
| Bank balances other than above | 23,939.31 | | | 19,024.16 | | | | |
| Loans | 5,093.00 | | | 5,536.92 | | | | |
| Others | 1,837.41 | | | 754.47 | | | | |
| At FVTPL | | | | | | | | |
| Investments | 36.53 | 36.53 | - | 39.82 | 39.82 | - | | |
| Financial liabilities - Non-current | | | | | | | | |
| At amortised cost | | | | | | | | |
| Borrowings | 2,610.25 | - | 2,610.25 | 3,308.19 | - | 3,308.19 | | |
| Other financial liabilities | 810.93 | - | 810.93 | 885.96 | - | 885.96 | | |
| Financial liabilities - Current ** | | | | | | | | |
| Borrowings | 4,338.94 | | | 8,861.50 | | | | |
| Trade payables | 39,481.69 | | | 34,059.43 | | | | |
| Other financial liabilities | 3,802.35 | | | 3,582.30 | | | | |

* Excludes investments measured at cost

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

NOTES TO FINANCIAL STATEMENTS for the year ended 31st March 2019 (contd...)

38. Financial instruments (contd...)

B. Measurement of fair values

Valuation techniques and significant unobservable inputs

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

Financial instruments measured at fair value

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

C. Financial risk management

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

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

(i) Risk management framework

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

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

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

Credit risk

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

Trade receivables

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

Cash and cash equivalents

The company held cash and cash equivalents of INR 3,599.55 Lacs as at 31st March 2019 (as at 31st March 2018: INR 6,061.57 Lacs). The cash and cash equivalents are held with banks with good credit ratings.

Other bank balances

The company held other bank balances equivalents of INR 23,939.31 Lacs as at 31st March 2019 (as at 31st March 2018: INR 19,024.16 Lacs). The other bank balances are mainly temporary surplus fund invested in bank fixed deposits and margin money against bank guarantees issued by banks on the company's behalf.

Investments

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

NOTES TO FINANCIAL STATEMENTS for the year ended 31st March 2019 (contd...)**38. Financial instruments (contd...)*****Other financial assets***

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

(ii) Liquidity risk

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

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

Exposure to liquidity risk

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

As at 31st March 2019**INR in Lacs**

| | Carrying amount | Contractual cash flows * | | | | |
|---|------------------|--------------------------|------------------|-----------------|---------------|-------------------|
| | | Total | Upto 1 year | 1-3 years | 3-5 years | More than 5 years |
| Non-derivative financial liabilities | | | | | | |
| (i) Borrowings ** | 4,260.53 | 5,002.17 | 2,004.65 | 2,600.49 | 397.03 | - |
| (ii) Other Non-current financial liabilities | 810.93 | 810.93 | - | - | - | 810.93 |
| (iii) Issued financial guarantee contract on behalf of related parties*** | - | - | - | - | - | - |
| Current Financial liabilities | | | | | | |
| (i) Short term borrowings | 4,338.94 | 4,338.94 | 4,338.94 | - | - | - |
| (ii) Trade payables | 39,481.69 | 39,481.69 | 39,481.69 | - | - | - |
| (iii) Other financial liabilities | 2,152.08 | 2,152.08 | 2,152.08 | - | - | - |
| | 51,044.17 | 51,785.81 | 47,977.36 | 2,600.49 | 397.03 | 810.93 |

As at 31st March 2018**INR in Lacs**

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

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

** Including current maturity of long term borrowings

*** Guarantees issued by the company on behalf of subsidiaries/joint ventures and associates are with respect to working capital facilities raised by the respective subsidiaries/joint ventures and associates. These amounts will be payable in the event of default by the concerned parties. As of the reporting date, none of the subsidiaries/joint ventures and associates have defaulted and hence, the company does not have any present obligation to third parties in relation to such guarantees (Refer note 41).

NOTES TO FINANCIAL STATEMENTS for the year ended 31st March 2019 (contd...)

38. Financial instruments (contd...)

Interest rate risk:

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

Exposure to interest rate risk:

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

| | As at 31st March 2019 INR in Lacs | As at 31st March 2018 INR in Lacs |
|---|---|---|
| Fixed rate instruments | | |
| Financial assets - measured at amortised cost | | |
| Loans to related parties | 7,952.88 | 8,326.26 |
| Other bank balances - On deposit account | 8,437.03 | 5,001.69 |
| Other bank balances - On margin money account | 15,457.64 | 13,978.82 |
| | 31,847.55 | 27,306.77 |
| Financial liabilities - measured at amortised cost | | |
| Long term borrowings * | 2,735.35 | 3,129.64 |
| Short term borrowings | 1,682.51 | 1,455.04 |
| | 4,417.86 | 4,584.68 |
| Variable rate loan | | |
| Financial liabilities - measured at amortised cost | | |
| Long term borrowings * | 1,525.17 | 1,870.75 |
| Short term borrowings | 2,656.43 | 7,406.46 |
| | 4,181.60 | 9,277.21 |

* Including current maturity of long term borrowings

Fair value sensitivity analysis for fixed-rate instruments:

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

Cash flow sensitivity analysis for variable-rate instruments:

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

| | 31st March 2019 | | 31st March 2018 | |
|-------------|--------------------------------|------------------------------|--------------------------------|------------------------------|
| | Increase (-) INR in Lacs | Decrease + INR in Lacs | Increase (-) INR in Lacs | Decrease + INR in Lacs |
| 1% Movement | (41.82) | 41.82 | (92.77) | 92.77 |

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

NOTES TO FINANCIAL STATEMENTS for the year ended 31st March 2019 (contd...)**38. Financial instruments (contd...)**

(iii) Market risk

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

Interest rate risk

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

Foreign currency risk

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

Exposure to currency risk:

The currency profile of financial assets and financial liabilities as at 31st March 2019 and 31st March 2018 are as below:

As at 31st March 2019**INR in Lacs**

| | USD | EUR | SAR | AED | Others |
|--|------------------|--------------|---------------|-----------------|---------------|
| Financial assets | | | | | |
| Loans to subsidiaries | 293.36 | - | - | - | - |
| Cash and cash equivalents | 973.06 | - | - | 382.81 | 129.73 |
| Trade and other receivables | 13,421.94 | - | 560.64 | 1,447.09 | 205.10 |
| | 14,688.36 | - | 560.64 | 1,829.90 | 334.83 |
| Less : Forward exchange contracts | (1,941.42) | - | - | - | - |
| Less : Natural hedge | (2,695.92) | - | (37.48) | (43.38) | (315.86) |
| Net exposure on financial assets | 10,051.02 | - | 523.16 | 1,786.52 | 18.97 |
| Financial liabilities | | | | | |
| Trade and other payables | 2,695.92 | 75.92 | 37.48 | 43.38 | 472.67 |
| | 2,695.92 | 75.92 | 37.48 | 43.38 | 472.67 |
| Less : Forward exchange contracts | - | - | - | - | - |
| Less : Natural hedge | (2,695.92) | - | (37.48) | (43.38) | (315.86) |
| Net exposure on financial liabilities | - | 75.92 | - | - | 156.81 |
| Total net exposure | 10,051.02 | 75.92 | 523.16 | 1,786.52 | 175.78 |

As at 31st March 2018**INR in Lacs**

| | USD | EUR | SAR | AED | Others |
|--|------------------|--------------|-----------------|---------------|---------------|
| Financial assets | | | | | |
| Loans to subsidiaries | 257.82 | - | - | - | - |
| Cash and cash equivalents | 3,572.67 | - | - | 160.01 | 40.36 |
| Trade and other receivables | 15,444.28 | 59.69 | 1,141.22 | 720.60 | 529.66 |
| | 19,274.77 | 59.69 | 1,141.22 | 880.61 | 570.02 |
| Less : Forward exchange contracts | - | - | - | - | - |
| Less : Natural hedge | (3,830.68) | (59.69) | (26.77) | (51.80) | (276.47) |
| Net exposure on financial assets | 15,444.09 | - | 1,114.45 | 828.81 | 293.55 |
| Financial liabilities | | | | | |
| Trade and other payables | 3,830.68 | 88.16 | 26.77 | 51.80 | 335.17 |
| | 3,830.68 | 88.16 | 26.77 | 51.80 | 335.17 |
| Less : Forward exchange contracts | - | - | - | - | - |
| Less : Natural hedge | (3,830.68) | (59.69) | (26.77) | (51.80) | (276.47) |
| Net exposure on financial liabilities | - | 28.47 | - | - | 58.70 |
| Total net exposure | 15,444.09 | 28.47 | 1,114.45 | 828.81 | 352.25 |

NOTES TO FINANCIAL STATEMENTS for the year ended 31st March 2019 (contd...)

38. Financial instruments (contd...)

Sensitivity analysis:

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

INR in Lacs

| | Profit or loss | | | |
|--------------------|-----------------|-----------------|-----------------|-----------------|
| | 31st March 2019 | | 31st March 2018 | |
| | Strengthening | Weakening | Strengthening | Weakening |
| 1% movement | | | | |
| USD | 100.51 | (100.51) | 154.44 | (154.44) |
| EUR | 0.76 | (0.76) | 0.28 | (0.28) |
| SAR | 5.23 | (5.23) | 11.14 | (11.14) |
| AED | 17.87 | (17.87) | 8.29 | (8.29) |
| Others | 1.76 | (1.76) | 3.52 | (3.52) |
| | 126.13 | (126.13) | 177.67 | (177.67) |

39. Disclosures as per Ind AS 115

- (a) The company offers wide range of solutions across the water cycle from pre-treatment to process water treatment, waste water treatment, recycle, zero liquid discharge, sewage treatment, packaged drinking water, sea water desalination etc. The company is also engaged in manufacturing resins, speciality chemicals for water and waste water treatment as well as non-water applications.

The type of work in the contracts with the customers involves designing, engineering, supply of materials, installation and commissioning of the plant, project management, operations and maintenance. The effect of initially applying Ind AS 115 on the Company's revenue from contracts with customers is described in Note 1.17.

- (b) Revenue disaggregation as per industry vertical and geography has been included in segment information - Refer note 40.
 (c) Contract balances

The following table provides information about receivables, contract assets and contract liabilities from contracts with customers:

INR in Lacs

| Particulars | 31st March 2019 | 31st March 2018 |
|---|-----------------|-----------------|
| Receivables which are included in trade and other receivables | | |
| Contract assets | | |
| - Accrued value of work done net off provision | 945.88 | 156.72 |
| Contract liabilities | | |
| - Amount due to customers under construction contracts | - | - |
| - Advance from clients | 25,245.90 | 22,652.02 |

As on 31st March 2019, revenue recognised in the current year from performance obligations satisfied/ partially satisfied in the previous year is INR Nil

- (d) Performance obligation

The Company evaluates whether each contract consists of a single performance obligation or multiple performance obligations. Contracts where the Company provides a significant integration service to the customer by combining all the goods and services are concluded to have a single performance obligations. Contracts with no significant integration service, and where the customer can benefit from each unit on its own, are concluded to have multiple performance obligations. In such cases consideration is allocated to each performance obligation, based on standalone selling prices. Where the Company enters into multiple contracts with the same customer, the Company evaluates whether the contract is to be combined or not by evaluating factors such as commercial objective of the contract, consideration negotiated with the customer and whether the individual contracts have single performance obligations or not.

NOTES TO FINANCIAL STATEMENTS for the year ended 31st March 2019 (contd...)**39. Disclosures as per Ind AS 115 (contd...)**

The Company recognises contract revenue over time as the performance creates or enhances an asset controlled by the customer. For such arrangements revenue is recognised using cost based input methods. Revenue is recognised with respect to the stage of completion, which is assessed with reference to the proportion of contract costs incurred for the work performed at the balance sheet date relative to the estimated total contract costs.

Any costs incurred that do not contribute to satisfying performance obligations are excluded from the Company's input methods of revenue recognition as the amounts are not reflective of our transferring control of the plant to the customer. Significant judgment is required to evaluate assumptions related to the amount of net contract revenues, including the impact of any performance incentives, liquidated damages, and other forms of variable consideration.

If estimated incremental costs on any contract, are greater than the net contract revenues, the Company recognises the entire estimated loss in the period the loss becomes known.

Variations in contract work, claims, incentive payments are included in contract revenue to the extent that may have been agreed with the customer and are capable of being reliably measured.

Dividend income is recorded when the right to receive payment is established. Interest income is recognised using the effective interest method.

Revenue from sale of goods is recognized at the point in time when control of the assets is transferred to the customer, generally on delivery of the goods.

Revenue related to fixed price maintenance and support services contracts where the company is standing ready to provide services is recognised based on time elapsed mode and revenue is straight lined over the period of performance.

(e) Reconciliation of revenue recognised in the statement of profit and loss

The following table discloses the reconciliation of amount of revenue recognised:

INR in Lacs

| Particulars | 31st March 2019 | 31st March 2018 |
|---|-------------------|------------------|
| Revenue recognised | 110,233.63 | 99,425.39 |
| Add: Incentives | - | - |
| Less: Liquidated damages | - | - |
| Revenue recognised in the Statement of Profit and Loss | 110,233.63 | 99,425.39 |

(f) The Company has adopted Ind AS 115 'Revenue from contracts with customers' effective 1st April 2018. The Company has elected the option of the modified retrospective approach and there is no material impact on the measurement of revenue and retained earnings as of 1st April 2018.

NOTES TO FINANCIAL STATEMENTS for the year ended 31st March 2019 (contd...)

40. Segment

I. Information about business segments

| | Engineering | | | Chemicals | | | Consumer Products | | | Unallocated | | | Total | |
|---|-------------|------------|------------|------------|------------|------------|-------------------|------------|------------|-------------|------------|------------|------------|-------------|
| | 31.03.2019 | 31.03.2018 | 31.03.2019 | 31.03.2018 | 31.03.2019 | 31.03.2018 | 31.03.2019 | 31.03.2018 | 31.03.2019 | 31.03.2018 | 31.03.2019 | 31.03.2018 | 31.03.2018 | INR in Lacs |
| Revenue | | | | | | | | | | | | | | |
| External sales | 60,344.39 | 55,507.11 | 38,843.30 | 33,021.83 | 10,968.92 | 10,829.80 | 77.02 | 66.65 | 110,233.63 | 99,425.39 | | | | |
| Inter-segmental Sales | 3,620.09 | 2,805.61 | 2,063.62 | 1,463.66 | 0.03 | - | - | - | 5,683.74 | 4,269.27 | | | | |
| Total revenue | 63,964.48 | 58,312.72 | 40,906.92 | 34,485.49 | 10,968.95 | 10,829.80 | 77.02 | 66.65 | 115,917.37 | 103,694.66 | | | | |
| Less: Eliminations | | | | | | | | | (5,683.74) | (4,269.27) | | | | |
| Add : Interest income | | | | | | | | | 3,032.30 | 2,355.84 | 3,032.30 | 2,355.84 | | |
| Add : Other income | 557.71 | 261.81 | 48.30 | 1.50 | 0.05 | 8.31 | 771.44 | 373.21 | 1,377.50 | 644.83 | | | | |
| Total enterprise revenue | | | | | | | | | | | 114,643.43 | 102,426.06 | | |
| Result | | | | | | | | | | | 9,454.06 | 7,475.77 | | |
| Segment results | 4,289.57 | 2,813.98 | 5,475.32 | 5,017.07 | (310.83) | (355.28) | - | - | (753.84) | (976.08) | (753.84) | (976.08) | | |
| Unallocated expenditure net of unallocated income | | | | | | | | | (1,622.43) | (1,572.63) | (1,622.43) | (1,572.63) | | |
| Finance cost | | | | | | | | | 3,032.30 | 2,355.84 | 3,032.30 | 2,355.84 | | |
| Interest income | | | | | | | | | 65.03 | (192.87) | 10,110.09 | 7,282.90 | | |
| Profit before taxation | | | | | | | | | | | | | | |
| Other Information | | | | | | | | | | | | | | |
| Segment assets | 76,948.84 | 69,924.55 | 23,209.84 | 23,456.33 | 3,501.68 | 3,124.87 | 17,843.59 | 14,307.38 | 121,503.95 | 110,813.13 | | | | |
| Segment liabilities | 58,515.27 | 49,730.19 | 11,853.62 | 12,428.34 | 2,282.27 | 1,833.26 | 11,417.85 | 15,482.66 | 84,069.01 | 79,474.45 | | | | |
| Capital expenditure | 497.82 | 4,805.90 | 1,843.45 | 729.55 | 36.91 | 36.35 | 236.24 | 223.98 | 2,614.42 | 5,795.78 | | | | |
| Depreciation | 622.59 | 163.33 | 973.66 | 840.31 | 41.96 | 41.67 | 174.89 | 147.99 | 1,813.10 | 1,193.30 | | | | |
| Non cash expenditure other than depreciation | 265.78 | 119.92 | 524.86 | 105.98 | 66.90 | 167.82 | (112.78) | (111.34) | 744.76 | 282.38 | | | | |

II. Information about geographical segments

| | India | Outside India | Total |
|--|------------|---------------|------------|
| | 31.03.2019 | 31.03.2019 | 31.03.2019 |
| External revenue | 78,748.92 | 69,428.52 | 31,484.70 |
| Carrying amount of segment assets | 101,843.73 | 86,258.55 | 19,660.22 |
| Additions to property, plant and equipment | 2,611.19 | 5,771.32 | 3.24 |
| | | | 24.46 |
| | | | 2,614.43 |
| | | | 5,795.78 |

III. Notes:

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

NOTES TO FINANCIAL STATEMENTS for the year ended 31st March 2019 (contd...)

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

Where control exists

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

Others

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

* Subsidiary company of subsidiary

** Ion Exchange Environment Management Ltd. (Formerly known as Ion Exchange Waterleau Ltd.), a joint venture of the company has become a wholly owned subsidiary of the company w.e.f. 20th August 2018.

*** Associate companies of subsidiaries

NOTES TO FINANCIAL STATEMENTS for the year ended 31st March 2019 (contd...)
41. Related party disclosures (contd...)

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

INR in Lacs

| Particulars | Subsidiaries | | Joint Ventures/ Associates | | Key managerial personnel / Relative / Others | | Total | |
|--|-----------------|-----------------|-------------------------------|-----------------|--|-------------|------------------|-----------------|
| | 2018-19 | 2017-18 | 2018-19 | 2017-18 | 2018-19 | 2017-18 | 2018-19 | 2017-18 |
| Sale of goods * | | | | | | | | |
| Ion Exchange And Company LLC, Oman | 33.95 | 87.89 | - | - | - | - | 33.95 | 87.89 |
| Ion Exchange Asia Pacific Pte. Ltd., Singapore | 176.52 | 282.96 | - | - | - | - | 176.52 | 282.96 |
| Ion Exchange Environment Management (BD) Ltd., Bangladesh | 167.29 | 370.37 | - | - | - | - | 167.29 | 370.37 |
| Ion Exchange LLC, USA | 4,463.45 | 2,173.52 | - | - | - | - | 4,463.45 | 2,173.52 |
| IEI Environmental Management (M) Sdn. Bhd., Malaysia | 12.04 | - | - | - | - | - | 12.04 | - |
| Global Composites And Structural Ltd. | 214.90 | - | - | - | - | - | 214.90 | - |
| Ion Exchange Projects And Engineering Ltd. | 6.55 | 211.81 | - | - | - | - | 6.55 | 211.81 |
| Ion Exchange Safic Pty. Ltd., South Africa | 373.24 | 297.33 | - | - | - | - | 373.24 | 297.33 |
| PT Ion Exchange Asia Pacific, Indonesia | 96.30 | - | - | - | - | - | 96.30 | - |
| Ion Exchange Purified Drinking Water Pvt Ltd. | 0.18 | 3.26 | - | - | - | - | 0.18 | 3.26 |
| Aquanomics Systems Ltd. | - | - | 5,597.91 | 4,188.48 | - | - | 5,597.91 | 4,188.48 |
| Ion Exchange PSS Co. Ltd., Thailand | - | - | 105.45 | 30.24 | - | - | 105.45 | 30.24 |
| Ion Foundation | - | - | - | - | 22.81 | 8.20 | 22.81 | 8.20 |
| Total | 5,544.42 | 3,427.14 | 5,703.36 | 4,218.72 | 22.81 | 8.20 | 11,270.59 | 7,654.06 |
| Services rendered | | | | | | | | |
| Global Composites And Structural Ltd. | 0.14 | 0.28 | - | - | - | - | 0.14 | 0.28 |
| Ion Exchange Enviro Farms Ltd. | 7.44 | 0.22 | - | - | - | - | 7.44 | 0.22 |
| Ion Exchange Projects And Engineering Ltd. | 60.98 | 64.99 | - | - | - | - | 60.98 | 64.99 |
| Total Water Management Services (India) Ltd. | 10.51 | 12.47 | - | - | - | - | 10.51 | 12.47 |
| Ion Exchange Environment Management Ltd. (formerly known as Ion Exchange Waterleau Ltd.) | 0.50 | - | - | 1.46 | - | - | 0.50 | 1.46 |
| Total | 79.57 | 77.96 | - | 1.46 | - | - | 79.57 | 79.42 |
| Rental income | | | | | | | | |
| Ion Exchange Projects And Engineering Ltd. | 67.34 | 62.93 | - | - | - | - | 67.34 | 62.93 |
| Ion Exchange Environment Management Ltd. (formerly known as Ion Exchange Waterleau Ltd.) | 16.65 | - | - | 15.33 | - | - | 16.65 | 15.33 |
| Total | 83.99 | 62.93 | - | 15.33 | - | - | 83.99 | 78.26 |
| Interest income on loans and advances | | | | | | | | |
| Global Composites And Structural Ltd. | 0.02 | 1.09 | - | - | - | - | 0.02 | 1.09 |
| IEI Environmental Management (M) Sdn. Bhd., Malaysia | 3.51 | 3.02 | - | - | - | - | 3.51 | 3.02 |

NOTES TO FINANCIAL STATEMENTS for the year ended 31st March 2019 (contd...)**41. Related party disclosures (contd...)**

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

INR in Lacs

| Particulars | Subsidiaries | | Joint Ventures/ Associates | | Key managerial personnel / Relative / Others | | Total | |
|--|-----------------|-----------------|-------------------------------|---------------|--|----------|-----------------|-----------------|
| | 2018-19 | 2017-18 | 2018-19 | 2017-18 | 2018-19 | 2017-18 | 2018-19 | 2017-18 |
| Interest income on loans and advances (contd..) | | | | | | | | |
| Ion Exchange Asia Pacific (Thailand) Ltd., Thailand | 1.35 | 1.11 | - | - | - | - | 1.35 | 1.11 |
| Ion Exchange Asia Pacific Pte. Ltd., Singapore | 14.99 | 13.97 | - | - | - | - | 14.99 | 13.97 |
| Ion Exchange Enviro Farms Ltd. | 385.18 | 342.91 | - | - | - | - | 385.18 | 342.91 |
| Ion Exchange Projects And Engineering Ltd. | 463.60 | 572.29 | - | - | - | - | 463.60 | 572.29 |
| Ion Exchange Purified Drinking Water Pvt. Ltd. | 108.52 | 124.89 | - | - | - | - | 108.52 | 124.89 |
| Ion Exchange Safic Pty. Ltd., South Africa | 15.39 | 10.86 | - | - | - | - | 15.39 | 10.86 |
| Total Water Management Services (India) Ltd. | 2.51 | 0.21 | - | - | - | - | 2.51 | 0.21 |
| Ion Exchange Environment Management Ltd. (formerly known as Ion Exchange Waterleau Ltd.) | 185.25 | - | - | 165.75 | - | - | 185.25 | 165.75 |
| Total | 1,180.32 | 1,070.35 | - | 165.75 | - | - | 1,180.32 | 1,236.10 |
| Management fees | | | | | | | | |
| Aquanomics Systems Ltd. | - | - | 77.00 | 66.35 | - | - | 77.00 | 66.35 |
| Total | - | - | 77.00 | 66.35 | - | - | 77.00 | 66.35 |
| Purchase of goods * | | | | | | | | |
| Global Composites And Structural Ltd. | 1109.85 | 272.30 | - | - | - | - | 1109.85 | 272.30 |
| Ion Exchange Projects And Engineering Ltd. | - | 47.45 | - | - | - | - | - | 47.45 |
| Ion Exchange Environment Management (BD) Ltd., Bangladesh | - | 20.76 | - | - | - | - | - | 20.76 |
| Aquanomics Systems Ltd. | - | - | 81.25 | 109.47 | - | - | 81.25 | 109.47 |
| Ion Exchange Environment Management Ltd. (formerly known as Ion Exchange Waterleau Ltd.) | - | - | - | 0.68 | - | - | - | 0.68 |
| Ion Exchange Asia Pacific Pte. Ltd. Singapore | 421.87 | - | - | - | - | - | 421.87 | - |
| Total | 1,531.72 | 340.51 | 81.25 | 110.15 | - | - | 1,612.97 | 450.66 |
| Services received | | | | | | | | |
| Global Composites And Structural Ltd. | 68.89 | 220.10 | - | - | - | - | 68.89 | 220.10 |
| Ion Exchange Projects And Engineering Ltd. | 2,936.79 | 2,386.35 | - | - | - | - | 2,936.79 | 2,386.35 |
| Total Water Management Services (India) Ltd. | 10.47 | 167.23 | - | - | - | - | 10.47 | 167.23 |
| Ion Exchange Asia Pacific Pte. Ltd. Singapore | 195.11 | 38.59 | - | - | - | - | 195.11 | 38.59 |
| Ion Exchange Environment Management Ltd. (formerly known as Ion Exchange Waterleau Ltd.) | 155.36 | - | - | 164.61 | - | - | 155.36 | 164.61 |
| Total | 3,366.62 | 2,812.27 | - | 164.61 | - | - | 3,366.62 | 2,976.88 |

NOTES TO FINANCIAL STATEMENTS for the year ended 31st March 2019 (contd...)

41. Related party disclosures (contd...)

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

INR in Lacs

| Particulars | Subsidiaries | | Joint Ventures/ Associates | | Key managerial personnel / Relative / Others | | Total | |
|--|-----------------|-----------------|-------------------------------|---------------|--|---------|-----------------|-----------------|
| | 2018-19 | 2017-18 | 2018-19 | 2017-18 | 2018-19 | 2017-18 | 2018-19 | 2017-18 |
| Purchase of miscellaneous items | | | | | | | | |
| Ion Exchange Enviro Farms Ltd. | 73.83 | 71.26 | - | - | - | - | 73.83 | 71.26 |
| Total | 73.83 | 71.26 | - | - | - | - | 73.83 | 71.26 |
| Interest paid on inter corporate deposits | | | | | | | | |
| Aqua Investments (India) Ltd. | 3.93 | 3.72 | - | - | - | - | 3.93 | 3.72 |
| Watercare Investments (India) Ltd. | 4.29 | 4.07 | - | - | - | - | 4.29 | 4.07 |
| Total Water Management Services (India) Ltd. | - | 1.62 | - | - | - | - | - | 1.62 |
| Total | 8.22 | 9.41 | - | - | - | - | 8.22 | 9.41 |
| Loans and advances given | | | | | | | | |
| Global Composites And Structural Ltd. | - | 0.45 | - | - | - | - | - | 0.45 |
| IEI Environmental Management (M) Sdn. Bhd., Malaysia | 3.51 | 3.02 | - | - | - | - | 3.51 | 3.02 |
| Ion Exchange Asia Pacific (Thailand) Ltd., Thailand | 1.35 | 1.11 | - | - | - | - | 1.35 | 1.11 |
| Ion Exchange Asia Pacific Pte. Ltd., Singapore | 14.99 | 26.86 | - | - | - | - | 14.99 | 26.86 |
| Ion Exchange Enviro Farms Ltd. | 478.78 | 401.02 | - | - | - | - | 478.78 | 401.02 |
| Ion Exchange Projects And Engineering Ltd. | 3,569.47 | 4,176.94 | - | - | - | - | 3,569.47 | 4,176.94 |
| Ion Exchange Purified Drinking Water Pvt. Ltd. | 1,711.24 | 983.67 | - | - | - | - | 1,711.24 | 983.67 |
| Ion Exchange Safic Pty. Ltd., South Africa | 68.49 | 10.86 | - | - | - | - | 68.49 | 10.86 |
| Total Water Management Services (India) Ltd. | 3.50 | 16.94 | - | - | - | - | 3.50 | 16.94 |
| Ion Exchange Environment Management Ltd. (formerly known as Ion Exchange Waterleau Ltd.) | 170.09 | - | - | 228.16 | - | - | 170.09 | 228.16 |
| Ion Foundation | - | - | - | - | 0.03 | - | 0.03 | - |
| Total | 6,021.42 | 5,620.87 | - | 228.16 | 0.03 | - | 6,021.45 | 5,849.03 |
| Loans and advances repaid | | | | | | | | |
| Global Composites And Structural Ltd. | 0.19 | 9.39 | - | - | - | - | 0.19 | 9.39 |
| Ion Exchange Asia Pacific Pte. Ltd., Singapore | - | 13.35 | - | - | - | - | - | 13.35 |
| Ion Exchange Enviro Farms Ltd. | 133.15 | 84.09 | - | - | - | - | 133.15 | 84.09 |
| Ion Exchange Projects And Engineering Ltd. | 4,716.60 | 4,236.62 | - | - | - | - | 4,716.60 | 4,236.62 |
| Ion Exchange Purified Drinking Water Pvt. Ltd. | 1,516.13 | 1,429.08 | - | - | - | - | 1,516.13 | 1,429.08 |
| Total Water Management Services (India) Ltd. | 8.14 | 12.35 | - | - | - | - | 8.14 | 12.35 |
| IEI Environmental Management (M) Sdn. Bhd., Malaysia | 2.04 | - | - | - | - | - | 2.04 | - |
| Aquanomics Systems Ltd | - | - | - | 0.02 | - | - | - | 0.02 |

NOTES TO FINANCIAL STATEMENTS for the year ended 31st March 2019 (contd...)**41. Related party disclosures (contd...)**

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

INR in Lacs

| Particulars | Subsidiaries | | Joint Ventures/ Associates | | Key managerial personnel / Relative / Others | | Total | |
|--|-----------------|-----------------|-------------------------------|-------------|--|---------------|-----------------|-----------------|
| | 2018-19 | 2017-18 | 2018-19 | 2017-18 | 2018-19 | 2017-18 | 2018-19 | 2017-18 |
| Loans and advances repaid (contd...) | | | | | | | | |
| Ion Exchange Financial Products Pvt. Ltd. | - | - | 2.75 | 2.50 | - | - | 2.75 | 2.50 |
| Ion Exchange Safic Pty Ltd., South Africa | 56.42 | - | - | - | - | - | 56.42 | - |
| Ion Exchange Environment Management Ltd. (formerly known as Ion Exchange Waterleau Ltd.) | 60.00 | - | - | - | - | - | 60.00 | - |
| Ion Foundation | - | - | - | - | 0.03 | - | 0.03 | - |
| Total | 6,492.67 | 5,784.88 | 2.75 | 2.52 | 0.03 | - | 6,495.45 | 5,787.40 |
| Inter corporate deposits received | | | | | | | | |
| Watercare Investments (India) Ltd. | 52.00 | - | - | - | - | - | 52.00 | - |
| Aqua Investments (India) Ltd. | 60.50 | - | - | - | - | - | 60.50 | - |
| Total | 112.50 | - | - | - | - | - | 112.50 | - |
| Inter corporate deposits repaid | | | | | | | | |
| Watercare Investments (India) Ltd. | 43.00 | - | - | - | - | - | 43.00 | - |
| Aqua Investments (India) Ltd. | 39.25 | - | - | - | - | - | 39.25 | - |
| Total Water Management Services (India) Ltd. | - | 25.00 | - | - | - | - | - | 25.00 |
| Total | 82.25 | 25.00 | - | - | - | - | 82.25 | 25.00 |
| Dividend received | | | | | | | | |
| Ion Exchange And Company LLC, Oman | 82.53 | 76.61 | - | - | - | - | 82.53 | 76.61 |
| Aquanomics Systems Ltd. | - | - | 13.80 | 9.20 | - | - | 13.80 | 9.20 |
| Total | 82.53 | 76.61 | 13.80 | 9.20 | - | - | 96.33 | 85.81 |
| Dividend paid | | | | | | | | |
| Aqua Investments (India) Ltd. | 8.88 | 8.88 | - | - | - | - | 8.88 | 8.88 |
| Watercare Investments (India) Ltd. | 6.44 | 6.44 | - | - | - | - | 6.44 | 6.44 |
| Aquanomics Systems Ltd. | - | - | 0.04 | 0.04 | - | - | 0.04 | 0.04 |
| Ion Exchange Financial Products Pvt. Ltd. | - | - | 1.76 | 1.76 | - | - | 1.76 | 1.76 |
| Mr. Rajesh Sharma | - | - | - | - | 27.34 | 27.34 | 27.34 | 27.34 |
| Mr. Dinesh Sharma | - | - | - | - | 20.60 | 20.60 | 20.60 | 20.60 |
| Mr. Aankur Patni | - | - | - | - | 8.91 | 8.91 | 8.91 | 8.91 |
| Mr. Mahabir Prasad Patni | - | - | - | - | 24.91 | 24.91 | 24.91 | 24.91 |
| Dr. V. N. Gupchup | - | - | - | - | 3.80 | 3.79 | 3.80 | 3.79 |
| Mr. Abhiram Seth | - | - | - | - | 2.76 | 2.76 | 2.76 | 2.76 |
| Mr. T. M. M. Nambiar | - | - | - | - | 1.97 | 1.97 | 1.97 | 1.97 |
| Mr. P. Sampath Kumar | - | - | - | - | 0.88 | 0.88 | 0.88 | 0.88 |
| Relatives of Key Management Personnel | - | - | - | - | 5.91 | 5.91 | 5.91 | 5.91 |
| Total | 15.32 | 15.32 | 1.80 | 1.80 | 97.08 | 97.07 | 114.20 | 114.19 |
| Remuneration | | | | | | | | |
| Mr. Rajesh Sharma | - | - | - | - | 409.22 | 370.82 | 409.22 | 370.82 |
| Mr. Dinesh Sharma | - | - | - | - | 177.41 | 166.08 | 177.41 | 166.08 |
| Mr. Aankur Patni | - | - | - | - | 174.13 | 167.93 | 174.13 | 167.93 |
| Total | - | - | - | - | 760.76 | 704.83 | 760.76 | 704.83 |

NOTES TO FINANCIAL STATEMENTS for the year ended 31st March 2019 (contd...)

41. Related party disclosures (contd...)

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

INR in Lacs

| Particulars | Subsidiaries | | Joint Ventures/ Associates | | Key managerial personnel / Relative / Others | | Total | |
|---|---------------|----------|-------------------------------|----------|--|--------------|---------------|--------------|
| | 2018-19 | 2017-18 | 2018-19 | 2017-18 | 2018-19 | 2017-18 | 2018-19 | 2017-18 |
| Commission to executive directors | | | | | | | | |
| Mr. Rajesh Sharma | - | - | - | - | 75.00 | - | 75.00 | - |
| Mr. Dinesh Sharma | - | - | - | - | 37.50 | - | 37.50 | - |
| Mr. Aankur Patni | - | - | - | - | 37.50 | - | 37.50 | - |
| Total | - | - | - | - | 150.00 | - | 150.00 | - |
| Director sitting fees | | | | | | | | |
| Mr. Mahabir Prasad Patni | - | - | - | - | 3.50 | 3.25 | 3.50 | 3.25 |
| Dr. V. N. Gupchup | - | - | - | - | 5.85 | 8.20 | 5.85 | 8.20 |
| Mr. T. M. M. Nambiar | - | - | - | - | 4.25 | 4.25 | 4.25 | 4.25 |
| Mr. P. Sampath Kumar | - | - | - | - | 2.75 | 3.25 | 2.75 | 3.25 |
| Mr. Abhiram Seth | - | - | - | - | 4.75 | 3.50 | 4.75 | 3.50 |
| Mr. Shishir Tamotia | - | - | - | - | 3.25 | 3.25 | 3.25 | 3.25 |
| Mrs. Kishori Udeshi | - | - | - | - | 3.85 | 7.35 | 3.85 | 7.35 |
| Total | - | - | - | - | 28.20 | 33.05 | 28.20 | 33.05 |
| Directors commission | | | | | | | | |
| Mr. Mahabir Prasad Patni | - | - | - | - | 14.00 | 10.00 | 14.00 | 10.00 |
| Dr. V. N. Gupchup | - | - | - | - | 14.00 | 10.00 | 14.00 | 10.00 |
| Mr. T. M. M. Nambiar | - | - | - | - | 14.00 | 10.00 | 14.00 | 10.00 |
| Mr. P. Sampath Kumar | - | - | - | - | 14.00 | 10.00 | 14.00 | 10.00 |
| Mr. Abhiram Seth | - | - | - | - | 14.00 | 10.00 | 14.00 | 10.00 |
| Mr. Shishir Tamotia | - | - | - | - | 14.00 | 10.00 | 14.00 | 10.00 |
| Mrs. Kishori Udeshi | - | - | - | - | 14.00 | 10.00 | 14.00 | 10.00 |
| Total | - | - | - | - | 98.00 | 70.00 | 98.00 | 70.00 |
| CSR expenses | | | | | | | | |
| Ion Foundation | - | - | - | - | 124.40 | 98.60 | 124.40 | 98.60 |
| Total | - | - | - | - | 124.40 | 98.60 | 124.40 | 98.60 |
| Investments made during the year | | | | | | | | |
| Ion Exchange Environment Management Ltd. (formerly known as Ion Exchange Waterloo Ltd.) | 250.00 | - | - | - | - | - | 250.00 | - |
| Total | 250.00 | - | - | - | - | - | 250.00 | - |
| Corporate guarantee commission | | | | | | | | |
| Global Composites And Structural Ltd. | 18.25 | 18.00 | - | - | - | - | 18.25 | 18.00 |
| Ion Exchange Asia Pacific (Thailand) Ltd., Thailand | - | 2.05 | - | - | - | - | - | 2.05 |
| Ion Exchange Asia Pacific Pte. Ltd., Singapore | 5.18 | 7.52 | - | - | - | - | 5.18 | 7.52 |
| Ion Exchange Environment Management (BD) Ltd., Bangladesh | 0.66 | 0.66 | - | - | - | - | 0.66 | 0.66 |
| Ion Exchange Projects And Engineering Ltd. | 28.58 | 29.44 | - | - | - | - | 28.58 | 29.44 |
| Ion Exchange Purified Drinking Water Pvt. Ltd. | 7.60 | 7.60 | - | - | - | - | 7.60 | 7.60 |

NOTES TO FINANCIAL STATEMENTS for the year ended 31st March 2019 (contd...)**41. Related party disclosures (contd...)**

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

INR in Lacs

| Particulars | Subsidiaries | | Joint Ventures/ Associates | | Key managerial personnel / Relative / Others | | Total | |
|--|---------------|---------------|-------------------------------|---------------|--|---------------|---------------|---------------|
| | 2018-19 | 2017-18 | 2018-19 | 2017-18 | 2018-19 | 2017-18 | 2018-19 | 2017-18 |
| Corporate guarantee commission (contd...) | | | | | | | | |
| Ion Exchange Safic Pty. Ltd., South Africa | 6.29 | 5.89 | - | - | - | - | 6.29 | 5.89 |
| Aquonomics Systems Ltd. | - | - | 11.00 | 11.00 | - | - | 11.00 | 11.00 |
| Ion Exchange PSS Co. Ltd., Thailand | - | - | 1.13 | 4.24 | - | - | 1.13 | 4.24 |
| Total | 66.56 | 71.16 | 12.13 | 15.24 | - | - | 78.69 | 86.40 |
| Corporate guarantees given | | | | | | | | |
| Global Composites And Structural Ltd. | 100.00 | - | - | - | - | - | 100.00 | - |
| Ion Exchange Safic Pty Ltd., South Africa | 239.09 | - | - | - | - | - | 239.09 | - |
| Total | 339.09 | - | - | - | - | - | 339.09 | - |
| Corporate guarantees discharged | | | | | | | | |
| Ion Exchange Asia Pacific (Thailand) Ltd., Thailand | - | 256.79 | - | - | - | - | - | 256.79 |
| Ion Exchange PSS Co. Ltd., Thailand | - | - | - | 387.70 | - | - | - | 387.70 |
| Ion Exchange Asia Pacific Pte. Ltd. Singapore | 597.28 | - | - | - | - | - | 597.28 | - |
| Ion Exchange Projects And Engineering Ltd. | 160.00 | - | - | - | - | - | 160.00 | - |
| Ion Exchange Safic Pty Ltd., South Africa | 82.51 | - | - | - | - | - | 82.51 | - |
| Total | 839.79 | 256.79 | - | 387.70 | - | - | 839.79 | 644.49 |
| Contribution to post-employment benefit plans | | | | | | | | |
| Ion Exchange (India) Ltd.'s Provident Institution | - | - | - | - | 164.16 | 151.92 | 164.16 | 151.92 |
| Ion Exchange (India) Ltd.'s Management Staff Gratuity Fund | - | - | - | - | 123.00 | 85.00 | 123.00 | 85.00 |
| Ion Exchange Staff Superannuation Scheme | - | - | - | - | 155.26 | 146.43 | 155.26 | 146.43 |
| Ion Exchange India Ltd. – Gratuity Fund Trust | - | - | - | - | 41.30 | 20.76 | 41.30 | 20.76 |
| Total | - | - | - | - | 483.72 | 404.11 | 483.72 | 404.11 |
| Inter corporate deposits (Outstanding) | | | | | | | | |
| Aqua Investments (India) Ltd. | 60.50 | 39.25 | - | - | - | - | 60.50 | 39.25 |
| Watercare Investments (India) Ltd. | 52.00 | 43.00 | - | - | - | - | 52.00 | 43.00 |
| Total | 112.50 | 82.25 | - | - | - | - | 112.50 | 82.25 |
| Outstanding loans and advances **** | | | | | | | | |
| IEI Environmental Management (M) Sdn. Bhd., Malaysia | 31.70 | 28.33 | - | - | - | - | 31.70 | 28.33 |
| Ion Exchange Asia Pacific (Thailand) Ltd., Thailand | 12.41 | 10.40 | - | - | - | - | 12.41 | 10.40 |

NOTES TO FINANCIAL STATEMENTS for the year ended 31st March 2019 (contd...)

41. Related party disclosures (contd...)

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

INR in Lacs

| Particulars | Subsidiaries | | Joint Ventures/ Associates | | Key managerial personnel / Relative / Others | | Total | |
|---|-----------------|-----------------|-------------------------------|-----------------|--|---------|-----------------|-----------------|
| | 2018-19 | 2017-18 | 2018-19 | 2017-18 | 2018-19 | 2017-18 | 2018-19 | 2017-18 |
| Outstanding loans and advances (contd...) **** | | | | | | | | |
| Ion Exchange Asia Pacific Pte. Ltd., Singapore | 140.57 | 117.15 | - | - | - | - | 140.57 | 117.15 |
| Ion Exchange Enviro Farms Ltd. | 2,531.92 | 2,178.85 | - | - | - | - | 2,531.92 | 2,178.85 |
| Ion Exchange Projects And Engineering Ltd. | 2,483.46 | 3,569.62 | - | - | - | - | 2,483.46 | 3,569.62 |
| Ion Exchange Purified Drinking Water Pvt. Ltd. | 976.57 | 781.46 | - | - | - | - | 976.57 | 781.46 |
| Ion Exchange Safic Pty. Ltd., South Africa | 108.40 | 101.93 | - | - | - | - | 108.40 | 101.93 |
| Total Water Management Services (India) Ltd. | 25.15 | 21.38 | - | - | - | - | 25.15 | 21.38 |
| Ion Exchange Financial Products Pvt. Ltd.** | - | - | 19.50 | 22.25 | - | - | 19.50 | 22.25 |
| Ion Exchange Environment Management Limited (formerly known as Ion Exchange Waterleau Ltd.) | 1,642.70 | - | - | 1,517.14 | - | - | 1,642.70 | 1,517.14 |
| Total | 7,952.88 | 6,809.12 | 19.50 | 1,539.39 | - | - | 7,972.38 | 8,348.51 |
| Advance to suppliers | | | | | | | | |
| Global Composites And Structural Ltd. | 606.15 | 851.12 | - | - | - | - | 606.15 | 851.12 |
| Ion Exchange Projects And Engineering Ltd. | 19.28 | 19.28 | - | - | - | - | 19.28 | 19.28 |
| Total Water Management Services (India) Ltd. | - | 12.30 | - | - | - | - | - | 12.30 |
| Total | 625.43 | 882.70 | - | - | - | - | 625.43 | 882.70 |
| Outstanding receivables (Net of payables) excluding loans and advances | | | | | | | | |
| Global Composites And Structural Ltd. | 59.73 | 27.62 | - | - | - | - | 59.73 | 27.62 |
| IEI Environmental Management (M) Sdn. Bhd., Malaysia | 209.01 | 188.64 | - | - | - | - | 209.01 | 188.64 |
| Ion Exchange And Company LLC, Oman | 141.59 | 175.89 | - | - | - | - | 141.59 | 175.89 |
| Ion Exchange Asia Pacific (Thailand) Ltd., Thailand | 1,116.57 | 1,049.94 | - | - | - | - | 1,116.57 | 1,049.94 |
| Ion Exchange Asia Pacific Pte. Ltd., Singapore | 750.03 | 1,015.02 | - | - | - | - | 750.03 | 1,015.02 |
| Ion Exchange Enviro Farms Ltd. | 2.04 | 2.04 | - | - | - | - | 2.04 | 2.04 |
| Ion Exchange Environment Management (BD) Ltd., Bangladesh | - | 161.08 | - | - | - | - | - | 161.08 |
| Ion Exchange LLC, USA | 2,171.60 | 1,803.68 | - | - | - | - | 2,171.60 | 1,803.68 |
| Ion Exchange Projects And Engineering Ltd. | 1,146.45 | 1,246.33 | - | - | - | - | 1,146.45 | 1,246.33 |
| Ion Exchange Purified Drinking Water Pvt. Ltd. | - | 3.26 | - | - | - | - | - | 3.26 |
| Ion Exchange Safic Pty. Ltd., South Africa | 115.35 | 158.87 | - | - | - | - | 115.35 | 158.87 |
| Aquanomics Systems Ltd. | - | - | 1,411.16 | 1,182.13 | - | - | 1,411.16 | 1,182.13 |

NOTES TO FINANCIAL STATEMENTS for the year ended 31st March 2019 (contd...)**41. Related party disclosures (contd...)**

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

INR in Lacs

| Particulars | Subsidiaries | | Joint Ventures/ Associates | | Key managerial personnel / Relative / Others | | Total | |
|--|-----------------|-----------------|-------------------------------|-----------------|--|-------------|-----------------|-----------------|
| | 2018-19 | 2017-18 | 2018-19 | 2017-18 | 2018-19 | 2017-18 | 2018-19 | 2017-18 |
| Outstanding receivables (Net of payables) excluding loans and advances (contd...) | | | | | | | | |
| IEI Water Tech (M) Sdn. Bhd., Malaysia | - | - | 3.23 | 3.04 | - | - | 3.23 | 3.04 |
| Ion Exchange PSS Co. Ltd., Thailand | - | - | 328.91 | 219.54 | - | - | 328.91 | 219.54 |
| PT Ion Exchange Asia Pacific, Indonesia | 23.04 | - | - | - | - | - | 23.04 | - |
| Ion Exchange Environment Management Ltd. (formerly known as Ion Exchange Waterleau Ltd.) | 131.70 | - | - | 241.22 | - | - | 131.70 | 241.22 |
| Ion Foundation | - | - | - | - | - | - | 0.07 | - |
| Total | 5,867.11 | 5,832.37 | 1,743.30 | 1,645.93 | - | 0.07 | 7,610.41 | 7,478.37 |
| Outstanding payables (Net of receivables) excluding loans and advances | | | | | | | | |
| Total Water Management Services (India) Ltd. | 10.00 | 3.74 | - | - | - | - | 10.00 | 3.74 |
| Total | 10.00 | 3.74 | - | - | - | - | 10.00 | 3.74 |
| Investment in equity shares / debentures | | | | | | | | |
| Aqua Investments (India) Ltd. | 176.00 | 176.00 | - | - | - | - | 176.00 | 176.00 |
| Global Composites And Structuralis Ltd. | 263.25 | 245.00 | - | - | - | - | 263.25 | 245.00 |
| IEI Environmental Management (M) Sdn. Bhd., Malaysia | 18.10 | 18.10 | - | - | - | - | 18.10 | 18.10 |
| Ion Exchange And Company LLC, Oman | 180.85 | 180.85 | - | - | - | - | 180.85 | 180.85 |
| Ion Exchange Asia Pacific Pte. Ltd., Singapore | 1,115.04 | 1,108.73 | - | - | - | - | 1,115.04 | 1,108.73 |
| Ion Exchange Enviro Farms Ltd. *** | 1,554.70 | 1,554.70 | - | - | - | - | 1,554.70 | 1,554.70 |
| Ion Exchange Environment Management (BD) Ltd., Bangladesh | 37.72 | 37.06 | - | - | - | - | 37.72 | 37.06 |
| Ion Exchange LLC, USA | 372.01 | 372.01 | - | - | - | - | 372.01 | 372.01 |
| Ion Exchange Projects And Engineering Ltd. | 1,417.22 | 1,388.64 | - | - | - | - | 1,417.22 | 1,388.64 |
| Ion Exchange Purified Drinking Water Pvt. Ltd. | 39.01 | 39.01 | - | - | - | - | 39.01 | 39.01 |
| Ion Exchange Safic Pty. Ltd., South Africa | 58.80 | 52.51 | - | - | - | - | 58.80 | 52.51 |
| Ion Exchange WTS (Bangladesh) Ltd., Bangladesh | 2.45 | 2.45 | - | - | - | - | 2.45 | 2.45 |
| Total Water Management Services (India) Ltd. | 18.00 | 18.00 | - | - | - | - | 18.00 | 18.00 |
| Watercare Investments (India) Ltd. | 177.00 | 177.00 | - | - | - | - | 177.00 | 177.00 |
| Aquanomics Systems Ltd. | - | - | 79.00 | 68.00 | - | - | 79.00 | 68.00 |
| Ion Exchange Environment Management Ltd. (formerly known as Ion Exchange Waterleau Ltd.) | 501.23 | - | - | 251.23 | - | - | 501.23 | 251.23 |
| Ion Foundation | - | - | - | - | 0.10 | 0.10 | 0.10 | 0.10 |
| Total | 5,931.38 | 5,370.06 | 79.00 | 319.23 | 0.10 | 0.10 | 6,010.48 | 5,689.39 |

NOTES TO FINANCIAL STATEMENTS for the year ended 31st March 2019 (contd...)

41. Related party disclosures (contd...)

I. Related party-wise transactions during the year with outstanding balances as at year-end (contd...): INR in Lacs

| Particulars | Subsidiaries | | Joint Ventures/ Associates | | Key managerial personnel / Relative / Others | | Total | |
|---|-----------------|-----------------|-------------------------------|-----------------|--|---------|-----------------|-----------------|
| | 2018-19 | 2017-18 | 2018-19 | 2017-18 | 2018-19 | 2017-18 | 2018-19 | 2017-18 |
| Corporate guarantees (Outstanding) | | | | | | | | |
| Global Composites And Structural Ltd. | 1,900.00 | 1,800.00 | - | - | - | - | 1,900.00 | 1,800.00 |
| Ion Exchange Asia Pacific Pte. Ltd., Singapore | 345.86 | 943.14 | - | - | - | - | 345.86 | 943.14 |
| Ion Exchange Environment Management (BD) Ltd., Bangladesh | 82.42 | 82.42 | - | - | - | - | 82.42 | 82.42 |
| Ion Exchange Projects And Engineering Ltd. | 2,784.00 | 2,944.00 | - | - | - | - | 2,784.00 | 2,944.00 |
| Ion Exchange Purified Drinking Water Pvt. Ltd. | 760.20 | 760.20 | - | - | - | - | 760.20 | 760.20 |
| Ion Exchange Safic Pty. Ltd., South Africa | 930.80 | 732.95 | - | - | - | - | 930.80 | 732.95 |
| Aquanoics Systems Ltd. | - | - | 1,100.00 | 1,100.00 | - | - | 1,100.00 | 1,100.00 |
| Ion Exchange PSS Co. Ltd., Thailand | - | - | 148.46 | 141.84 | - | - | 148.46 | 141.84 |
| Total | 6,803.28 | 7,262.71 | 1,248.46 | 1,241.84 | - | - | 8,051.74 | 8,504.55 |

* Gross amount has been considered.

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

*** Includes INR 1,500 Lacs investment in debentures for both years.

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

II. Company has given letter for continuous financial support to its Subsidiaries - Ion Exchange Safic Pty. Ltd., South Africa, Ion Exchange Asia Pacific Pte. Ltd., Singapore, Ion Exchange Projects And Engineering Ltd., Global Composites And Structural Ltd and Ion Exchange Environment Management Ltd. (formerly known as Ion Exchange Waterleau Ltd.)

III. 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

INR in Lacs

| Name of the related party | Relationship | As at 31st March 2019 INR in Lacs | Maximum balance in 2018-19 INR in Lacs | As at 31st March 2018 INR in Lacs | Maximum balance in 2017-18 INR in Lacs |
|---|-----------------|--|---|--|---|
| Global Composite And Structural Ltd. | Subsidiary | - | 0.19 | - | 9.42 |
| IEI Environmental Management (M) Sdn. Bhd., Malaysia | 100% Subsidiary | 31.70 | 31.70 | 28.33 | 28.33 |
| Ion Exchange Asia Pacific (Thailand) Ltd., Thailand | 100% Subsidiary | 12.41 | 12.41 | 10.40 | 10.40 |
| Ion Exchange Asia Pacific Pte. Ltd, Singapore | 100% Subsidiary | 140.57 | 140.57 | 117.15 | 130.51 |
| Ion Exchange Enviro Farms Ltd. | Subsidiary | 2,531.92 | 2,531.94 | 2,178.85 | 2,179.63 |
| Ion Exchange Projects And Engineering Ltd. | Subsidiary | 2,483.46 | 4,717.97 | 3,569.62 | 5,815.28 |
| Ion Exchange Purified Drinking Water Pvt. Ltd. | 100% Subsidiary | 976.57 | 1,008.00 | 781.46 | 1,283.86 |
| Ion Exchange Safic Pty. Ltd., South Africa | Subsidiary | 108.40 | 155.03 | 101.93 | 101.93 |
| Total Water Management Services (India) Ltd. | Subsidiary | 25.15 | 25.99 | 21.38 | 22.27 |
| Ion Exchange Environment Management Limited (Formerly known as Ion Exchange Waterleau Ltd.) | 100% Subsidiary | 1,642.70 | 1,642.95 | 1,517.14 | 1,517.67 |

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 and as per mutual agreement.
- (ii) Interest on loans and advances to the subsidiaries are charged at the prevailing market rates.

NOTES TO FINANCIAL STATEMENTS for the year ended 31st March 2019 (contd...)**41. Related party disclosures (contd...)****IV. Disclosure as per Section 186 of the Companies Act, 2013:**

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

- (a) Details of investment made are given in note 4 and 10.
- (b) Details of loans given by the company are as follows:

| Name of the party | Relationship | Purpose | As at 31st March 2019 INR in Lacs | As at 31st March 2018 INR in Lacs |
|--|-----------------|----------------------|--|--|
| IEI Environmental Management (M) Sdn. Bhd., Malaysia | 100% Subsidiary | For business purpose | 31.70 | 28.33 |
| Ion Exchange Asia Pacific (Thailand) Ltd., Thailand | 100% Subsidiary | | 12.41 | 10.40 |
| Ion Exchange Asia Pacific Pte. Ltd, Singapore | 100% Subsidiary | | 140.57 | 117.15 |
| Ion Exchange Enviro Farms Ltd. | Subsidiary | | 2,531.92 | 2,178.85 |
| Ion Exchange Projects And Engineering Ltd. | Subsidiary | | 2,483.46 | 3,569.62 |
| Ion Exchange Purified Drinking Water Pvt. Ltd. | 100% Subsidiary | | 976.57 | 781.46 |
| Ion Exchange Safic Pty. Ltd., South Africa | Subsidiary | | 108.40 | 101.93 |
| Total Water Management Services (India) Ltd. | Subsidiary | | 25.15 | 21.38 |
| Ion Exchange Environment Management Ltd. (Formerly known as Ion Exchange Waterloo Ltd.) | 100% Subsidiary | | 1,642.70 | 1,517.14 |

- (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 2019 INR in Lacs | As at 31st March 2018 INR in Lacs |
|--|-----------------|---|--|--|
| Bharuch Enviro Infrastructure Limited | Unrelated | Corporate Guarantee to Gujarat Industrial Development Corporation, for use of facilities | 38.88 | 38.88 |
| Global Composites And Structural Ltd. | Subsidiary | | 1,900.00 | 1,800.00 |
| Ion Exchange Asia Pacific Pte. Ltd., Singapore | 100% Subsidiary | | 345.86 | 943.14 |
| Ion Exchange Environment Management (BD) Ltd., Bangladesh | 100% Subsidiary | | 82.42 | 82.42 |
| Ion Exchange Projects And Engineering Ltd. | Subsidiary | | 2,784.00 | 2,944.00 |
| Ion Exchange Purified Drinking Water Pvt. Ltd. | 100% Subsidiary | | 760.20 | 760.20 |
| Ion Exchange Safic Pty. Ltd., South Africa | Subsidiary | | 930.80 | 732.95 |
| Aquonomics Systems Ltd. | Associates | | 1,100.00 | 1,100.00 |
| Ion Exchange PSS Co. Ltd., Thailand | Associates | | 148.46 | 141.84 |

NOTES TO FINANCIAL STATEMENTS for the year ended 31st March 2019 (contd...)

42. (a) The company has an investment of INR 54.70 Lacs (31st March 2018: INR 54.70 Lacs) in equity shares and 1,500,000 (31st March 2018: 1,500,000) 7% Secured Redeemable Non-Convertible Debentures of INR 100 each fully paid up, in Ion Exchange Enviro Farms Limited (IEEFL), a subsidiary company as at 31st March 2019 and it has also granted loans and advances as at 31st March 2019 aggregating INR 2,531.92 Lacs (31st March 2018: INR 2,178.85 Lacs) to IEEFL. As at 31st March 2019, the accumulated losses of IEEFL have substantially exceeded its paid-up share capital.

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

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

Subsequent to SEBI order of 30th December 2015, for closure of the CIS Scheme (which inter-alia included directions to refund INR 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 agreements.

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

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

- (b) Further, book values of certain other long term investments in subsidiaries measured at cost, aggregating to INR 3,748.10 Lacs (2017-18: INR 3,438.67 Lacs) are lower than its cost. The company has also granted loans and advances to these subsidiaries as at 31st March 2019 aggregating INR 4,406.83 Lacs (31st March 2018: INR 5,334.17 Lacs). 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 recoverable amount is not less than its carrying amount. Hence presently no provision is considered necessary.
43. Capital expenditure incurred on research and development during the year is INR 65.00 Lacs (2017-18: INR 71.69 Lacs). Revenue expenditure of INR 736.96 Lacs (2017-18: INR 728.67 Lacs) incurred on research and development has been expensed to the statement of profit and loss under various expense heads. Location wise details are as follows:

INR in Lacs

| Nature | 2018-19 | | | 2017-18 | | |
|---------------------|------------|--------|---------------|------------|--------|---------------|
| | Location | | Total | Location | | Total |
| | Patancheru | Vashi | | Patancheru | Vashi | |
| Capital expenditure | 8.83 | 56.17 | 65.00 | 35.96 | 35.73 | 71.69 |
| Revenue expenditure | 312.37 | 424.59 | 736.96 | 291.42 | 437.25 | 728.67 |

44. 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 2019 INR in Lacs | 31st March 2018 INR in Lacs |
|---|--------------------------------|--------------------------------|
| Within one year | Nil | 63.41 |
| After one year but not more than five years | Nil | Nil |
| More than five years | Nil | Nil |

NOTES TO FINANCIAL STATEMENTS for the year ended 31st March 2019 (contd...)**44. Lease (contd...)**Company as lessor:

The company has entered into commercial property lease of its surplus office. The lease agreement is for 5 years. The lease includes a clause to enable upward revision by 15% after completion of 3 years from the date of commencement of the lease agreement. Further minimum rentals receivable under non-cancellable operating lease are as follows:

| | 31st March 2019 INR in Lacs | 31st March 2018 INR in Lacs |
|---|--------------------------------|--------------------------------|
| Within one year | 89.30 | 113.25 |
| After one year but not more than five years | 104.12 | 17.89 |
| More than five years | Nil | Nil |

B. Finance LeaseCompany 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 payments (MLP) under finance leases together with the present value of the net MLP are as follows

| | 31st March 2019 INR in Lacs | 31st March 2018 INR in Lacs |
|---|--------------------------------|--------------------------------|
| Total minimum lease payments at the year end | 794.23 | 487.86 |
| Less: Amount representing finance charges | 127.35 | 83.83 |
| Present value of minimum lease payments (Rate of interest: 4.95% p.a. to 10.94% p.a.) | 666.88 | 404.03 |
| Minimum lease payments: | | |
| Not later than one year [Present value INR 676.02 Lacs as on 31st March 2019 (INR 580.62 Lacs as on 31st March 2018)] | 781.48 | 706.65 |
| Later than one year but not later than five years [Present value INR 648.15 Lacs as on 31st March 2019 (INR 536.60 Lacs as on 31st March 2018)] | 764.66 | 687.68 |

45. Capital and other commitments

Estimated amount of contracts (net of advances) remaining to be executed on capital account not provided for is INR 304.14 Lacs (31st March 2018: INR 76.04 Lacs).

46. Contingent liabilities

Contingent liabilities not provided for:

- (a) Guarantee given by the company on behalf of:
 - i) Subsidiaries – INR 6,803.28 Lacs (31st March 2018: INR 7,262.71 Lacs)
 - ii) Associates – INR 1,248.46 Lacs (31st March 2018: INR 1,241.84 Lacs)
 - iii) Others – INR 38.88 Lacs (31st March 2018: INR 38.88 Lacs)
- (b) Demand raised by authorities against which the company has filed an appeal.
 - i) Income tax – INR 329.56 Lacs (31st March 2018: INR 285.27 Lacs)
 - ii) Excise duty – INR 16.79 Lacs (31st March 2018: INR 16.79 Lacs)
 - iii) Service tax – INR 5.84 Lacs (31st March 2018: INR 12.79 Lacs)
 - iv) Sales tax / VAT – INR 979.66 Lacs (31st March 2018: INR 850.57 Lacs)
 - v) Customs Duty – Nil (31st March 2018: INR 22.58 Lacs)
- (c) Claims against the company arising in the course of business not acknowledged as debts (to the extent ascertainable) INR 1,747.41 Lacs (31st March 2018: INR 1,747.41 Lacs).

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

NOTES TO FINANCIAL STATEMENTS for the year ended 31st March 2019 (contd...)

- 47.** 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 2019 INR in Lacs | 31st March 2018 INR in Lacs |
|---|--|--|
| The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year | | |
| Principal amount due to micro and small enterprises | 535.44 | 109.27 |
| Interest due on above | 23.15 | 6.38 |
| | 558.59 | 115.65 |
| 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. | 61.24 | 38.09 |
| 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. | - | - |

- 48.** Back charges represent reimbursement of costs incurred by customers on the company's behalf in the course of contract execution.
49. Capital advance includes amount of INR 25.33 Lacs (31st March 2018: INR 25.33 Lacs) paid for acquiring furnished office premises at Hyderabad, the ownership of which is under legal dispute for which transfer formalities are in progress.

50. Corporate Social Responsibility expenses:

- A. Gross amount required to be spent by the company during the year INR 124.39 Lacs (2017-18: INR 98.56 Lacs)
B. Amount spent during the year on:

| | | In cash | Yet to be paid in cash | Total |
|------|--|----------------|-------------------------------|---------------|
| (i) | Construction / Acquisition of any assets | Nil | Nil | Nil |
| (ii) | Purpose other than (i) above | 124.40 | Nil | 124.40 |
| | Total | 124.40 | Nil | 124.40 |

- C. Related party transaction in relation to Corporate Social Responsibility: INR 124.40 Lacs (2017-18: INR 98.60 Lacs)

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

- D. Provision during the year INR Nil (2017-18: INR Nil)

51. Capital Management

The company's objective is to maximise the shareholders' value by maintaining an optimum capital structure. Management monitors the return on capital as well as the debt equity ratio and makes necessary adjustments in the capital structure for the development of the business.

The company's debt to equity ratio as at 31st March 2019 was 0.23 (31st March 2018: 0.44)

Note: For the purpose of computing debt to equity ratio, Equity includes Equity share capital and Other equity and Debt includes Long term borrowings, Short term borrowings and Current maturities of long term borrowings.

NOTES TO FINANCIAL STATEMENTS for the year ended 31st March 2019 (contd....)

52. Consequent to the introduction of Goods and Services Tax (GST) with effect from 1st July, 2017, Central Excise, Value Added Tax (VAT) etc. have been subsumed into GST. In accordance with Indian Accounting Standard - 18 on Revenue and Schedule III of the Companies Act, 2013, unlike Excise Duties, levies like GST, VAT etc. are not part of Revenue. Accordingly, the figures for the previous year are not strictly relatable to those thereafter. The following additional information is being provided to facilitate such understanding.

INR in Lacs

| Particulars | Year ended | |
|---|-----------------|-----------------|
| | 31st March 2019 | 31st March 2018 |
| Revenue from operations (A) | 1,10,233.63 | 99,425.39 |
| Excise duty on sale (B) | - | 834.98 |
| Revenue from operations excluding excise duty on sale (A-B) | 1,10,233.63 | 98,590.41 |

53. Other Amendments on the existing standard but not effective

A number of other accounting standards have been modified on miscellaneous issues with effect from 1st April 2019. Such changes include clarification/guidance on:

- (a) Income tax consequences in case of dividends [Ind AS 12 – Income Taxes (amendments relating to income tax consequences of dividend)];
- (b) Accounting for income tax when there is uncertainty over income tax treatment of an item by tax authorities [Ind AS 12 – Income Taxes (amendments relating to uncertainty over income tax treatments)];
- (c) Accounting treatment for specific borrowings post capitalization of corresponding qualifying asset [Ind AS 23 – Borrowing Costs];
- (d) Accounting for prepayment features with negative compensation in case of debt instruments [Ind AS 109 – Prepayment Features with Negative Compensation];
- (e) Accounting for plan amendment, curtailment or settlement occurring in-between the reporting periods in case of long-term employee benefit plans [Ind AS 19 – Plan Amendment, Curtailment or Settlement];
- (f) Ind AS 116 Leases - On 30th March 2019, the Ministry of Corporate Affairs (MCA) notified Ind AS 116, 'Leases' as part of the Companies [Indian Accounting Standards (Ind AS)] Amendment Rules, 2019. Ind AS 116 replaces existing standard on leases i.e. Ind AS 17, Leases with effect from accounting periods beginning on or after 1st April 2019.

It eliminates the classification of leases as either finance leases or operating leases for a lessee as required by Ind AS 17. Ind AS 116 introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value.

A lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. Requirements with regard to lessor accounting are substantially similar to accounting requirements contained in Ind AS 17. Accordingly, a lessor will continue to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

The company's operating leases mainly relate to real estate assets such as house property which are on short term lease. The company has completed its preliminary evaluation of the possible impact of Ind AS 116 and has concluded that the standard will not have material impact on the financial statements.

The above amendments will come into force from 1st April 2019. The company does not expect the effect of this on the financial statements to be material, based on preliminary evaluation.

54. Information with regard to other matters, as required by Schedule III to the Act is either nil or not applicable to the company for the year.

As per our report of even date

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

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

BHAVESH DHUPELIA
Partner
Membership no.: 042070

RAJESH SHARMA
Chairman & Managing Director
DIN - 00515486

M. P. PATNI
Director
DIN - 00515553

MILIND PURANIK
Company Secretary

Place : Mumbai
Date : 29th May 2019

N. M. RANADIVE
Executive Vice President - Finance

Place : Mumbai
Date : 29th May 2019

Independent Auditors' Report

To the Members of
Ion Exchange (India) Limited

Report on the Audit of Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Ion Exchange (India) Limited (it includes financial information of branch at Bengaluru and IEI Shareholding (Staff Welfare) Trusts (Sixty Trusts) for the year ended 31 March 2019 audited by the branch auditor and respective auditor of the Trusts) (hereinafter referred to as the "Holding Company") and its subsidiaries (Holding Company and its subsidiaries together referred to as "the Group"), and its associates, which comprise the consolidated balance sheet as at 31 March 2019, and the consolidated statement of profit and loss (including other comprehensive income), consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of reports of other auditors on separate financial statements of such subsidiaries and associates as were audited by the other auditors, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("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 and its associates as at 31 March 2019, of its consolidated profit and other comprehensive income, consolidated changes in equity and consolidated cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those SAs are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group and its associates in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India, and we have fulfilled our other ethical responsibilities in accordance with the provisions of the Act. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 46 to the Consolidated Ind AS financial statements, the Honorable Supreme Court of India has dismissed IEEFL's appeal against the order of Securities Appellate Tribunal for refunding of monies to investors with return and winding up of scheme. Further IEEFL has furnished relevant details to SEBI and have initiated actions in line with the details submitted to SEBI which in December 2015 had asked IEEFL to pre deposit amount due to farm owners and close the scheme. IEEFL has submitted that it shall get discharge certificates from balance farm owners within a period of two years from March 2016. As SEBI refused to accede to IEEFL's request, IEEFL has preferred a fresh appeal at Securities Appellate Tribunal (SAT) on 9th February 2017 – appeal No. (I) 40 of 2017 –citing practical difficulties in execution of SEBI order for refund to all investors as investors have already received their lands/refunds as per the agreement. Appeal has been already admitted by SAT and certain hearings have taken place and next hearing is on 10th July 2019.
- b) As stated in Note 47 to the Consolidated Ind AS financial statements, maintenance expenses recoverable aggregating Rs 26,347,650 (net of provision) considered as fully recoverable by the IEEFL from future Crop Sales/ Land Sales. In view of this no provisions is considered necessary.

Our opinion is not modified in respect of these matters

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

| Recognition of contract revenue, margin and related receivables | |
|--|---|
| See Note 3.16 to the consolidated financial statements | |
| The Key audit matters | How the matter was addressed in our audit |
| <p>The Group enters into Engineering Procurement and Construction (EPC) contracts, which are complex in nature and span over a number of reporting periods.</p> <p>The accounting standard requires an entity to select a single measurement method for the relevant performance obligation that depicts the entity's performance in transferring goods or services or if a contract is onerous, present obligations are recognised and measured as provisions.</p> <p>The Group is recognising contract revenue and margin for these contracts using cost based input method, in accordance with the requirement of the standard which relies on management's estimates of the final outcome of each contract, and involves the exercise of significant management judgment, particularly in forecasting the cost to complete a contract, in valuing contract variations, claims and liquidated damages.</p> <p>We identified contract accounting as a key audit matter because the estimation, of the total revenue and total cost to complete the contract, prepared based on the prevailing circumstances, is inherently subjective, complex and require significant management judgment and forecast of contract revenue and/or contract cost may get subsequently changed due to change in prevailing circumstances, assumptions, contract variations or any other factor, and could result in material variance in the revenue and profit or loss from contract for the reporting period.</p> | <p>Our procedures included the following:</p> <ul style="list-style-type: none"> ● We selected a sample of contracts to test, using a risk based criteria which included individual contracts with: <ul style="list-style-type: none"> - significant revenue recognised during the year; - significant accrued value of work done balances held at the year-end; or - low profit margins. ● Obtained an understanding of management's process for reviewing long term contracts, the risk associated with the contract and any key judgments. ● Evaluated the design and implementation of key internal controls over the contract revenue and cost estimation process through the combination of procedures involving inquiry and observations, re-performance and inspection of evidence in respect of operations of these controls. ● Verified underlying documents such as original contract, and its amendments, if any, key contract terms and milestones, etc. for verifying the estimation of contract revenue and costs and /or any change in such estimation. ● Evaluated the outcome of previous estimates and agreeing the actual cost after the year end to the forecasted costs for the period. ● Inquired with management on the progress of works and collections from customers to identify specific customers with which the company might have disagreements or disputes. ● Evaluated the status of trade receivables on sample basis which are past due as at year end, the Group's on-going business relationship with customer and past payment history of the customers through discussion with management. |

Other Information

The Holding Company's management and Board of Directors are responsible for the other information. The other information comprises the information included in the Holding Company's Annual Report, but does not include the financial statements and our auditors' report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we

have performed and based on the work done/ audit report of other auditors, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

The Holding Company's management and Board of Directors are responsible for the preparation and presentation of these consolidated financial statements in term of the requirements of the Act that give a true and fair view of the consolidated state of affairs, consolidated profit and other comprehensive income, consolidated statement of changes in equity and consolidated cash flows of the Group and its associates in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act. The respective Board of Directors of the

companies included in the Group and its associates are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of each Company 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 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.

In preparing the consolidated financial statements, the respective management and Board of Directors of the companies included in the Group and its associates are responsible for assessing the ability of each company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group (Holding Company and subsidiaries) or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group and its associates are responsible for overseeing the financial reporting process of each company.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to consolidated financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting in preparation of consolidated financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the appropriateness of this assumption. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group (Company and subsidiaries) as well as its associates to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of such entities or business activities within the Group and its associates to express an opinion on the consolidated financial statements, of which we are the independent auditors. We are responsible for the direction, supervision and performance of the audit of financial information of such entities. For the other entities included in the consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion. Our responsibilities in this regard are further described in para (b) of the section titled 'Other Matters' in this audit report.

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

We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the

planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matters

The annual consolidated financial results includes financial information of a branch at Bengaluru and IEI Shareholding (Staff Welfare) Trusts (Sixty Trusts) whose total assets of Rs 7,695.61 Lacs as at 31 March 2019, as well as total revenues is Rs 10,416.98 Lacs, total profit after tax of Rs. 820.44 Lacs and total comprehensive income of Rs 820.44 Lacs for the year then ended on that date. We did not audit the consolidated financial results of thirteen subsidiaries, whose financial statements reflect total assets of Rs 12,660.19 Lacs as at 31 March 2019, total revenue of Rs 13,066.32 Lacs total profit of Rs 74.53 Lacs and total comprehensive income of Rs (382.07) Lacs for the year then ended and four associates whose financial statements reflect a total profit (net) of Rs 118.22 Lacs for the year ended 31 March 2019, the Holding Company's share in the profit (net) of such associates being Rs. 57.25 Lacs. The financial information of the branch at Bengaluru and IEI Shareholding (Staff Welfare) Trusts (Sixty Trusts) have been audited by the branch auditor and respective auditor of the Trusts, and the financial statements of subsidiaries and associates have been audited by other auditors whose reports have been furnished to us by the Management and our report on the annual consolidated financial results, in so far as it relates to the amounts and disclosures included in respect of a branch, trusts, subsidiaries and associates is based solely on the reports of the other auditors.

Our opinion on the Consolidated 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

- A. As required by Section 143(3) of the Act, based on our audit and on the consideration of reports of the other auditors on separate financial statements and financial information of a branch, subsidiaries and associates as were audited by other auditors, 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 (including other comprehensive income), the consolidated statement of changes in equity and the consolidated statement of cash flows dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
 - d) In our opinion, the aforesaid consolidated financial statements comply with the Ind AS specified under section 133 of the Act.
 - e) On the basis of the written representations received from the directors of the Holding Company as on 31 March 2019 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies and associates companies incorporated in India, none of the directors of the Group companies and its associates incorporated in India is disqualified as on 31 March 2019 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 with reference to financial statements of the Holding Company, its subsidiary companies and associates companies incorporated in India and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".
- B. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) 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 reports of the other auditors on separate financial statements and financial information of the subsidiaries, associates companies and branch at Bengaluru as noted in the 'Other Matters' paragraph:

- i. The consolidated financial statements disclose the impact of pending litigations as at 31 March 2019 on the consolidated financial position of the Group and its associates companies. Refer Note 46 and 53 to the consolidated financial statements;
- ii. The Group and its associates did not have any material foreseeable losses, on long-term contracts including derivative contracts during the year ended 31 March 2019;
- iii. There has been no delay in transferring amounts to the Investor Education and Protection Fund by the Holding Company or its subsidiary companies and associates companies incorporated in India during the year ended 31 March 2019 except one of the associate company has not transferred the amount of Rs. 30,000 of unclaimed dividend pertaining to F.Y. 10-11 to the Investor Education and Protection Fund; and
- iv. The disclosures in the consolidated financial statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made in the financial statements since they do not pertain to the financial year ended 31 March 2019.

- C. With respect to the matter to be included in the Audit Report under section 197(16):

In our opinion and according to the information and explanations given to us and based on the reports of the statutory auditors of such subsidiary companies and associates companies incorporated in India which were not audited by us, the remuneration paid during the current year by the Holding Company, its subsidiary companies and associates companies to its directors is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director by the Holding Company, its subsidiary companies and associates companies is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) which are required to be commented upon by us.

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

Mumbai
 29 May 2019

Bhavesh Dhupelia
Partner
 Membership No: 042070

Annexure A to the Independent Auditor's Report on the consolidated financial statements of Ion Exchange (India) Limited for the year ended 31 March 2019

Report on the internal financial controls with reference to the aforesaid consolidated financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013

(Referred to in paragraph A(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Opinion

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended 31 March 2019, we have audited the internal financial controls with reference to consolidated financial statements of Ion Exchange (India) Limited (hereinafter referred to as "the Holding Company") and such companies incorporated in India under the Companies Act, 2013 which are its subsidiary companies and its associates companies, as of that date.

In our opinion, the Holding Company and such companies incorporated in India which are its subsidiary companies and associates companies, have, in all material respects, adequate internal financial controls with reference to consolidated financial statements and such internal financial controls were operating effectively as at 31 March 2019, based on the internal financial controls with reference to consolidated financial statements criteria established by such companies considering the essential components of such 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 (the "Guidance Note").

Management's Responsibility for Internal Financial Controls

The respective Company's management and the Board of Directors are responsible for establishing and maintaining internal financial controls with reference to consolidated financial statements based on the criteria established by the respective Company considering the essential components of internal control stated in the Guidance Note. 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 the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013 (hereinafter referred to as "the Act").

Auditors' Responsibility

Our responsibility is to express an opinion on the internal financial controls with reference to consolidated financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on

Auditing, prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to consolidated financial statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to consolidated financial statements were 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 with reference to consolidated financial statements and their operating effectiveness. Our audit of internal financial controls with reference to consolidated financial statements included obtaining an understanding of internal financial controls with reference to consolidated financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of the internal controls based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors of the relevant subsidiary companies and associates companies in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls with reference to consolidated financial statements.

Meaning of Internal Financial controls with Reference to Consolidated Financial Statements

A company's internal financial controls with reference to consolidated financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to consolidated financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the

company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial controls with Reference to Consolidated Financial Statements

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

Other Matters

Our aforesaid report under section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial control with reference to consolidated financial statements in so far as it relates to six subsidiary companies and two associates which are incorporated in India is based on the corresponding reports of the auditors of such companies incorporated in India. Our opinion is not modified in respect of this matter.

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

Mumbai
29 May 2019

Bhavesh Dhupelia
Partner
Membership No: 042070

CONSOLIDATED BALANCE SHEET as at 31st March 2019

| | Notes | As at 31st March 2019 INR in Lacs | As at 31st March 2018 INR in Lacs |
|--|-------|---|---|
| ASSETS | | | |
| Non-current assets | | | |
| (a) Property, plant and equipment | 4 | 15,066.11 | 14,358.23 |
| (b) Capital work-in-progress | | 1,228.49 | 657.76 |
| (c) Other intangible assets | 5 | 137.50 | 128.48 |
| (d) Goodwill | 60 | 863.10 | - |
| (e) Investment accounted using equity method | 6 | 344.37 | 297.93 |
| (f) Financial assets | | | |
| (i) Investments | 7 | 70.08 | 70.08 |
| (ii) Trade receivables | 8 | 1,420.03 | 1,378.67 |
| (iii) Loans | 9 | 998.89 | 993.43 |
| (iv) Other financial assets | 10 | 703.32 | 753.65 |
| (g) Deferred tax assets (Net) | 11 | 104.83 | 115.29 |
| (h) Other non current assets | 12 | 1,669.21 | 1,524.58 |
| (i) Non current tax assets (Net) | 13 | 47.17 | 41.70 |
| Total non-current assets | | 22,653.10 | 20,319.80 |
| Current assets | | | |
| (a) Inventories | 14 | 12,976.02 | 10,119.10 |
| (b) Financial assets | | | |
| (i) Investments | 15 | 36.53 | 39.82 |
| (ii) Trade receivables | 8 | 42,416.76 | 43,709.72 |
| (iii) Cash and cash equivalents | 16 | 4,517.25 | 6,724.76 |
| (iv) Bank balances other than (iii) above | 17 | 24,524.17 | 19,592.72 |
| (v) Loans | 9 | 908.09 | 1,688.24 |
| (vi) Other financial assets | 10 | 1,965.40 | 875.72 |
| (c) Current tax assets (Net) | 13 | 136.21 | 80.40 |
| (d) Other current assets | 12 | 6,391.09 | 3,372.12 |
| Total current assets | | 93,871.52 | 86,202.60 |
| Total assets | | 116,524.62 | 106,522.40 |
| EQUITY AND LIABILITIES | | | |
| Equity | | | |
| (a) Equity share capital | 18 | 1,422.88 | 1,422.88 |
| (b) Other equity | 19 | 24,579.89 | 18,587.77 |
| Equity attributable to owners | | 26,002.77 | 20,010.65 |
| Non Controlling interests | | 218.70 | 283.52 |
| Total equity | | 26,221.47 | 20,294.17 |
| Liabilities | | | |
| Non-current liabilities | | | |
| (a) Financial liabilities | | | |
| (i) Borrowings | 20 | 2,610.25 | 3,339.87 |
| (ii) Other financial liabilities | 21 | 810.93 | 885.96 |
| (b) Provisions | 22 | 1,331.40 | 1,130.20 |
| (c) Deferred tax liabilities (Net) | 11 | 110.41 | 203.07 |
| (d) Other non-current liabilities | 23 | 57.88 | 57.88 |
| (e) Non current tax liabilities (Net) | 24 | 152.82 | 174.20 |
| Total non-current liabilities | | 5,073.69 | 5,791.18 |
| Current liabilities | | | |
| (a) Financial liabilities | | | |
| (i) Borrowings | 25 | 6,672.82 | 11,253.61 |
| (ii) Trade payables | 26 | | |
| - Due to micro and small enterprises | | 616.72 | 172.17 |
| - Due to others | | 40,892.82 | 36,216.70 |
| (iii) Other financial liabilities | 27 | 4,281.43 | 4,187.92 |
| (b) Other current liabilities | 28 | 30,778.62 | 26,958.39 |
| (c) Provisions | 22 | 448.46 | 453.39 |
| (d) Current tax liabilities (Net) | 24 | 1,538.59 | 1,194.87 |
| Total current liabilities | | 85,229.46 | 80,437.05 |
| Total liabilities | | 90,303.15 | 86,228.23 |
| Total equity and liabilities | | 116,524.62 | 106,522.40 |
| Significant accounting policies | 3 | | |
| The accompanying notes are an integral part of the consolidated financial statements | | | |
| As per our report of even date | | | |

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

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

BHAVESH DHUPELIA
Partner
Membership no.: 042070

RAJESH SHARMA
Chairman & Managing Director
DIN - 00515486

M. P. PATNI
Director
DIN - 00515553

MILIND PURANIK
Company Secretary

Place : Mumbai
Date : 29th May 2019

N. M. RANADIVE
Executive Vice President - Finance

Place : Mumbai
Date : 29th May 2019

STATEMENT OF CONSOLIDATED PROFIT AND LOSS for the year ended 31st March 2019

| | Notes | Year ended 31st March 2019 INR in Lacs | Year ended 31st March 2018 INR in Lacs |
|--|-------|--|--|
| Income | | | |
| Revenue from operations | 29 | 116,228.49 | 105,485.96 |
| Other income | 30 | 3,333.62 | 2,109.22 |
| Total Income (I) | | 119,562.11 | 107,595.18 |
| Expenses | | | |
| Cost of materials and components consumed | 31 | 69,605.60 | 61,062.48 |
| Purchases of traded goods | 32 | 4,137.02 | 4,185.95 |
| Change in inventories of finished goods, work-in-progress and stock-in-trade | 33 | (990.32) | 2,310.66 |
| Employee benefits expenses | 34 | 15,102.44 | 13,697.28 |
| Finance costs | 35 | 1,903.89 | 1,868.44 |
| Depreciation and amortization expenses | 36 | 1,958.96 | 1,308.19 |
| Other expenses | 37 | 17,717.37 | 16,529.71 |
| Total expenses (II) | | 109,434.96 | 100,962.71 |
| Profit before tax (I - II) | | 10,127.15 | 6,632.47 |
| Share of profit of equity accounted investee (net of income tax) | | 57.24 | (10.57) |
| Profit from operations before income tax | | 10,184.39 | 6,621.90 |
| Tax expense | 38 | | |
| Current tax | | 3,635.21 | 2,273.30 |
| Deferred tax | 11 | (41.67) | 362.77 |
| Total tax expense | | 3,593.54 | 2,636.07 |
| Profit after tax (III) | | 6,590.85 | 3,985.83 |
| Other Comprehensive Income | 39 | | |
| Items that will not be reclassified to profit or loss | | | |
| (a) Remeasurement benefit of defined benefit plans | | (82.56) | (31.56) |
| (b) Income tax expense on remeasurement benefit of defined benefit plans | | 28.30 | 9.34 |
| Items that will be reclassified to profit or loss | | | |
| (a) Movement in foreign currency translation reserve | | 65.89 | (111.25) |
| Total Other Comprehensive Income (IV) | | 11.63 | (133.47) |
| Total Comprehensive Income (III + IV) | | 6,602.48 | 3,852.36 |
| Profit attributable to: | | | |
| Owners of the company | | 6,525.90 | 4,017.52 |
| Non-Controlling Interests | | 64.95 | (31.69) |
| Profit for the year | | 6,590.85 | 3,985.83 |
| Other Comprehensive Income attributable to : | | | |
| Owners of the company | | 11.63 | (133.47) |
| Non-Controlling Interests | | - | - |
| Other Comprehensive Income for the year | | 11.63 | (133.47) |
| Total Comprehensive Income attributable to : | | | |
| Owners of the company | | 6,537.53 | 3,884.05 |
| Non-Controlling Interests | | 64.95 | (31.69) |
| Total Comprehensive Income for the year | | 6,602.48 | 3,852.36 |
| Earnings per equity share: | 40 | | |
| [Nominal value of shares INR 10 (2017-18: INR 10)] | | | |
| Basic (in INR) | | 56.99 | 34.46 |
| Diluted (in INR) | | 56.99 | 34.46 |
| Significant accounting policies | 3 | | |
| The accompanying notes are an integral part of the financial statements | | | |

As per our report of even date

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

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

BHAVESH DHUPELIA
Partner
Membership no.: 042070

RAJESH SHARMA
Chairman & Managing Director
DIN - 00515486

M. P. PATNI
Director
DIN - 00515553

MILIND PURANIK
Company Secretary

Place : Mumbai
Date : 29th May 2019

N. M. RANADIVE
Executive Vice President - Finance

Place : Mumbai
Date : 29th May 2019

STATEMENT OF CHANGES IN EQUITY for the year ended 31st March 2019**A. Equity share capital**

| | | 2018-19 | 2017-18 |
|---|--|-------------------------|--------------------|
| | | Number of shares | INR in Lacs |
| | | Number of shares | INR in Lacs |
| Issued, subscribed and fully paid up equity shares outstanding at the beginning of the year | | 14,228,785 | 1,422.88 |
| Add: Shares issued during the year | | - | - |
| Issued, subscribed and fully paid up equity shares outstanding at the end of the year | | 14,228,785 | 1,422.88 |

B. Other equity

| | | Attributable to owners | | | | | | Total | |
|---|-----------------|---------------------------------|------------------------|------------------------|---|--|---|------------------|--|
| | | Reserves and surplus | | | | Treasury shares (Refer note 19) | Total attributable to owners | | |
| | | Security premium account | Special reserve | General reserve | Capital reserve on consolidation | | | | |
| INR in Lacs | INR in Lacs | INR in Lacs | INR in Lacs | INR in Lacs | INR in Lacs | INR in Lacs | INR in Lacs | INR in Lacs | |
| Balance as at 1st April 2017 | 8,334.84 | 22.17 | 2,719.79 | 151.54 | 257.48 | 231.17 | 6,530.89 | 15,250.89 | |
| Profit for the year (a) | - | - | - | - | - | - | 4,017.52 | (31.69) | |
| Other Comprehensive Income (b) | - | - | - | - | - | (111.25) | (22.22) | - | |
| Total comprehensive income for the year (a+b) | - | - | - | - | - | (111.25) | 3,995.30 | - | |
| Adjustment on change in investment in subsidiaries and associates (Refer note 61) | - | - | - | - | - | - | (56.01) | - | |
| Dividend paid | - | - | - | - | - | - | (404.80) | (74.07) | |
| Tax on Dividend paid | - | - | - | - | - | - | (86.36) | (86.36) | |
| Balance as at 31st March 2018 | 8,334.84 | 22.17 | 2,719.79 | 151.54 | 257.48 | 119.92 | 9,979.02 | 22,996.99 | |
| Profit for the year (c) | - | - | - | - | - | - | 6,525.90 | - | |
| Other Comprehensive Income (d) | - | - | - | - | - | 65.89 | (54.26) | - | |
| Total comprehensive income for the year (c+d) | - | - | - | - | - | 65.89 | 6,471.64 | - | |
| Others (Refer note 62) | - | - | - | - | - | - | (50.84) | - | |
| Dividend paid | - | - | - | - | - | - | (404.80) | (404.80) | |
| Tax on Dividend paid | - | - | - | - | - | - | (89.77) | (89.77) | |
| Balance as at 31st March 2019 | 8,334.84 | 22.17 | 2,719.79 | 151.54 | 257.48 | 185.81 | 15,905.25 | 22,996.99 | |

As per our report of even date

For and on behalf of the board of directors of
ICON EXCHANGE (INDIA) LIMITED
CIN - L 74999MH1964PLC014238

BHAVESH DHUPELIA
Partner
Membership no.: 042070

RAJESH SHARMA
Chairman & Managing Director
DIN - 00515486

N.M.RANADIVE
Executive Vice President - Finance

M. P. PATNI
Director
DIN - 00515553

MILIND PURANIK
Company Secretary

Place : Mumbai
Date : 29th May 2019

CONSOLIDATED CASH FLOW STATEMENT for the year ended 31st March 2019

| | Year ended 31st March 2019 INR in Lacs | Year ended 31st March 2018 INR in Lacs |
|---|--|--|
| A. Cash flow from operating activities: | | |
| Profit before tax | 10,127.15 | 6,632.47 |
| Adjustment to reconcile profit before tax to net cash flows: | | |
| Depreciation and amortization expense | 1,958.96 | 1,308.19 |
| (Profit) / Loss on assets sold / discarded (Net) | 10.05 | (0.16) |
| Finance cost | 1,903.89 | 1,868.44 |
| Dividend received | (5.68) | (1.95) |
| Interest received | (2,023.28) | (1,522.41) |
| Bad debts written off | 1,093.92 | 269.79 |
| Backcharges on contracts | - | 15.26 |
| Amount set aside for liabilities, no longer required, written back | (7.41) | (245.08) |
| Change in fair value of investments | 3.29 | (7.82) |
| Remeasurement benefit of defined benefit plans | (82.56) | (31.56) |
| Unrealised exchange loss / (gain) | (456.03) | (371.87) |
| Operating profit before working capital changes | 12,522.30 | 7,913.30 |
| Movements in working capital: | | |
| (Increase) / Decrease in inventories | (2,848.86) | 2,776.14 |
| (Increase) / Decrease in trade receivables | 307.15 | (1,696.15) |
| (Increase) / Decrease in loans | (0.49) | (247.40) |
| (Increase) / Decrease in other current assets | (3,105.22) | 1,353.37 |
| (Decrease) / Increase in trade payables | 5,135.68 | (2,512.78) |
| (Decrease) / Increase in other financial liabilities | 51.76 | 141.77 |
| (Decrease) / Increase in other current liabilities | 3,799.50 | 3,515.93 |
| (Decrease) / Increase in provisions | 186.83 | 226.49 |
| Cash generated from operations | 16,048.65 | 11,470.67 |
| Taxes paid (Net) | (3,387.40) | (2,857.80) |
| Net cash generated from operating activities | (A) | 12,661.25 |
| | | 8,612.87 |
| B. Cash flow from investing activities: | | |
| Purchase of property, plant and equipment | (3,068.60) | (2,922.04) |
| Proceeds from sale of property, plant and equipment | 19.89 | 12.16 |
| Investments made in others | - | (25.00) |
| Bank deposit made during the year (with maturity more than three months) | (8,937.28) | (15,737.88) |
| Bank deposit matured during the year (with maturity more than three months) | 4,006.82 | 1,208.31 |
| Dividend received | 5.68 | 1.95 |
| Interest received | 933.60 | 840.43 |
| Net cash used in investing activities | (B) | (7,039.89) |
| | | (16,622.07) |

Consolidated Cash Flow Statement for the year ended 31st March 2019 (Contd.)

| | Year ended 31st March 2019 INR in Lacs | Year ended 31st March 2018 INR in Lacs |
|---|--|--|
| C. Cash flow from financing activities: | | |
| Repayment of borrowings | (9,771.07) | (5,891.68) |
| Proceeds from borrowings | 4,257.53 | 11,285.37 |
| Dividend paid | (484.54) | (478.93) |
| Dividend tax paid | (89.77) | (86.36) |
| Finance cost | (1,808.68) | (1,714.17) |
| Net cash generated / (used) in financing activities | (C) | (7,896.53) |
| Net Increase / (Decrease) in cash and cash equivalents | (A)+(B)+(C) | (2,275.17) |
| Effect of exchange difference on cash and cash equivalent held in foreign currency | 58.82 | (92.96) |
| Addition on acquisition of subsidiary | 8.84 | - |
| Opening cash balance of Astha Technical Services Limited on amalgamation with Total Water Management Services (India) Ltd. | - | 2.68 |
| Cash and cash equivalents as at the beginning of the year | 6,724.76 | 11,710.01 |
| Cash and cash equivalents as at the end of the year | 4,517.25 | 6,724.76 |

Notes:

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

| | Year ended 31st March 2019 INR in Lacs | Year ended 31st March 2018 INR in Lacs |
|---|--|--|
| Cash and cash equivalents disclosed under current assets [Note 16] | 4,517.25 | 6,724.76 |
| Other bank balances disclosed under current assets [Note 17] | 24,524.17 | 19,592.72 |
| Total cash and cash equivalents as per Balance Sheet | 29,041.42 | 26,317.48 |
| Less: Other bank balances disclosed under current assets | | |
| On unclaimed dividend account | 43.26 | 41.46 |
| On unclaimed interest on fixed deposits | 1.38 | 2.19 |
| On deposit account | 8,699.38 | 5,203.88 |
| On margin money account | 15,780.15 | 14,345.19 |
| | 24,524.17 | 19,592.72 |
| Total cash and cash equivalents as per Statement of Cash Flows | 4,517.25 | 6,724.76 |

As per our report of even date

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

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

BHAVESH DHUPELIA
Partner
Membership no.: 042070

RAJESH SHARMA
Chairman & Managing Director
DIN - 00515486

M. P. PATNI
Director
DIN - 00515553

MILIND PURANIK
Company Secretary

Place : Mumbai
Date : 29th May 2019

N. M. RANADIVE
Executive Vice President - Finance

Place : Mumbai
Date : 29th May 2019

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31st March 2019 (Contd.)

Overview of the group

Ion Exchange (India) Limited (the company) is a public limited company incorporated and domiciled in India. It is listed on BSE Limited (BSE). This consolidated financial statement comprises the company and its subsidiaries (referred to collectively as 'the group') and the group's interest in associates and joint ventures.

The group offers a wide range of solutions across the water cycle from pre-treatment to process water treatment, waste water treatment, recycle, zero liquid discharge, sewage treatment, packaged drinking water, sea water desalination etc. The group is also engaged in manufacturing resins, speciality chemicals for water and waste water treatment as well as non-water applications. The group's water and environment management solutions extend beyond the industrial sector to homes, hotels, spas, educational institutions, hospitals, laboratories, realty sector and defense establishments providing safe drinking water and a clean environment.

1. Principles of consolidation:

(a) Subsidiaries

Subsidiaries are all entities that are controlled by the Company. Control exists when the Company is exposed to, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through power over the entity. The financial statements of subsidiaries are included in these consolidated financial statements from the date that control commences until the date that control ceases.

(b) Non-controlling interests ("NCI")

Non-controlling interest are measured at their proportionate share of the acquiree's net identifiable assets at the date of acquisition.

Change in Group's equity interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

(c) Equity accounted investees

The group's interest in equity accounted investees comprises interest in associates and joint ventures. Associates are those entities over which the Company has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the entities but is not control or joint control of those policies. Significant influence is presumed to exist when the Company holds more than 20% of the voting power of another entity.

Joint arrangements are those arrangements over which the Company has joint control, established by contractual agreement and requiring unanimous consent for strategic financial and operating decisions.

Investments in associates and jointly controlled entities are accounted for using the equity method (equity accounted investees) and are initially recognized at cost. Subsequent to initial recognition, the consolidated financial statements include the group's share of profit or loss and OCI of equity accounted investees until the date on which significant influence or joint control ceases.

(d) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions are eliminated. Unrealised gains or losses arising from transactions with equity accounted investees are eliminated against the investment to the extent of the group's interest in the investee.

(e) The financial statement of the subsidiaries, associates and jointly controlled entity used for consolidation are drawn up to the same reporting date as that of the parent i.e. 31st March 2019.

2.1 Subsidiary companies considered in the consolidated financial statements are:

| Name of the company | Country of incorporation | % of Voting power as at | |
|--|---------------------------------|--------------------------------|------------------------|
| | | 31st March 2019 | 31st March 2018 |
| 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 | 100.00 |
| 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 |
| PT Ion Exchange Asia Pacific * | Indonesia | 95.00 | 95.00 |
| Ion Exchange WTS (Bangladesh) Limited | Bangladesh | 100.00 | 100.00 |
| Ion Exchange Projects And Engineering Limited | India | 91.81 | 91.81 |

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31st March 2019 (Contd.)**2.1 Subsidiary companies considered in the consolidated financial statements are (Contd...)**

| Name of the company | Country of incorporation | % of Voting power as at | |
|---|--------------------------|-------------------------|-----------------|
| | | 31st March 2019 | 31st March 2018 |
| Global Composites And Structural Limited | India | 73.92 | 73.92 |
| Total Water Management Services (I) Limited | India | 70.19 | 70.19 |
| Ion Exchange Safic Pty. Limited | South Africa | 60.00 | 60.00 |
| Ion Exchange Purified Drinking Water Private Limited | India | 100.00 | 100.00 |
| Ion Exchange Environment Management Ltd. (formerly known as Ion Exchange Waterleau Ltd.) *** | India | 100.00 | - |

The principal place of business of all the entities listed above is the same as their respective country of incorporation.

2.2 The Group's interest in jointly controlled entity considered in the consolidated financial statements:

| Name of the company | Country of incorporation | % of Voting power as at | |
|---|--------------------------|-------------------------|-----------------|
| | | 31st March 2019 | 31st March 2018 |
| Ion Exchange Environment Management Ltd. (formerly known as Ion Exchange Waterleau Ltd.) *** | India | - | 50.00 |

2.3 The Associates considered in the consolidated financial statements are:

| Name of the company | Country of Incorporation | % of Voting power as at | |
|--|--------------------------|-------------------------|-----------------|
| | | 31st March 2019 | 31st March 2018 |
| IEI Water-Tech (M) Sdn. Bhd. * | Malaysia | 30.00 | 30.00 |
| Aquonomics 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.

** Holding through subsidiary companies – Aqua Investments (India) Limited and Watercare Investments (India) Limited.

*** Ion Exchange Environment Management Ltd. (Formerly known as Ion Exchange Waterleau Ltd.), a joint venture of the company has become a wholly owned subsidiary of the company w.e.f. 20th August 2018.

3. Significant accounting policies**3.1 Statement of compliance**

The consolidated financial statements are prepared and presented in accordance with the Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015, as amended from time to time as notified under Section 133 of Companies Act, 2013, the relevant provisions of the Companies Act, 2013 ("the Act"), and the guidelines issued by the Securities and Exchange Board of India (SEBI), as applicable.

The consolidated financial statements are authorised for issue by the board of directors of the company at their meeting held on 29th May 2019.

3.2 Basis of preparation

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

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.

3.3 Functional and presentation currency

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31st March 2019 (Contd.)

3. Significant accounting policies (Contd...)

3.4 Basis of measurement

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

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

3.5 Use of estimates

The preparation of the consolidated financial statements in accordance with Ind AS requires use of judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively. Assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ended 31st March 2019 are as follows:

a) Evaluation of percentage completion

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

b) Useful life of property, plant and equipment

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

c) Recognition and measurement of defined benefit obligations

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

3.6 Measurement of fair values

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

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

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

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

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31st March 2019 (contd...)**3. Significant accounting policies (Contd...)****3.7 Property, plant and equipment and depreciation**

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

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

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

Leasehold assets are depreciated over the period of lease.

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

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

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

3.8 Intangible assets

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

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

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

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

3.9 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.

The company reviews its carrying value of investments carried at cost and amortised cost annually, or more frequently when there is indication for impairment. If the recoverable amount is less than its carrying amount, the impairment loss is accounted for.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31st March 2019 (contd...)

3. Significant accounting policies (Contd...)

3.10 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.

3.11 Inventories

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

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

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

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

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

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

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

3.12 Research and development

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

3.13 Financial instruments

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

A. Financial assets

(i) Initial recognition and measurement

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

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

(ii) Classification and subsequent measurement

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

a) At amortised cost,

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

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

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

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

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31st March 2019 (contd...)**3. Significant accounting policies (Contd...)****3.13 Financial instruments (Contd...)****(iii) Equity investments**

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

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

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

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

(iv) Impairment of financial assets

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

(v) De-recognition of financial assets

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

B. Financial liabilities**(i) Initial recognition and measurement**

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

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

(ii) Classification and subsequent measurement

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

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

- Financial liabilities excluding derivative financial instruments at amortised cost

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

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

- Derivative financial instruments

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

(iii) De-recognition

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31st March 2019 (contd...)

3. Significant accounting policies (Contd...)

3.14 Retirement and other employee benefits

- (i) Retirement benefit in the form of provident fund managed by Government Authorities and Superannuation Fund are defined contribution scheme and the contribution is charged to the statement of profit and loss for the year when the contribution to the respective fund is due. There is no other obligation other than the contribution payable.
- (ii) Provident Fund scheme managed by trust set up by the group is a defined benefit plan. Employee benefits, in form of contribution to provident fund managed by such trust, is charged to the statement of profit and loss as and when the related services are rendered. The deficit, if any, in the accumulated corpus of the trust is recognised in the statement of profit and loss based on actuarial valuation.
- (iii) Gratuity liability is defined benefit obligation and is provided for on the basis of an actuarial valuation on Projected Unit Credit method made at the end of each financial year. Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised in Other Comprehensive Income (OCI)
- (iv) Short term employee benefits are charged off at the undiscounted amount in the year in which the related service is rendered.
- (v) Long term compensated absences are provided for based on actuarial valuation. The actuarial valuation is done as per Projected Unit Credit method made at the end of each financial year. The group presents the leave liability as non-current in the balance sheet, to the extent it has an unconditional right to defer its settlement for a period beyond 12 months, balance amount is presented as current.

3.15 Employee stock compensation cost

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

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

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

3.16 Revenue recognition

Effective April 1, 2018, the group has applied Ind AS 115 which establishes a comprehensive framework for determining whether, how much and when revenue is to be recognised. Ind AS 115 replaces Ind AS 18 Revenue and Ind AS 11 Construction Contracts.

The group has adopted Ind AS 115 using the modified retrospective adoption method. The effect of initially applying this standard is recognised at the date of initial application (i.e. April 1, 2018). The standard is applied retrospectively only to contracts that are not completed as at the date of initial application and the comparative information in the statement of profit and loss is not restated – i.e. the comparative information continues to be reported under Ind AS 18 and Ind AS 11. Refer note 3.7 (j) – Significant accounting policies – Revenue recognition in the Annual report of the group for the year ended 31st March 2018, for the revenue recognition policy as per Ind AS 18 and Ind AS 11.

The impact of the adoption of the standard on the financial statements of the group is insignificant.

Revenue from sale of goods is recognised at the point in time when control of the assets is transferred to the customer, generally on delivery of the goods.

Revenue is recognised upon transfer of control of promised products or services to customers for an amount that reflects the consideration which the group expects to receive in exchange for those products or services.

- Revenue related to fixed price maintenance and support services contracts where the group is standing ready to provide services is recognised based on time elapsed mode and revenue is straight lined over the period of performance.
- In respect of other fixed-price contracts, revenue is recognised using percentage-of-completion method ('POC method') of accounting with contract costs incurred determining the degree of completion of the performance obligation. The contract costs used in computing the revenues include cost of fulfilling warranty obligations.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31st March 2019 (contd...)

3. Significant accounting policies (Contd...)

3.16 Revenue recognition (Contd...)

Revenue is measured based on the transaction price, which is the consideration, adjusted for volume discounts and incentives, if any, as specified in the contract with the customer.

Revenue also excludes taxes collected from customers.

Revenue from subsidiaries is recognised based on transaction price which is at arm's length.

Contract assets are recognised when there is excess of revenue earned over billings on contracts. Contract assets are classified as unbilled receivables (only act of invoicing is pending) when there is unconditional right to receive cash, and only passage of time is required, as per contractual terms.

Unearned and deferred revenue ("contract liability") is recognised when there is billings in excess of revenues.

The billing schedules agreed with customers include periodic performance based payments and / or milestone based progress payments. Invoices are payable within contractually agreed credit period.

In accordance with Ind AS 37, the group recognises an onerous contract provision when the unavoidable costs of meeting the obligations under a contract exceed the economic benefits to be received.

Contracts are subject to modification to account for changes in contract specification and requirements. The group reviews modification to contract in conjunction with the original contract, basis which the transaction price could be allocated to a new performance obligation, or transaction price of an existing obligation could undergo a change. In the event transaction price is revised for existing obligation, a cumulative adjustment is accounted for.

The group disaggregates revenue from contracts with customers into categories that depict the nature of services and geography.

Use of significant judgements in revenue recognition

- The group's contracts with customers could include promises to transfer multiple products and services to a customer. The group assesses the products / services promised in a contract and identifies distinct performance obligations in the contract. Identification of distinct performance obligation involves judgement to determine the deliverables and the ability of the customer to benefit independently from such deliverables.
- Judgement is also required to determine the transaction price for the contract. The transaction price could be either a fixed amount of customer consideration or variable consideration with elements such as volume discounts and incentives. The transaction price is also adjusted for the effects of the time value of money if the contract includes a significant financing component. Any consideration payable to the customer is adjusted to the transaction price, unless it is a payment for a distinct product or service from the customer. The estimated amount of variable consideration is adjusted in the transaction price only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur and is reassessed at the end of each reporting period. The group allocates the elements of variable considerations to all the performance obligations of the contract unless there is observable evidence that they pertain to one or more distinct performance obligations.
- The group uses judgement to determine an appropriate standalone selling price for a performance obligation. The group allocates the transaction price to each performance obligation on the basis of the relative standalone selling price of each distinct product or service promised in the contract. Where standalone selling price is not observable, the group uses the expected cost plus margin approach to allocate the transaction price to each distinct performance obligation.
- The group exercises judgement in determining whether the performance obligation is satisfied at a point in time or over a period of time. The group considers indicators such as how customer consumes benefits as services are rendered or who controls the asset as it is being created or existence of enforceable right to payment for performance to date and alternate use of such product or service, transfer of significant risks and rewards to the customer, acceptance of delivery by the customer, etc.
- Revenue for fixed-price contract is recognised using percentage-of-completion method. The group uses judgement to estimate the future cost-to-completion of the contracts which is used to determine the degree of completion of the performance obligation.
- Dividend income is recorded when the right to receive payment is established. Interest income is recognised using the effective interest method.

3.17 Service concession arrangement

The group has recognized its rights under the service concession as receivable under service concession arrangement for contracts with government agencies for public sector infrastructure assets and services under Built Own Operate Transfer (BOOT) scheme.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31st March 2019 (contd...)

3. Significant accounting policies (Contd...)

3.18 Taxation

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

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

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

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

3.19 Provisions and contingent liabilities

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

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

3.20 Earnings per share

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

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

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

3.21 Segment reporting policies

Identification of segments

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

Inter-segment Transfers

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

Allocation of common costs

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

Unallocated costs

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

Segment policies

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31st March 2019 (contd...)

3. Significant accounting policies (Contd...)

3.22 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.

3.23 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 lease by the group are included in property, plant and equipment. Lease income is recognized in the statement of profit and loss on a straight-line basis over the lease term. Costs, including depreciation, are recognized as an expense in the statement of profit and loss. Initial direct costs such as legal costs, brokerage costs, etc. are recognized immediately in the statement of profit and loss.

Where the group is the lessee

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

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

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

3.24 Borrowing costs

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

3.25 Dividend payable

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31st March 2019 (contd...)

4. Property, plant and equipment

INR in lacs

| | 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) | Furniture and fixtures | Vehicles | Office equipments (Refer note g) | Total |
|--|---|-----------------------|--------------|--|----------------------------------|---|------------------------------|---------------|---|------------------|
| Gross block | | | | | | | | | | |
| As at 1st April 2018 | 204.29 | 498.48 | 88.46 | 2,390.75 | 2,932.52 | 8,916.12 | 481.86 | 417.38 | 786.27 | 16,716.13 |
| Addition on acquisition of subsidiary | - | - | - | - | - | - | 7.21 | 0.40 | 3.42 | 11.03 |
| Addition during the year | - | - | - | 65.64 | 76.55 | 2,034.59 | 71.29 | 64.98 | 334.30 | 2,647.35 |
| Disposal during the year | - | - | - | - | - | 106.26 | 0.40 | 40.49 | 6.80 | 153.95 |
| Exchange gain / (loss) | - | - | - | - | 0.29 | 5.07 | 0.69 | 4.24 | 0.23 | 10.52 |
| As at 31st March 2019 | 204.29 | 498.48 | 88.46 | 2,456.39 | 3,009.36 | 10,849.52 | 560.65 | 446.51 | 1,117.42 | 19,231.08 |
| Depreciation / Amortisation | | | | | | | | | | |
| As at 1st April 2018 | - | 14.66 | 15.38 | 127.12 | 165.27 | 1,514.88 | 100.69 | 108.99 | 310.91 | 2,357.90 |
| Addition on acquisition of subsidiary | - | - | - | - | - | - | 2.61 | 0.10 | 1.85 | 4.56 |
| Depreciation during the year | - | 9.48 | 11.79 | 68.58 | 129.93 | 1,324.43 | 63.03 | 89.45 | 219.31 | 1,916.00 |
| Deduction during the year | - | - | - | - | - | 73.63 | 0.40 | 38.88 | 6.29 | 119.20 |
| Exchange gain / (loss) | - | - | - | - | 0.15 | 0.63 | 0.11 | 4.49 | 0.33 | 5.71 |
| As at 31st March 2019 | - | 24.14 | 27.17 | 195.70 | 295.35 | 2,766.31 | 166.04 | 164.15 | 526.11 | 4,164.97 |
| Net carrying value as at 31st March 2019 | 204.29 | 474.34 | 61.29 | 2,260.69 | 2,714.01 | 8,083.21 | 394.61 | 282.36 | 591.31 | 15,066.11 |
| Gross block | | | | | | | | | | |
| As at 1st April 2017 | 204.29 | 492.14 | 47.58 | 2,336.86 | 1,535.00 | 5,265.89 | 245.45 | 237.35 | 511.46 | 10,876.02 |
| Addition on amalgamation of Astha Technical Services Limited | - | - | - | - | - | 4.15 | 1.51 | 0.35 | - | 6.01 |
| Addition during the year | - | 6.34 | 40.88 | 53.89 | 1,397.80 | 3,678.62 | 234.25 | 179.57 | 276.22 | 5,867.57 |
| Disposal during the year | - | - | - | - | - | 43.37 | - | - | 2.49 | 45.86 |
| Exchange gain / (loss) | - | - | - | - | (0.28) | 10.83 | 0.65 | 0.11 | 1.08 | 12.39 |
| As at 31st March 2018 | 204.29 | 498.48 | 88.46 | 2,390.75 | 2,932.52 | 8,916.12 | 481.86 | 417.38 | 786.27 | 16,716.13 |
| Depreciation / Amortisation | | | | | | | | | | |
| As at 1st April 2017 | - | 5.11 | 7.69 | 62.84 | 81.84 | 706.16 | 52.37 | 44.63 | 150.40 | 1,111.04 |
| Addition on amalgamation of Astha Technical Services Limited | - | - | - | - | - | 0.25 | 0.27 | - | - | 0.52 |
| Depreciation during the year | - | 9.55 | 7.69 | 64.28 | 83.47 | 822.47 | 47.95 | 64.34 | 162.57 | 1,262.32 |
| Deduction during the year | - | - | - | - | - | 5.27 | - | - | 2.49 | 7.76 |
| Exchange gain / (loss) | - | - | - | - | (0.04) | (8.73) | 0.10 | 0.02 | 0.43 | (8.22) |
| As at 31st March 2018 | - | 14.66 | 15.38 | 127.12 | 165.27 | 1,514.88 | 100.69 | 108.99 | 310.91 | 2,357.90 |
| Net carrying value as at 31st March 2018 | 204.29 | 483.82 | 73.08 | 2,263.63 | 2,767.25 | 7,401.24 | 381.17 | 308.39 | 475.36 | 14,358.23 |

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31st March 2019 (contd...)**4. Property, plant and equipment (Contd...)****Notes**

- 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 INR 18.44 Lacs (2017-18: INR 18.44 Lacs)
- b) Buildings on freehold land includes residential flats, the cost of which includes:
 - INR 250 (2017-18: INR 250) being the value of 5 Shares (unquoted) of INR 50 each, fully paid up in Sunrise Co-operative Housing Society Limited.
 - INR 3,500 (2017-18: INR 3,500) being the value of 70 Shares (unquoted) of INR 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.
Deemed gross book value INR 41.15 Lacs (2017-18: INR 41.15 Lacs)
Net book value INR 38.03 Lacs (2017-18: INR 39.07 Lacs)
- 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 INR Nil (2017-18: INR Nil)
Net book value INR Nil (2017-18: INR Nil)
- e) Buildings on freehold land includes office premises given on operating lease :
Deemed gross book value INR 104.74 Lacs (2017-18: INR 83.75 Lacs)
Accumulated depreciation INR 6.91 Lacs (2017-18 : INR 3.64 Lacs)
Depreciation for the year INR 2.30 Lacs (2017-18: INR 1.82 Lacs)
Net book value INR 97.83 Lacs (2017-18: INR 80.11 Lacs)
- f) Plant and machinery includes items taken on finance lease :
Deemed gross book value INR 2,156.28 Lacs (2017-18: INR 1,375.85 Lacs)
Accumulated depreciation INR 547.42 Lacs (2017-18: INR 270.88 Lacs)
Depreciation for the year INR 276.54 Lacs (2017-18: INR 168.85 Lacs)
Net book value INR 1,608.86 Lacs (2017-18: INR 1,104.97 Lacs)
- g) Office equipment includes data processing items taken on finance lease :
Deemed gross book value INR 361.36 Lacs (2017-18: INR 95.35 Lacs)
Accumulated depreciation INR 110.22 Lacs (2017-18: INR 50.62 Lacs)
Depreciation for the year INR 59.60 Lacs (2017-18: INR 17.32 Lacs)
Net book value INR 251.14 Lacs (2017-18: INR 44.73 Lacs)
- h) Addition to fixed assets include items of fixed assets amounting to INR 65.00 Lacs (2017-18: INR 71.69 Lacs) pertaining to research and development.
- i) Addition during the year and capital work-in-progress include INR Nil (2017-18: INR 310.53 Lacs) being borrowing cost capitalised in accordance with Indian Accounting Standard (Ind AS) 23 on "Borrowing Costs". Asset wise break-up of borrowing costs capitalised is as follows:

| | Year ended 31st March 2019 INR in Lacs | Year ended 31st March 2018 INR in Lacs |
|----------------------------|---|---|
| Road | - | 2.83 |
| Building on leasehold land | - | 90.44 |
| Plant and machinery | - | 204.39 |
| Furniture and fixtures | - | 7.47 |
| Office equipments | - | 5.40 |
| Capital work-in-progress | - | - |
| | | 310.53 |

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31st March 2019 (contd...)
5. Other intangible assets

| | INR in lacs | |
|---|-------------------|---------------|
| | Computer Software | Total |
| Gross block | | |
| As at 1st April 2018 | 219.62 | 219.62 |
| Addition on acquisition of subsidiary | 3.08 | 3.08 |
| Addition during the year | 51.53 | 51.53 |
| Disposal during the year | - | - |
| As at 31st March 2019 | 274.23 | 274.23 |
| Amortisation | | |
| As at 1st April 2018 | 91.14 | 91.14 |
| Addition on acquisition of subsidiary | 2.63 | 2.63 |
| Amortised during the year | 42.96 | 42.96 |
| Deduction during the year | - | - |
| As at 31st March 2019 | 136.73 | 136.73 |
| Net carrying value as at 31st March 2019 | 137.50 | 137.50 |
| Gross block | | |
| As at 1st April 2017 | 176.42 | 176.42 |
| Addition during the year | 43.20 | 43.20 |
| Disposal during the year | - | - |
| As at 31st March 2018 | 219.62 | 219.62 |
| Amortisation | | |
| As at 1st April 2017 | 45.27 | 45.27 |
| Amortised during the year | 45.87 | 45.87 |
| Deduction during the year | - | - |
| As at 31st March 2018 | 91.14 | 91.14 |
| Net carrying value as at 31st March 2018 | 128.48 | 128.48 |

6. Investment accounted using equity method

| | As at 31st March 2019 INR in Lacs | As at 31st March 2018 INR in Lacs |
|--|---|---|
| At cost in equity shares of joint venture and associates | | |
| Unquoted, fully paid-up | | |
| 460,000 (31st March 2018: 460,000) equity shares of INR 10 each, fully paid-up in Aquanomics Systems Limited of INR 10 each | 344.37 | 297.93 |
| 300,000 (31st March 2018: 300,000) equity shares of INR 10 each, fully paid-up in IEI Water-Tech (M) Sdn. Bhd. of MYR 1 each | - | - |
| 2,450 (31st March 2018: 2,450) equity shares of INR 10 each, fully paid-up in Ion Exchange Financials Products Private Limited of INR 10 each | - | - |
| 14,700 (31st March 2018: 14,700) equity shares of INR 10 each, fully paid-up in Ion Exchange PSS Co. Limited of THB 100 each | - | - |
| 31st March 2018: 2,499,500 equity shares of INR 10 each, fully paid-up in Ion Exchange Environment Management Limited (Formerly known as Ion Exchange Waterleau Limited) | - | - |
| | 344.37 | 297.93 |
| Aggregate amount of unquoted Investments | 344.37 | 297.93 |

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31st March 2019 (contd...)

7. Non-current investments

| | As at 31st March 2019 INR in Lacs | As at 31st March 2018 INR in Lacs |
|---|---|---|
| Measured at fair value through profit and loss in equity shares of others | | |
| Unquoted, fully paid-up | | |
| 6,000 (31st March 2018: 6,000) equity shares of INR 10 each, fully paid-up in IEK Plastics Limited | - | - |
| 113 (31st March 2018: 113) equity shares of INR 10 each, fully paid-up in Patancheru Enviro-tech Limited | 0.01 | 0.01 |
| 10,500 (31st March 2018: 10,500) equity shares of INR 10 each, fully paid-up in Bharuch Enviro Infrastructure Limited | 1.05 | 1.05 |
| 352,500 (31st March 2018: 352,500) equity shares of INR 10 each, fully paid-up in Bharuch Eco-Aqua Infrastructure Limited | 35.25 | 35.25 |
| 71,518 (31st March 2018: 71,518) equity shares of INR 10 each, fully paid-up in Global Procurement Consultants Limited | 27.46 | 27.46 |
| 1,000 (31st March 2018: 1,000) equity shares of INR 10 each, fully paid-up in Ion Foundation | 0.10 | 0.10 |
| 7,143 (31st March 2018: 7,143) equity shares of INR 10 each, fully paid-up in Water Quality India Association | 0.71 | 0.71 |
| 750 (31st March 2018: 750) equity shares of INR 10 each, fully paid-up in Process Automation Engineering | - | - |
| 9,999 (31st March 2018: 9,999) equity shares of INR 10 each, fully paid-up in The Thane Janta Sahakari Bank | 5.00 | 5.00 |
| (A) | 69.58 | 69.58 |
| Measured at amortised cost in preference shares of others | | |
| Unquoted, fully paid-up | | |
| 75,000 (31st March 2018: 75,000) equity shares of INR 10 each, fully paid-up in HMG Industries Limited, 14.25% preference shares of INR 100 each. | 0.50 | 0.50 |
| (B) | 0.50 | 0.50 |
| Total non current investments | (A+B) | 70.08 |
| Aggregate amount of unquoted Investments | 70.08 | 70.08 |

8. Trade receivables

| | Non-current | | Current | |
|---|---|---|---|---|
| | As at 31st March 2019 INR in Lacs | As at 31st March 2018 INR in Lacs | As at 31st March 2019 INR in Lacs | As at 31st March 2018 INR in Lacs |
| Trade receivables | | | | |
| (a) Unsecured, considered good | - | - | 42,416.76 | 43,709.72 |
| (b) Unsecured, have significant increase in credit risk | 1,420.03 | 1,378.67 | - | - |
| (c) Unsecured, credit impaired | 390.99 | 290.12 | - | - |
| | 1,811.02 | 1,668.79 | 42,416.76 | 43,709.72 |
| Less: Provision for credit impaired | 390.99 | 290.12 | - | - |
| | 1,420.03 | 1,378.67 | 42,416.76 | 43,709.72 |

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31st March 2019 (contd...)
9. Loans

| | Non-current | | Current | |
|--|---|---|---|---|
| | As at 31st March 2019 INR in Lacs | As at 31st March 2018 INR in Lacs | As at 31st March 2019 INR in Lacs | As at 31st March 2018 INR in Lacs |
| Tender, security and other deposits | | | | |
| (a) Unsecured, considered good | 998.89 | 993.43 | 139.01 | 184.98 |
| (b) Unsecured, credit impaired | 13.74 | 10.99 | - | - |
| | 1,012.63 | 1,004.42 | 139.01 | 184.98 |
| Less: Provision for credit impaired | 13.74 | 10.99 | - | - |
| (A) | 998.89 | 993.43 | 139.01 | 184.98 |
| Loans and advances to related parties (Refer note 45) | | | | |
| (a) Unsecured, considered good | - | - | 225.72 | 878.10 |
| (b) Unsecured, credit impaired | 19.50 | 22.25 | - | - |
| | 19.50 | 22.25 | 225.72 | 878.10 |
| Less: Provision for credit impaired | 19.50 | 22.25 | - | - |
| (B) | - | - | 225.72 | 878.10 |
| Claims receivables and others | (C) | - | - | 455.20 |
| Loans and advance to employees | (D) | - | - | 88.16 |
| Rent receivable (Unsecured, credit impaired) | | 17.05 | 17.05 | - |
| Less: Provision for credit impaired | | 17.05 | 17.05 | - |
| (E) | - | - | - | - |
| Others - Unsecured, credit impaired | | | | |
| - Inter corporate deposits | | 57.07 | 57.07 | - |
| - Other loans and advances | | 55.07 | 55.07 | - |
| | 112.14 | 112.14 | - | - |
| Less: Provision for credit impaired | | 112.14 | 112.14 | - |
| (F) | - | - | - | - |
| | (A+B+C+D+E+F) | 998.89 | 993.43 | 908.09 |
| | | | | 1,688.24 |

10. Other financial assets

| | Non-current | | Current | |
|---|---|---|---|---|
| | As at 31st March 2019 INR in Lacs | As at 31st March 2018 INR in Lacs | As at 31st March 2019 INR in Lacs | As at 31st March 2018 INR in Lacs |
| Receivable from concession agreement (Refer note 59) | 703.32 | 753.65 | 115.52 | 115.52 |
| Interest accrued on margin money | - | - | 1,849.88 | 760.20 |
| | 703.32 | 753.65 | 1,965.40 | 875.72 |

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31st March 2019 (contd...)**11. Deferred tax assets/liabilities**

As at 31st March 2019

INR in Lacs

| Particulars | Opening balance | Recognised in profit or loss | Recognised in other comprehensive income | Other adjustments* | Closing balance |
|--|-----------------|------------------------------|--|--------------------|-----------------|
| Deferred tax assets/(liabilities) | | | | | |
| Property, plant and equipment | (1,273.64) | (121.39) | - | - | (1,395.03) |
| Trade Receivables and retention money | 321.80 | 71.81 | - | - | 393.61 |
| Loans and borrowings | 62.16 | 3.33 | - | - | 65.49 |
| Other items | 801.90 | 87.92 | 28.30 | 12.23 | 930.35 |
| Tax assets/(liabilities) | (87.78) | 41.67 | 28.30 | 12.23 | (5.58) |

Disclosed as under

| | | |
|---------------------------------------|----------------|---------------|
| Deferred tax assets (Net) | 115.29 | 104.83 |
| Deferred tax liabilities (Net) | 203.07 | 110.41 |
| Tax assets/(liabilities) | (87.78) | (5.58) |

* Other adjustments includes currency fluctuation on conversion of foreign subsidiaries.

As at 31st March 2018

INR in Lacs

| Particulars | Opening balance | Recognised in profit or loss | Recognised in other comprehensive income | Other adjustments ** | Closing balance |
|---|-----------------|------------------------------|--|----------------------|-----------------|
| Deferred tax assets/ (liabilities) | | | | | |
| Property, plant and equipment | (1,048.52) | (225.12) | - | - | (1,273.64) |
| Trade Receivables and retention money | 453.29 | (131.49) | - | - | 321.80 |
| Loans and borrowings | 61.02 | 1.14 | - | - | 62.16 |
| Other items | 719.69 | (7.30) | 9.34 | 80.17 | 801.90 |
| Tax assets/(liabilities) | 185.48 | (362.77) | 9.34 | 80.17 | (87.78) |

Disclosed as under

| | | |
|---------------------------------------|---------------|----------------|
| Deferred tax assets (Net) | 599.29 | 115.29 |
| Deferred tax liabilities (Net) | 413.81 | 203.07 |
| Tax assets/(liabilities) | 185.48 | (87.78) |

** Other adjustments includes effect of merger of Astha Technical Services Limited with Total Water Management (India) Limited and currency fluctuation on conversion of foreign subsidiaries.

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

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31st March 2019 (contd...)

12. Other assets

| | | Non-current | | Current | |
|--|-------------|---|---|---|---|
| | | As at 31st March 2019 INR in Lacs | As at 31st March 2018 INR in Lacs | As at 31st March 2019 INR in Lacs | As at 31st March 2018 INR in Lacs |
| Capital advances | (A) | 53.60 | 88.30 | - | - |
| Balance with statutory authorities | (B) | 793.94 | 665.32 | 1,987.07 | 2,202.72 |
| Advance to suppliers | | | | | |
| (a) Unsecured, considered good | | - | - | 3,820.72 | 624.01 |
| (b) Unsecured, credit impaired | | 30.90 | 30.90 | - | - |
| | | 30.90 | 30.90 | 3,820.72 | 624.01 |
| Less: Provision for credit impaired | | 30.90 | 30.90 | | |
| (C) | | - | - | 3,820.72 | 624.01 |
| Security Deposit for Land and other loans and advances (Refer note 47, 48 and 49) | | | | | |
| (a) Unsecured, considered good | | 821.67 | 770.96 | - | - |
| (b) Unsecured, credit impaired | | 186.78 | 186.78 | - | - |
| | | 1,008.45 | 957.74 | - | - |
| Less: Provision for credit impaired | | 186.78 | 186.78 | - | - |
| (D) | | 821.67 | 770.96 | - | - |
| Prepaid expenses | (E) | - | - | 583.30 | 545.39 |
| | (A+B+C+D+E) | 1,669.21 | 1,524.58 | 6,391.09 | 3,372.12 |

13. Tax assets

| | Non-current | | Current | |
|--|---|---|---|---|
| | As at 31st March 2019 INR in Lacs | As at 31st March 2018 INR in Lacs | As at 31st March 2019 INR in Lacs | As at 31st March 2018 INR in Lacs |
| Income tax paid (Net of provision for tax) | 47.17 | 41.70 | 136.21 | 80.40 |
| | 47.17 | 41.70 | 136.21 | 80.40 |

14. Inventories

(valued at lower of cost and net realizable value)

| | As at 31st March 2019 INR in Lacs | As at 31st March 2018 INR in Lacs |
|------------------------------|---|---|
| Raw materials and components | 4,923.04 | 3,043.47 |
| Work-in-progress | 498.50 | 983.16 |
| Finished goods | 5,133.89 | 4,310.61 |
| Traded goods | 778.28 | 654.91 |
| Stores and spares | 645.50 | 658.47 |
| Contract work-in-progress | 996.81 | 468.48 |
| | 12,976.02 | 10,119.10 |

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31st March 2019 (contd...)**15. Current investments**

| | As at 31st March 2019 INR in Lacs | As at 31st March 2018 INR in Lacs |
|---|---|---|
| Investments measured at fair value through profit and loss | | |
| Quoted, fully paid-up | | |
| 5,875 (31st March 2018: 5,875) equity shares of INR 2 each, fully paid-up in Sterlite Technologies Limited | 12.84 | 18.34 |
| 70 (31st March 2018: 70) equity shares of INR 2 each, fully paid-up in Jain Irrigation Systems Limited | 0.04 | 0.08 |
| 8,100 (31st March 2018: 8,100) equity shares of INR 10 each, fully paid-up in Canara Bank Ltd. | 23.65 | 21.40 |
| | 36.53 | 39.82 |
| Aggregate amount of quoted Investments | 36.53 | 39.82 |
| Market value of quoted Investments | 36.53 | 39.82 |

16. Cash and cash equivalents

| | As at 31st March 2019 INR in Lacs | As at 31st March 2018 INR in Lacs |
|--|---|---|
| Balances with banks | | |
| On current accounts [Refer note below] | 4,438.97 | 6,657.27 |
| On Exchange Earner's Foreign Currency accounts | 15.65 | 14.71 |
| Cash on hand | 62.63 | 52.78 |
| | 4,517.25 | 6,724.76 |

Note

Includes balance of Rs. 839.41 Lacs (31st March 2018: Rs. 3,579.32 Lacs) in escrow accounts, for utilisation in the execution of a specific EPC contract.

17. Bank balances other than cash and cash equivalents

| | As at 31st March 2019 INR in Lacs | As at 31st March 2018 INR in Lacs |
|--|---|---|
| Balances with banks | | |
| On Unclaimed dividend account | 43.26 | 41.46 |
| On Unclaimed interest on fixed deposits | 1.38 | 2.19 |
| Other bank balances: | | |
| On deposit account | 8,699.38 | 5,203.88 |
| On margin money account [Refer note below] | 15,780.15 | 14,345.19 |
| | 24,524.17 | 19,592.72 |

Note

Margin money deposits with a carrying amount of Rs. 15,780.15 Lacs (31st March 2018: Rs. 14,345.19 Lacs) are subject to first charge to secure bank guarantees issued by banks on our behalf.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31st March 2019 (contd...)

18. Equity share capital

| | As at 31st March 2019 INR in Lacs | As at 31st March 2018 INR in Lacs |
|--|---|---|
| Authorised capital | | |
| 17,000,000 (31st March 2018: 17,000,000) equity shares of Rs. 10 each. | 1,700.00 | 1,700.00 |
| Issued, subscribed and fully paid-up capital* | | |
| 14,228,785 (31st March 2018: 14,228,785) equity shares of Rs. 10 each. | 1,422.88 | 1,422.88 |
| | 1,422.88 | 1,422.88 |

* Issued, subscribed and fully paid-up shares are net of elimination of shares held by subsidiaries.

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

| | As at 31st March 2019 | | As at 31st March 2018 | |
|------------------------------|-----------------------|-----------------|-----------------------|-----------------|
| | No of shares | INR in Lacs | No of shares | INR in Lacs |
| At the beginning of the year | 14,228,785 | 1,422.88 | 14,228,785 | 1,422.88 |
| Add: Issued during the year | - | - | - | - |
| At the end of the year | 14,228,785 | 1,422.88 | 14,228,785 | 1,422.88 |

(b) Terms/rights attached to equity shares

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

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

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

| | As at 31st March 2019 | | As at 31st March 2018 | |
|-------------------------|-----------------------|-----------|-----------------------|-----------|
| | No of shares | % holding | No of shares | % holding |
| Mr. Rakesh Jhunjhunwala | 800,000 | 5.62% | 800,000 | 5.62% |
| Mr. Rajesh Sharma | 781,218 | 5.49% | 781,218 | 5.49% |

** 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 2019: Nil share (Previous period of five years ended 31st March 2018: 1,180,256 shares)

The aggregate number of equity shares issued pursuant to exercise of options granted under the Employee Stock Option Scheme (ESOS) wherein part consideration was received in form of employee services preceding last five years ended on 31st March 2019: 134,500 shares (Previous period of five years ended 31st March 2018: 182,300 shares)

(e) Shares reserved for issue under ESOS

There are no pending shares reserved for issue under Employee Stock Option Schemes (ESOS).

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31st March 2019 (contd...)**19. Other equity**

| | As at 31st March 2019 INR in Lacs | As at 31st March 2018 INR in Lacs |
|--|---|---|
| Security premium account | | |
| Balance as at 1st April | 8,334.84 | 8,334.84 |
| (A) | 8,334.84 | 8,334.84 |
| Special reserve | | |
| Balance as at 1st April (As per section 45 - IC of the Reserve Bank of India Act, 1934) | 22.17 | 22.17 |
| (B) | 22.17 | 22.17 |
| General reserve | | |
| Balance as at 1st April | 2,719.79 | 2,719.79 |
| (C) | 2,719.79 | 2,719.79 |
| Legal reserve | | |
| Balance as at 1st April | 151.54 | 151.54 |
| (D) | 151.54 | 151.54 |
| Capital reserve on consolidation | | |
| Balance as at 1st April | 257.48 | 257.48 |
| (E) | 257.48 | 257.48 |
| Foreign currency translation reserve | | |
| Balance as at 1st April | 119.92 | 231.17 |
| Add: Foreign currency translation profit during the year | 65.89 | (111.25) |
| (F) | 185.81 | 119.92 |
| Retained earnings | | |
| Balance as at 1st April | 9,979.02 | 6,530.89 |
| Add : Adjustment on change in investment in subsidiaries and associates (Refer note 61) | - | (56.01) |
| Profit for the year | 6,525.90 | 4,017.52 |
| Other Comprehensive Income (OCI) | (54.26) | (22.22) |
| Appropriations | | |
| - Dividend | (404.80) | (404.80) |
| - Tax on dividend | (89.77) | (86.36) |
| Others (Refer note 62) | (50.84) | - |
| (G) | 15,905.25 | 9,979.02 |
| Treasury shares | | |
| Balance as at 1st April | (2,996.99) | (2,996.99) |
| (H) | (2,996.99) | (2,996.99) |
| (A+B+C+D+E+F+G+H) | 24,579.89 | 18,587.77 |

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31st March 2019 (contd...)

19. Other equity (contd...)

Notes

a) Description of nature and purpose of each reserve

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

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

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

Legal reserve: Legal reserve is reserve created in accordance with the Commercial Companies Law of Oman, 1974)

Capital reserve on consolidation: The amount represents capital reserve arising at the time of acquisition.

Foreign currency translation reserve: Exchange difference arising on re-statement of long-term monetary items that in substance forms part of group's net investment in foreign operations, is accumulated in foreign currency translation reserve.

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

b) Dividends

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

| | 31st March 2019 INR in Lacs | 31st March 2018 INR in Lacs |
|---|--|--|
| Dividend | 498.00 | 498.00 |
| INR 3.50 per equity share (31st March 2018 INR 3.50 per equity share) | | |
| Less: Dividend on treasury shares | (93.20) | (93.20) |
| Dividend distribution tax | 89.77 | 86.36 |
| | 494.57 | 491.16 |

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

| | 31st March 2019 INR in Lacs | 31st March 2018 INR in Lacs |
|---|--|--|
| Dividend | 640.30 | 498.00 |
| INR 4.50 per equity share (31st March 2018 INR 3.50 per equity share) | | |
| Less: Dividend on treasury shares | (119.83) | (93.20) |
| Dividend distribution tax | 118.70 | 89.77 |
| | 639.17 | 494.57 |

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31st March 2019 (contd...)**20. Borrowings**

| | Non-current | | Current | |
|--|---|---|---|---|
| | As at 31st March 2019 INR in Lacs | As at 31st March 2018 INR in Lacs | As at 31st March 2019 INR in Lacs | As at 31st March 2018 INR in Lacs |
| Term loans (Secured) | | | | |
| Indian rupee loan from financial institution [Refer note (a) below] | 1,106.73 | 1,556.92 | 418.44 | 313.83 |
| Indian rupee loan from a bank [Refer note (b) and (c) below] | 756.67 | 1,106.01 | 510.78 | 773.85 |
| Indian rupee loan from a bank [Refer note (d) below] | - | 31.68 | 31.68 | 190.05 |
| Indian rupee vehicle loan from banks and finance companies [Refer note (e) below] | 117.19 | 147.20 | 49.32 | 46.20 |
| Other loans and advances | | | | |
| Finance lease obligation (Secured) [Refer note (f) below] | 629.66 | 498.06 | 671.73 | 558.32 |
| | 2,610.25 | 3,339.87 | 1,681.95 | 1,882.25 |
| The above amount includes | | | | |
| Secured borrowings | 2,610.25 | 3,339.87 | 1,681.95 | 1,882.25 |
| Unsecured borrowings | - | - | - | - |
| Amount included under the head "Other financial liabilities" (Refer note 27) | - | - | (1,681.95) | (1,882.25) |
| | 2,610.25 | 3,339.87 | - | - |

- (a) Indian rupee loan from financial institution for capital expenditure carries interest @ 11.00 to 11.70% p.a. The loan is secured by first charge on movable and immovable fixed assets pertaining to a new manufacturing facility at Goa and is repayable in 54 months with moratorium of 6 months from the date of actual commercial operation date.
- (b) Indian rupee loan from a bank for capital expenditure disbursed in two tranches of Rs. 683.22 Lacs and Rs. 816.78 Lacs. Loan is repayable in 26 months and 37 months respectively from the date of first disbursement and carries interest rate of 10.50% p.a. The loan is secured by exclusive first charge on three residential properties of the company situated at Mumbai and one residential property of the company situated at Thane.
- (c) Indian rupees loan of Rs. 1,500.00 Lacs from a bank for capital expenditure. Loan is repayable in 48 months from the date of the first disbursement and carries interest rate of 9.50% p.a. The loan is secured by exclusive first charge on three residential properties of the company situated at Mumbai and one residential property of the company situated at Thane.
- (d) Indian rupees loan taken from bank for a specific project carrying interest @ 11.50% p.a. The loan is repayable in equal installment within a period of 60 months from the date of first disbursement 22.05.2014, with a initial moratorium of 12 months. The loan is secured by charge on receivable, current assets, movable fixed assets. It is also secured by corporate bank guarantee of INR 760.20 Lacs and lien marked margin money of INR 50.00 Lacs.
- (e) Indian rupee vehicle loans from banks and finance companies carries interest @ 9.35% to 13.50% p.a. The loans are repayable within a period of 36 to 60 months in equal monthly installments along with interest, from the various dates of disbursements. The loans are secured by hypothecation of under lying vehicles.
- (f) Finance lease obligations are secured by hypothecation of underlying plant and machinery and equipment's taken on lease. Lease obligations are discharged by monthly / quarterly lease rental payments. The lease terms are for 3 to 4 years

21. Other financial liabilities

| | Non-current | | Current | |
|----------|---|---|---|---|
| | As at 31st March 2019 INR in Lacs | As at 31st March 2018 INR in Lacs | As at 31st March 2019 INR in Lacs | As at 31st March 2018 INR in Lacs |
| Deposits | 810.93 | 885.96 | - | - |
| | 810.93 | 885.96 | - | - |

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31st March 2019 (contd...)

22. Provisions

| | Non-current | | Current | |
|---------------------------------|---|---|---|---|
| | As at 31st March 2019 INR in Lacs | As at 31st March 2018 INR in Lacs | As at 31st March 2019 INR in Lacs | As at 31st March 2018 INR in Lacs |
| Provision for employee benefits | 1,331.40 | 1,130.20 | 406.43 | 409.74 |
| Provision for warranties | - | - | 42.03 | 43.65 |
| | 1,331.40 | 1,130.20 | 448.46 | 453.39 |

Provision for warranties

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

| | Year ended 31st March 2019 INR in Lacs | Year ended 31st March 2018 INR in Lacs |
|------------------------------|--|--|
| At the beginning of the year | 43.65 | 25.87 |
| Arising during the year | 42.03 | 43.65 |
| Utilised during the year | 43.65 | 25.87 |
| Unused amounts reversed | - | - |
| At the end of the year | 42.03 | 43.65 |

23. Other non-current liabilities

| | As at 31st March 2019 INR in Lacs | As at 31st March 2018 INR in Lacs |
|--------|---|---|
| Others | 57.88 | 57.88 |
| | 57.88 | 57.88 |

24. Tax Liabilities

| | Non-current | | Current | |
|--------------------------------|---|---|---|---|
| | As at 31st March 2019 INR in Lacs | As at 31st March 2018 INR in Lacs | As at 31st March 2019 INR in Lacs | As at 31st March 2018 INR in Lacs |
| Provision for income tax (Net) | 152.82 | 174.20 | 1,538.59 | 1,194.87 |
| | 152.82 | 174.20 | 1,538.59 | 1,194.87 |

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31st March 2019 (contd...)**25. Borrowings - Current**

| | As at 31st March 2019 INR in Lacs | As at 31st March 2018 INR in Lacs |
|--|---|---|
| Working capital loan from banks (Secured) [Refer notes (a) to (f) below] | 4,836.78 | 7,292.79 |
| Working capital loan from a bank (Unsecured) [Refer note (g) below] | - | 2,500.00 |
| MSME finance scheme with a financial institution (Unsecured) [Refer note (h) below] | 215.41 | 810.82 |
| MSME finance scheme with Trade Receivable Discounting System (Unsecured) [Refer note (i) below] | 970.01 | - |
| Inter-corporate deposits (Unsecured) [Refer note (j) below] | 650.62 | 650.00 |
| | 6,672.82 | 11,253.61 |
| The above amount includes | | |
| Secured borrowings | 4,836.78 | 7,292.79 |
| Unsecured borrowings | 1,836.04 | 3,960.82 |
| | 6,672.82 | 11,253.61 |

Notes:

- (a) Includes working capital loan of INR 2,656.43 Lacs (31st March 2018: INR 4,906.46 Lacs) secured by joint hypothecation of book debts and stocks and collateral security by way of pari passu first charge on all fixed assets situated at Hosur and Patancheru, pari passu second charge on fixed assets situated at Mumbai (Office Premises), Vashi, Goa and pari passu second charge on moveable and immovable properties situated at Ankleshwar. The working capital loan is repayable on demand and carries interest @ 11.00% to 12.35% p.a.
- (b) Includes working capital loan of INR Nil (31st March 2018: INR 0.04 Lacs) from a bank secured against fixed deposits and corporate guarantees and carries interest of 2% p.a..
- (c) Includes working capital loan of INR 238.91 Lacs (31st March 2018: INR 97.62 Lacs) from a bank secured against hypothecation of book debts and stocks and also secured by corporate guarantees and carries interest of 13.50% p.a. The working capital loan is repayable on demand.
- (d) Includes working capital loan of INR 1,795.47 Lacs (31st March 2018: INR 1,807.45 Lacs) from a bank secured against hypothecation of stock and book debts and supplementary mortgage of factory land and building at village Nichole, Taluka Wada, District Thane, and hypothecation of plant and machinery present and future, and personal guarantee of directors and corporate guarantee. The cash credit is repayable on demand and carries interest @ 12.50% p.a.
- (e) Includes working capital loan from bank of INR 70.07 Lacs (31st March 2018: INR 134.20 Lacs) secured by hypothecation of book debts and stocks by way of first charge and corporate guarantee of Holding Company - Ion Exchange (India) Limited. The working capital loan is repayable on demand and currently carries an interest @ 14.30% p.a., computed on monthly basis on the actual amount utilised.
- (f) Includes working capital loan of INR 75.90 Lacs (31st March 2018: INR 3.36 Lacs) is secured by hypothecation of book debts and stocks and collateral security by way of comfort letter / corporate guarantee. The working capital loan is repayable on demand and carries interest @ 13.50 % p.a.
- (g) The unsecured working capital loan was repayable within 180 days from disbursement date and carried interest @ 11.50% p.a.
- (h) MSME Finance Scheme with a financial institution is MSME vendor bills discounting facility with a financial institution and carried interest @ 11.00% to 11.25% p.a.
- (i) MSME Finance Scheme with Trade Receivable Discounting System is MSME vendor bills discounting facility and carries interest @ 8.50% to 11.00% p.a.
- (j) Inter corporate deposit are for a period from 90 to 365 days and carried interest @ 9.50% to 12.25%. p.a.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31st March 2019 (contd...)

26. Trade payables

| | As at 31st March 2019 INR in Lacs | As at 31st March 2018 INR in Lacs |
|--|---|---|
| Trade payables (including acceptances) | | |
| - Due to micro and small enterprises (Refer note 54) | 616.72 | 172.17 |
| - Due to others | 40,892.82 | 36,216.70 |
| | 41,509.54 | 36,388.87 |

27. Other financial liabilities

| | As at 31st March 2019 INR in Lacs | As at 31st March 2018 INR in Lacs |
|---|---|---|
| Current maturities of long term borrowings (Refer note 20) | 1,681.96 | 1,882.25 |
| Interest accrued but not due | 39.80 | 43.59 |
| Employee benefits payable | 1,802.27 | 1,623.52 |
| Creditors for capital goods | 707.29 | 545.95 |
| Investor Education and Protection Fund will be credited by following amounts (as and when due) | | |
| - Unpaid dividend | 43.26 | 41.46 |
| - Unclaimed interest on fixed deposit | 1.38 | 2.19 |
| - Unclaimed matured deposit | 5.47 | 8.30 |
| Liability on account for equity accounted investments (Refer note 57) | - | 40.66 |
| | 4,281.43 | 4,187.92 |

28. Other current liabilities

| | As at 31st March 2019 INR in Lacs | As at 31st March 2018 INR in Lacs |
|----------------------------------|---|---|
| Advance from customers | 29,188.26 | 25,403.30 |
| Unearned revenue on AMC services | 324.39 | 321.48 |
| Statutory dues | 1,049.72 | 996.45 |
| Others liabilities | 156.15 | 188.11 |
| Deposits | 60.10 | 49.05 |
| | 30,778.62 | 26,958.39 |

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31st March 2019 (contd...)**29. Revenue from operations**

| | Year ended 31st March 2019 INR in Lacs | As Year ended 31st March 2018 INR in Lacs |
|---------------------------------|--|---|
| Sale of products | | |
| Finished goods | 89,668.77 | 86,487.14 |
| Traded goods | 6,979.70 | 6,210.05 |
| Sale of services | 18,865.57 | 12,047.91 |
| Other operating revenues | | |
| Scrap sale | 221.00 | 215.17 |
| Management fees | 77.00 | 66.35 |
| Other operating income | 416.45 | 459.34 |
| | 116,228.49 | 105,485.96 |

Revenue disaggregation as per industry vertical and geography has been included in segment information (Refer note 44)

30. Other income

| | Year ended 31st March 2019 INR in Lacs | Year ended 31st March 2018 INR in Lacs |
|--|--|--|
| Interest income at amortised cost | | |
| - From banks | 1,578.77 | 974.19 |
| - From joint venture | - | 165.75 |
| - From others | 444.51 | 382.47 |
| Rent | 171.55 | 119.81 |
| Dividend income on | | |
| - Current investments | 0.12 | 0.13 |
| - Long-term investments | 5.56 | 1.82 |
| Amount set aside for liabilities, no longer required, written back | 7.41 | 245.08 |
| Exchange gain (Net) | 743.74 | 79.37 |
| Profit on fixed assets sold/discharged (Net) | - | 0.16 |
| Other non operating Income | 381.96 | 132.62 |
| Change in fair value of investments | | |
| - Investments classified at FVTPL | - | 7.82 |
| | 3,333.62 | 2,109.22 |

31. Cost of raw material and components consumed

| | Year ended 31st March 2019 INR in Lacs | Year ended 31st March 2018 INR in Lacs |
|--|--|--|
| Inventory at the beginning of the year | 3,043.47 | 3,627.42 |
| Add: Purchases * | 71,485.17 | 60,478.53 |
| Less: Inventory at the end of the year | 4,923.04 | 3,043.47 |
| Cost of raw material and components consumed | 69,605.60 | 61,062.48 |

* Includes direct expenses incurred on contracts

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31st March 2019 (contd...)
32. Details of purchase of traded goods

| | Year ended 31st March 2019 INR in Lacs | Year ended 31st March 2018 INR in Lacs |
|-------------------|--|--|
| Consumer products | 2,974.59 | 3,112.27 |
| Spares | 449.81 | 191.04 |
| Others | 712.62 | 882.64 |
| | 4,137.02 | 4,185.95 |

33. Change in inventories of finished goods, work-in-progress and stock-in-trade

| | Year ended 31st March 2019 INR in Lacs | Year ended 31st March 2018 INR in Lacs |
|---|--|--|
| Inventories at the end of the year | | |
| Traded goods | 778.28 | 654.91 |
| Work-in-progress | 498.50 | 983.16 |
| Finished goods | 5,133.89 | 4,310.61 |
| Contract work-in-progress | 996.81 | 468.48 |
| | (A) 7,407.48 | 6,417.16 |
| Inventories at the beginning of the year | | |
| Traded goods | 654.91 | 580.95 |
| Work-in-progress | 983.16 | 1,435.16 |
| Finished goods | 4,310.61 | 4,638.10 |
| Contract work-in-progress | 468.48 | 2,073.61 |
| | (B) 6,417.16 | 8,727.82 |
| | (B)-(A) (990.32) | 2,310.66 |

34. Employee benefits expense

| | Year ended 31st March 2019 INR in Lacs | Year ended 31st March 2018 INR in Lacs |
|---|--|--|
| Salaries, wages and bonus | 13,620.39 | 12,223.45 |
| Contribution to provident and other funds (Refer note 41) | 797.55 | 756.39 |
| Staff welfare expense | 684.50 | 717.44 |
| | 15,102.44 | 13,697.28 |

35. Finance costs

| | Year ended 31st March 2019 INR in Lacs | Year ended 31st March 2018 INR in Lacs |
|---|--|--|
| Interest expense financial liabilities measured at amortised cost | 1,696.05 | 1,607.18 |
| Other borrowing costs | 207.84 | 261.26 |
| | 1,903.89 | 1,868.44 |

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31st March 2019 (contd...)**36. Depreciation and amortisation expense**

| | Year ended 31st March 2019 INR in Lacs | Year ended 31st March 2018 INR in Lacs |
|--|--|--|
| Depreciation of property, plant and equipment (Refer note 4) | 1,916.00 | 1,262.32 |
| Amortization of intangible assets (Refer note 5) | 42.96 | 45.87 |
| | 1,958.96 | 1,308.19 |

37. Other expenses

| | Year ended 31st March 2019 INR in Lacs | Year ended 31st March 2018 INR in Lacs |
|---|--|--|
| Stores and spare parts consumed | 94.56 | 63.76 |
| Power and fuel | 1,578.92 | 1,336.68 |
| Repairs and Maintenance - Buildings | 69.71 | 53.71 |
| - Plant and machinery | 458.74 | 362.93 |
| - Others | 317.89 | 279.92 |
| Rent (Net of recoveries) | 666.96 | 666.13 |
| Rates and taxes | 525.39 | 402.67 |
| Insurance (Net of recoveries) | 127.18 | 117.57 |
| Travelling and conveyance | 3,210.50 | 2,963.95 |
| Excise duty | - | 904.74 |
| Freight (Net of recoveries) | 2,282.02 | 2,149.61 |
| Packing (Net of recoveries) | 1,765.38 | 1,598.97 |
| Advertisement and publicity | 802.96 | 751.78 |
| Commission | 299.01 | 215.21 |
| Legal and professional charges | 1,108.49 | 1,047.12 |
| Telephone and telex | 229.65 | 237.86 |
| Bad debts written off | 1,093.92 | 94.58 |
| Provision for doubtful debts | - | 175.21 |
| Auditors' remuneration (Refer note 37.1) | 41.22 | 41.15 |
| Directors' fees | 37.45 | 41.55 |
| Directors' commission | 98.00 | 62.00 |
| Bank charges | 231.42 | 305.21 |
| Loss on fixed assets sold/discharged (Net) | 10.05 | - |
| Change in fair value of investments classified at FVTPL | 3.29 | - |
| Backcharges on contracts | - | 15.26 |
| Establishment and other miscellaneous expenses | 2,664.66 | 2,642.14 |
| | 17,717.37 | 16,529.71 |

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31st March 2019 (contd...)

37.1 Auditors' remuneration (excluding taxes)

| | Year ended 31st March 2019 INR in Lacs | Year ended 31st March 2018 INR in Lacs |
|---------------------------------------|--|--|
| As auditor: | | |
| - Audit fees | 17.75 | 17.75 |
| - Tax audit fees | 3.00 | 3.00 |
| - Limited review | 5.25 | 5.25 |
| In other capacity: | | |
| - Other services (Certification fees) | 8.50 | 8.50 |
| Reimbursement of expenses | 2.77 | 2.77 |
| Branch auditor | | |
| - Audit fees | 2.50 | 2.50 |
| - Other services (Certification fees) | 1.00 | 1.00 |
| - Reimbursement of expenses | 0.45 | 0.38 |
| | 41.22 | 41.15 |

38. Tax expense

| | Year ended 31st March 2019 INR in Lacs | Year ended 31st March 2018 INR in Lacs |
|--|--|--|
| Current tax | 3,635.21 | 2,273.30 |
| Deferred tax | (41.67) | 362.77 |
| | 3,593.54 | 2,636.07 |
| Reconciliation of Tax Expense | | |
| Profit before tax | 10,127.15 | 6,632.47 |
| Applicable tax rate | 34.944% | 34.608% |
| Computed tax expense | (A) | 2,295.37 |
| Adjustments for: | | |
| Non-deductible tax expenses | 2.67 | 2.50 |
| Tax-exempt income | (4.77) | (3.60) |
| Corporate social responsibility expenditure | 43.47 | 34.12 |
| Incremental deduction allowed for research and development costs | (68.62) | (128.37) |
| Deduction under house property | (12.67) | (10.57) |
| Subsidiaries chargeable at different rates | (66.23) | (54.79) |
| Deferred tax not recognised on losses | 157.22 | 431.36 |
| Others | 3.64 | 70.05 |
| Net adjustments | (B) | 340.70 |
| Tax expense | (A)+(B) | 3,593.54 |
| | | 2,636.07 |

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31st March 2019 (contd...)**39. Other comprehensive income**

| | Year ended 31st March 2019 INR in Lacs | Year ended 31st March 2018 INR in Lacs |
|--|--|--|
| Items that will not be reclassified to profit or loss | | |
| (a) Remeasurement benefit of defined benefit plans | (82.56) | (31.56) |
| (b) Income tax expense on remeasurement benefit of defined benefit plans | 28.30 | 9.34 |
| Items that will be reclassified to profit or loss | | |
| (a) Movement in foreign currency translation reserve | 65.89 | (111.25) |
| | 11.63 | (133.47) |

40. Earnings per share (EPS)

| | | Particulars | 31st March 2019 | 31st March 2018 |
|-----|----|---|-----------------|-----------------|
| I | | Profit computation for both basic and diluted earnings per share of INR 10 each Net profit as per the statement of profit and loss available for equity shareholders (INR in Lacs) | 6,590.85 | 3,985.83 |
| II | | Weighted average number of equity shares for earnings per share computation (equity shares are after elimination of shares held by subsidiaries) | | |
| | A) | For basic earnings per share | | |
| | | No. of shares | 14,228,785 | 14,228,785 |
| | | Less: Treasury shares held by IEI Shareholding (Staff Welfare) Trusts | 2,662,914 | 2,662,914 |
| | | No. of shares for basic earnings per share | 11,565,871 | 11,565,871 |
| | B) | For diluted earnings per share | | |
| | | No. of shares for basic EPS | 11,565,871 | 11,565,871 |
| | | Add: Weighted average outstanding employee stock options deemed to be issued for no consideration | - | - |
| | | No. of shares for diluted earnings per share | 11,565,871 | 11,565,871 |
| III | | Earnings per share in Rupees (Weighted average) | | |
| | | Basic (INR) | 56.99 | 34.46 |
| | | Diluted (INR) | 56.99 | 34.46 |

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31st March 2019 (contd...)

41. Employee benefits

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

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

INR in Lacs

| Particulars | | 2018-19 | 2017-18 |
|--------------------|---|----------------|----------------|
| I | Change in defined benefit obligation | | |
| | Defined benefit obligation, Beginning of period | 1,780.73 | 1,572.89 |
| | Interest cost | 129.64 | 122.50 |
| | Service cost | 134.96 | 107.72 |
| | Liability transferred in / acquisitions | 9.18 | 2.06 |
| | Actual plan participants' contributions | - | - |
| | Total actuarial (gains)/losses | 87.52 | 57.86 |
| | a. Effect of change in financial assumptions | 51.47 | (26.67) |
| | b. Effect of change in demographic assumptions | 5.09 | - |
| | c. Experience (gains) / losses | 30.96 | 84.52 |
| | Changes in foreign currency exchange rates | - | - |
| | Acquisition / Business combination/divestiture | - | - |
| | Benefits paid | (226.37) | (87.80) |
| | Past service cost | - | 5.49 |
| | Losses / (gains) on curtailments / settlements | - | - |
| | Defined benefit obligation, end of period | 1,915.66 | 1,780.73 |
| II | Change in the fair value of plan assets | | |
| | Fair value of plan assets at the beginning of the period | 1,624.80 | 1,445.25 |
| | Interest income | 123.24 | 100.72 |
| | Contributions by the employer | 161.06 | 122.49 |
| | Expected contributions by the employees | - | - |
| | Assets transferred in / acquisitions | 9.18 | 2.06 |
| | (Assets transferred out / divestments) | - | - |
| | (Benefit paid from the fund) | (178.25) | (72.58) |
| | (Assets distributed on settlements) | - | - |
| | Effects of asset ceiling | - | - |
| | The effect of changes in foreign exchange rates | - | - |
| | Return on plan assets, excluding interest income | 4.97 | 26.86 |
| | Fair value of plan assets at the end of the period | 1,745.00 | 1,624.80 |
| III | Expenses recognized in the statement of profit or loss for current period | | |
| | Current service cost | 134.96 | 123.15 |
| | Net interest cost | 6.39 | 6.36 |
| | Past service cost | - | 5.48 |
| | (Expected contributions by the employees) | - | - |
| | (Gains) / Losses on curtailments and settlements | - | - |
| | Net effect of changes in foreign exchange rates | - | - |
| | Expenses recognized | 141.35 | 134.99 |
| IV | Expenses recognized in the other comprehensive income (OCI) for current period | | |
| | Actuarial (gains) / losses on obligation for the period | 89.34 | 58.42 |
| | Return on plan assets, excluding interest income | (6.78) | (26.86) |
| | Change in asset ceiling | - | - |
| | Net (income) / expense for the period recognized in OCI | 82.56 | 31.56 |

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31st March 2019 (contd...)**41. Employee benefits (contd...)**

| | | INR in Lacs | |
|-----------|---|--------------------|----------------|
| | | 2018-19 | 2017-18 |
| V | Maturity analysis of the benefit payments | | |
| | Projected benefits payable in future years from the date of reporting | | |
| | 1st following year | 408.23 | 464.97 |
| | 2nd following year | 291.95 | 254.14 |
| | 3rd following year | 215.76 | 239.91 |
| | 4th following year | 513.68 | 195.20 |
| | 5th following year | 174.01 | 381.60 |
| | Sum of years 6 to 10 | 491.74 | 461.27 |
| | Sum of years 11 and above | 278.43 | 210.34 |
| VI | Sensitivity analysis | | |
| | Projected benefit obligation on current assumptions | 1,915.66 | 1,780.73 |
| | Delta effect of +0.5% change in rate of discounting | (35.80) | (33.13) |
| | Delta effect of -0.5% change in rate of discounting | 37.38 | 34.60 |
| | Delta effect of +0.5% change in rate of salary increase | 36.44 | 33.67 |
| | Delta effect of -0.5% change in rate of salary increase | 11.82 | (32.35) |
| | Delta effect of +0.5% change in rate of employee turnover | (1.88) | (1.17) |
| | Delta effect of -0.5% change in rate of employee turnover | 1.93 | 1.19 |

The group expects to contribute INR 99.55 Lacs (2018-19: INR 82.06 Lacs) to gratuity in 2019-20.

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

| Sr. No. | Categories of Assets | % of holding (Gratuity) | |
|----------------|------------------------------------|--------------------------------|----------------|
| | | 2018-19 | 2017-18 |
| 1 | Central and state government bonds | - | 2% |
| 2 | Public sector undertaking | - | - |
| 3 | Insurance policy | 100% | 98% |
| 4 | Special deposit scheme 1975 | - | - |
| 5 | Other assets | - | - |

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

B. Provident fund

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

The group's provident fund scheme which is managed by trust set up by the group, the contribution to the provident fund is remitted to a separate trust established for this purpose based on a fixed percentage of the eligible employees' salary and charged to statement of profit and loss. Shortfall, if any, in the fund assets, based on the government specified minimum rate of return, will be made good by the group and charged to statement of profit and loss. The actual return earned by the fund has mostly been higher than the government specified minimum rate of return in the past years. There is no shortfall in the fund as on 31st March 2019 and 31st March 2018.

The details of fund obligations are given below:

INR in Lacs

| Particulars | As at 31st March 2019 | As at 31st March 2018 |
|---|----------------------------------|----------------------------------|
| Present value of benefit obligation at period end | 5,070.68 | 4,534.89 |

Note:

The Hon'ble Supreme Court of India ("SC") by their order dated 28th February 2019, in the case of Surya Roshni Limited and others v/s Employees' Provident Fund Organisation (EPFO), set out the principles based on which allowances paid to the employees should be identified for inclusion in basic wages for the purposes of computation of provident fund contribution. Subsequently, a review petition against this decision has been filed and is pending before the SC for disposal. In view of the management, the liability for the period from date of the SC order to 31st March 2019 is not significant. Further, the pending decision on the subject review petition and directions from the EPFO, the impact for the past period, if any, is not ascertainable and consequently no effect has been given in the accounts.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31st March 2019 (contd...)

42. Financial instruments

Financial instruments – Fair values and risk management

A. Accounting classification and fair values

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

| | As at 31st March 2019 | | | | As at 31st March 2018 | | | | |
|--|-----------------------|------------------------|----------|-----------------|-----------------------|----------|-----------------|--|--|
| | Carrying amount | Fair value | | Carrying amount | Fair value | | Carrying amount | | |
| | | Level of input used in | | | Level 1 | Level 2 | | | |
| | | | | | | | | | |
| Financial assets - Non-current | | | | | | | | | |
| At amortised cost | | | | | | | | | |
| Trade receivables | 1,420.03 | - | 1,420.03 | 1,378.67 | - | 1,378.67 | | | |
| Loans | 998.89 | - | 998.89 | 993.43 | - | 993.43 | | | |
| Others | 703.32 | - | 703.32 | 753.65 | - | 753.65 | | | |
| At FVTPL | | | | | | | | | |
| Investments * | 70.08 | - | 70.08 | 70.08 | - | 70.08 | | | |
| Financial assets - Current ** | | | | | | | | | |
| At amortised cost | | | | | | | | | |
| Trade receivables | 42,416.76 | | | 43,709.72 | | | | | |
| Cash and cash equivalents | 4,517.25 | | | 6,724.76 | | | | | |
| Bank balances other than above | 24,524.17 | | | 19,592.72 | | | | | |
| Loans | 908.09 | | | 1,688.24 | | | | | |
| Others | 1,965.40 | | | 875.72 | | | | | |
| At FVTPL | | | | | | | | | |
| Investments | 36.53 | 36.53 | - | 39.82 | 39.82 | - | | | |
| Financial liabilities - Non-current | | | | | | | | | |
| At amortised cost | | | | | | | | | |
| Borrowings | 2,610.25 | - | 2,610.25 | 3,339.87 | - | 3,339.87 | | | |
| Other financial liabilities | 810.93 | - | 810.93 | 885.96 | - | 885.96 | | | |
| Financial liabilities - Current ** | | | | | | | | | |
| Borrowings | 6,672.82 | | | 11,253.61 | | | | | |
| Trade payables | 41,509.54 | | | 36,388.87 | | | | | |
| Other financial liabilities | 4,281.43 | | | 4,187.92 | | | | | |

* Excludes investments measured at cost

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31st March 2019 (contd...)**42. Financial instruments (contd...)****B. Measurement of fair values**

Valuation techniques and significant unobservable inputs

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

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

C. Financial risk management

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

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

(i) Risk management framework

The audit committee members of the company and board of directors of the subsidiaries have overall responsibility for the establishment and oversight of the company's risk management framework.

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

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

(ii) Credit risk

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

Trade receivables

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

Cash and cash equivalents

The group held cash and cash equivalents of INR 4,517.25 Lacs as at 31st March 2019 (as at 31st March 2018: INR 6,724.76 Lacs). The cash and cash equivalents are held with banks with good credit ratings.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31st March 2019 (contd...)

42. Financial instruments (contd...)

Other bank balances

The group held other bank balances equivalents of INR 24,524.17 Lacs as at 31st March 2019 (as at 31st March 2018: INR 19,592.72 Lacs). The other bank balances are mainly temporary surplus fund invested in bank fixed deposits and margin money against bank guarantees issued by bank on our behalf.

Investments

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

Other financial assets

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

(iii) Liquidity risk

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

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

Exposure to liquidity risk

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

As at 31st March 2019

INR in Lacs

| | Carrying amount | Contractual cash flows * | | | | |
|--|------------------|--------------------------|------------------|-----------------|---------------|-------------------|
| | | Total | Upto 1 year | 1-3 years | 3-5 years | More than 5 years |
| Non-derivative financial liabilities | | | | | | |
| (i) Borrowings ** | 4,292.20 | 5,034.30 | 2,036.78 | 2,600.49 | 397.03 | - |
| (ii) Other non-current financial liabilities | 810.93 | 810.93 | - | - | - | 810.93 |
| Current financial liabilities | | | | | | |
| (i) Short term borrowings | 6,672.82 | 6,672.82 | 6,672.82 | - | - | - |
| (ii) Trade payables | 41,509.54 | 41,509.54 | 41,509.54 | - | - | - |
| (iii) Other financial liabilities | 2,599.47 | 2,599.47 | 2,599.47 | - | - | - |
| | 55,884.96 | 56,627.06 | 52,818.61 | 2,600.49 | 397.03 | 810.93 |

As at 31st March 2018

INR in Lacs

| | Carrying amount | Contractual cash flows * | | | | |
|--|------------------|--------------------------|------------------|-----------------|-----------------|-------------------|
| | | Total | Upto 1 year | 1-3 years | 3-5 years | More than 5 years |
| Non-derivative financial liabilities | | | | | | |
| (i) Borrowings ** | 5,222.12 | 6,376.81 | 2,363.13 | 2,711.20 | 1,302.48 | - |
| (ii) Other non-current financial liabilities | 885.96 | 885.96 | - | - | - | 885.96 |
| Current financial liabilities | | | | | | |
| (i) Short term borrowings | 11,253.61 | 11,253.61 | 11,253.61 | - | - | - |
| (ii) Trade payables | 36,388.87 | 36,388.87 | 36,388.87 | - | - | - |
| (iii) Other financial liabilities | 2,305.67 | 2,305.67 | 2,305.67 | - | - | - |
| | 56,056.23 | 57,210.92 | 52,311.28 | 2,711.20 | 1,302.48 | 885.96 |

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

** Including current maturity of long term borrowings

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31st March 2019 (contd...)**42. Financial instruments (contd...)**Interest rate risk:

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

Exposure to interest rate risk:

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

| | As at 31st March 2019 INR in Lacs | As at 31st March 2018 INR in Lacs |
|---|---|---|
| Fixed rate instruments | | |
| Financial assets - measured at amortised cost | | |
| Loans to related parties | 225.72 | 878.10 |
| Other bank balances - On deposit account | 8,699.38 | 5,203.88 |
| Other bank balances - On margin money account | 15,780.15 | 14,345.19 |
| | 24,705.25 | 20,427.17 |
| Financial liabilities - measured at amortised cost | | |
| Long term borrowing * | 2,735.35 | 3,129.64 |
| Short term borrowings | 866.03 | 1,460.82 |
| | 3,601.38 | 4,590.46 |
| Variable rate loan | | |
| Financial liabilities - measured at amortised cost | | |
| Long term borrowings * | 1,556.85 | 2,092.48 |
| Short term borrowings | 5,806.79 | 9,792.79 |
| | 7,363.64 | 11,885.27 |

* Including current maturity of long term borrowings

Fair value sensitivity analysis for fixed-rate instruments:

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

Cash flow sensitivity analysis for variable-rate instruments:

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

| | 31st March 2019 | | 31st March 2018 | |
|-------------|--------------------------------|------------------------------|--------------------------------|------------------------------|
| | Increase (-) INR in Lacs | Decrease + INR in Lacs | Increase (-) INR in Lacs | Decrease + INR in Lacs |
| 1% Movement | (73.64) | 73.64 | (118.85) | 118.85 |

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31st March 2019 (contd...)

42. Financial instruments (contd...)

(iv) Market risk

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

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The group's exposure to the risk of changes in market interest rates are managed by major borrowing at fixed interest rates. As at year end the group did not have substantial floating rate borrowings.

Foreign currency risk

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

Exposure to currency risk:

The currency profile of financial assets and financial liabilities as at 31st March 2019 and 31st March 2018 are as below:

As at 31st March 2019

INR in Lacs

| | USD | EUR | SAR | AED | Others |
|--|------------------|--------------|---------------|-----------------|---------------|
| Financial assets | | | | | |
| Loans to subsidiaries | 300.05 | - | - | - | - |
| Cash and cash equivalents | 973.06 | - | - | 382.81 | 129.73 |
| Trade and other receivables | 13,448.92 | - | 560.64 | 1,447.09 | 205.10 |
| | 14,722.03 | - | 560.64 | 1,829.90 | 334.83 |
| Less : Forward exchange contracts | (1,941.42) | - | - | - | - |
| Less : Natural hedge | (4,549.48) | - | (37.48) | (43.38) | (315.86) |
| Net exposure on financial assets | 8,231.13 | - | 523.16 | 1,786.52 | 18.97 |
| | | | | | |
| Financial liabilities | | | | | |
| Trade and other payables | 4,358.89 | 75.92 | 37.48 | 43.38 | 472.67 |
| Borrowings | 190.59 | - | - | - | - |
| | 4,549.48 | 75.92 | 37.48 | 43.38 | 472.67 |
| Less : Forward exchange contracts | - | - | - | - | - |
| Less : Natural hedge | (4,549.48) | - | (37.48) | (43.38) | (315.86) |
| Net exposure on Financial liabilities | - | 75.92 | - | - | 156.81 |
| | | | | | |
| Total net exposure | 8,231.13 | 75.92 | 523.16 | 1,786.52 | 175.78 |

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31st March 2019 (contd...)**42. Financial instruments (contd...)**

As at 31st March 2018

INR in Lacs

| | USD | EUR | SAR | AED | Others |
|--|------------------|--------------|-----------------|---------------|---------------|
| Financial assets | | | | | |
| Loans to subsidiaries | 257.82 | - | - | - | - |
| Cash and cash equivalents | 3,576.68 | - | - | 160.01 | 40.36 |
| Trade and other receivables | 15,490.41 | 59.69 | 1,141.22 | 720.60 | 529.66 |
| | 19,324.91 | 59.69 | 1,141.22 | 880.61 | 570.02 |
| Less : Forward exchange contracts | - | - | - | - | - |
| Less : Natural hedge | (5,597.96) | (59.69) | (26.77) | (51.80) | (272.69) |
| Net exposure on financial assets | 13,726.95 | | 1,114.45 | 828.81 | 297.33 |
| Financial liabilities | | | | | |
| Trade and other payables | 5,394.12 | 88.16 | 26.77 | 51.80 | 335.17 |
| Borrowings | 203.84 | - | - | - | - |
| | 5,597.96 | 88.16 | 26.77 | 51.80 | 335.17 |
| Less : Forward exchange contracts | - | - | - | - | - |
| Less : Natural hedge | (5,597.96) | (59.69) | (26.77) | (51.80) | (272.69) |
| Net exposure on Financial liabilities | | 28.47 | - | - | 62.48 |
| Total net exposure | 13,726.95 | 28.47 | 1,114.45 | 828.81 | 359.81 |

Sensitivity analysis:

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

INR in Lacs

| | Profit or loss | | | |
|--------------------|-----------------|-----------------|-----------------|-----------------|
| | 31st March 2019 | | 31st March 2018 | |
| | Strengthening | Weakening | Strengthening | Weakening |
| 1% movement | | | | |
| USD | 82.31 | (82.31) | 137.27 | (137.27) |
| EUR | 0.76 | (0.76) | 0.28 | (0.28) |
| SAR | 5.23 | (5.23) | 11.14 | (11.14) |
| AED | 17.87 | (17.87) | 8.29 | (8.29) |
| Others | 1.76 | (1.76) | 3.60 | (3.60) |
| | 107.93 | (107.93) | 160.58 | (160.58) |

43. Disclosure as per Ind AS 115

- (a) The group offers wide range of solutions across the water cycle from pre-treatment to process water treatment, waste water treatment, recycle, zero liquid discharge, sewage treatment, packaged drinking water, sea water desalination etc. The company is also engaged in manufacturing resins, speciality chemicals for water and waste water treatment as well as non-water applications.

The type of work in the contracts with the customers involves designing, engineering supply of materials, installation and commissioning of the plant, project management, operations and maintenance. The effect of initially applying Ind AS 115 on the group's revenue from contracts with customers is described in note 3.16.

- (b) Revenue disaggregation as per industry vertical and geography has been included in segment information - Refer note 44

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31st March 2019 (contd...)

43. Disclosure as per Ind AS 115 (contd...)

(c) Contract balances

The following table provides information about receivables, contract assets and contract liabilities from contracts with customers:

| Particulars | 31st March 2019 | 31st March 2018 |
|---|------------------------|------------------------|
| Receivables which are included in trade and other receivables | | |
| Contract assets | | |
| - Accrued value of work done net off provision | 945.88 | 156.72 |
| Contract liabilities | | |
| - Amount due to customers under construction contracts | - | - |
| - Advance from clients | 25,303.18 | 22,769.54 |

As on 31st March 2019, revenue recognised in the current year from performance obligations satisfied/ partially satisfied in the previous year is INR Nil

(d) Performance obligation

The group evaluates whether each contract consists of a single performance obligation or multiple performance obligations. Contracts where the group provides a significant integration service to the customer by combining all the goods and services are concluded to have a single performance obligations. Contracts with no significant integration service, and where the customer can benefit from each unit on its own, are concluded to have multiple performance obligations. In such cases consideration is allocated to each performance obligation, based on standalone selling prices. Where the group enters into multiple contracts with the same customer, the group evaluates whether the contract is to be combined or not by evaluating factors such as commercial objective of the contract, consideration negotiated with the customer and whether the individual contracts have single performance obligations or not.

The group recognises contract revenue over time as the performance creates or enhances an asset controlled by the customer. For such arrangements revenue is recognised using cost based input methods. Revenue is recognised with respect to the stage of completion, which is assessed with reference to the proportion of contract costs incurred for the work performed at the balance sheet date relative to the estimated total contract costs.

Any costs incurred that do not contribute to satisfying performance obligations are excluded from the group's input methods of revenue recognition as the amounts are not reflective of our transferring control of the plant to the customer. Significant judgment is required to evaluate assumptions related to the amount of net contract revenues, including the impact of any performance incentives, liquidated damages, and other forms of variable consideration.

If estimated incremental costs on any contract, are greater than the net contract revenues, the group recognises the entire estimated loss in the period the loss becomes known.

Variations in contract work, claims, incentive payments are included in contract revenue to the extent that may have been agreed with the customer and are capable of being reliably measured.

Dividend income is recorded when the right to receive payment is established. Interest income is recognised using the effective interest method.

Revenue from sale of goods is recognized at the point in time when control of the assets is transferred to the customer, generally on delivery of the goods.

Revenue related to fixed price maintenance and support services contracts where the group is standing ready to provide services is recognised based on time elapsed mode and revenue is straight lined over the period of performance.

(e) Reconciliation of revenue recognised in the statement of profit and loss

The following table discloses the reconciliation of amount of revenue recognised:

INR in Lacs

| Particulars | 31st March 2019 | 31st March 2018 |
|---|------------------------|------------------------|
| Revenue recognised | 116,228.49 | 105,485.96 |
| Add: Incentives | - | - |
| Less: Liquidated damages | - | - |
| Revenue recognised in the statement of profit and loss | 116,228.49 | 105,485.96 |

(f) The Company has adopted Ind AS 115 'Revenue from contracts with customers' effective 1st April 2018. The group has elected the option of the modified retrospective approach and there is no material impact on the measurement of revenue and retained earnings as of 1st April 2018.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31st March 2019 (contd...)**44. Segment****I. Information about business segments**

| | INR in Lacs | | | | |
|---|--------------------|-------------------|--------------------------|-----------------------|--------------------|
| | Engineering | Chemicals | Consumer Products | Other Business | Unallocated |
| | 31.03.2019 | 31.03.2019 | 31.03.2018 | 31.03.2019 | 31.03.2018 |
| Revenue | | | | | |
| External sales | 64,885.17 | 60,670.46 | 40,273.17 | 33,886.95 | 10,990.99 |
| Inter segmental sales | 3,620.11 | 2,805.61 | 2,063.62 | 1,463.66 | 0.03 |
| Total revenue | 68,505.28 | 63,476.07 | 42,336.79 | 35,350.61 | 10,991.02 |
| Less: Eliminations | | | | | |
| Add : Interest income | | | | | |
| Other income | 627.65 | 407.29 | 62.08 | 23.35 | 0.06 |
| Total enterprise revenue | | | | | |
| Result | | | | | |
| Segment results | 5,605.33 | 3,519.70 | 5,637.73 | 4,982.96 | (268.76) |
| Unallocated expenditure net of unallocated income | | | | | |
| Finance cost | | | | | |
| Interest income | | | | | |
| Profit before taxation | | | | | |
| Other Information | | | | | |
| Segment assets | 80,963.48 | 74,100.92 | 23,613.12 | 23,486.49 | 3,523.79 |
| Segment liabilities | 63,750.37 | 55,745.47 | 12,730.63 | 12,967.70 | 2,297.74 |
| Capital expenditure | 590.96 | 4,917.98 | 1,846.01 | 732.32 | 36.99 |
| Depreciation | 757.14 | 268.49 | 978.83 | 843.79 | 42.05 |
| Non cash expenditure other than depreciation | 790.95 | 160.57 | 556.97 | 110.63 | 66.92 |
| | | | | | |

II. Information about geographical segments

| | India | Outside India | Total |
|--|-------------------|----------------------|-------------------|
| | 31.03.2019 | 31.03.2018 | 31.03.2019 |
| External revenue | 80,011.11 | 71,600.20 | 36,217.38 |
| Carrying amount of segment assets | 95,485.98 | 75,803.74 | 21,038.64 |
| Additions to property, plant and equipment | 2,634.33 | 5,856.39 | 64.55 |
| | | | |

III. Notes:

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31st March 2019 (contd...)
45. Related party disclosures (As identified by the management):

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

* Associate companies of subsidiaries

** Ion Exchange Environment Management Ltd. (Formerly known as Ion Exchange Waterleau Ltd.), a joint venture of the company has become a wholly owned subsidiary of the company w.e.f. 20th August 2018.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31st March 2019 (contd...)**45. Related party disclosures (contd...)**

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

INR in Lacs

| Particulars | Associates | | Others | | Total | |
|---|-----------------|-----------------|--------------|-------------|-----------------|-----------------|
| | 2018-19 | 2017-18 | 2018-19 | 2017-18 | 2018-19 | 2017-18 |
| Sale of goods * | | | | | | |
| Aquanomics Systems Ltd. | 5,597.91 | 4,188.48 | - | - | 5,597.91 | 4,188.48 |
| Ion Exchange PSS Co. Ltd., Thailand | 105.45 | 30.24 | - | - | 105.45 | 30.24 |
| Ion Foundation | - | - | 22.81 | 8.20 | 22.81 | 8.20 |
| Total | 5,703.36 | 4,218.72 | 22.81 | 8.20 | 5,726.17 | 4,226.92 |
| Services rendered | | | | | | |
| Ion Exchange Environment Management Ltd. (formerly known as Ion Exchange Waterleau Ltd.) | - | 1.46 | - | - | - | 1.46 |
| Total | - | 1.46 | - | - | - | 1.46 |
| Rental income | | | | | | |
| Ion Exchange Environment Management Ltd. (formerly known as Ion Exchange Waterleau Ltd.) | - | 15.33 | - | - | - | 15.33 |
| Total | - | 15.33 | - | - | - | 15.33 |
| Interest income on loan and advances | | | | | | |
| Ion Exchange Environment Management Ltd. (formerly known as Ion Exchange Waterleau Ltd.) | - | 165.75 | - | - | - | 165.75 |
| Total | - | 165.75 | - | - | - | 165.75 |
| Management fees | | | | | | |
| Aquanomics Systems Ltd. | 77.00 | 66.35 | - | - | 77.00 | 66.35 |
| Total | 77.00 | 66.35 | - | - | 77.00 | 66.35 |
| Purchase of goods * | | | | | | |
| Aquanomics Systems Ltd. | 81.25 | 109.47 | - | - | 81.25 | 109.47 |
| Ion Exchange Environment Management Ltd. (formerly known as Ion Exchange Waterleau Ltd.) | - | 0.68 | - | - | - | 0.68 |
| Total | 81.25 | 110.15 | - | - | 81.25 | 110.15 |
| Services received | | | | | | |
| Ion Exchange Environment Management Ltd. (formerly known as Ion Exchange Waterleau Ltd.) | - | 164.61 | - | - | - | 164.61 |
| Total | - | 164.61 | - | - | - | 164.61 |
| Loans and advances given | | | | | | |
| Ion Exchange PSS Co. Ltd. | 116.59 | 106.44 | - | - | 116.59 | 106.44 |
| Ion Exchange Environment Management Ltd. (formerly known as Ion Exchange Waterleau Ltd.) | - | 228.16 | - | - | - | 228.16 |
| Ion Foundation | - | - | 0.03 | - | 0.03 | - |
| Total | 116.59 | 334.60 | 0.03 | - | 116.62 | 334.60 |

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31st March 2019 (contd...)

45. Related party disclosures (contd...)

I. Related party-wise transactions during the year with outstanding balances as at year-end: (contd...) INR in Lacs

| Particulars | Associates | | Others | | Total | |
|---|-------------|-------------|---------------|---------------|---------------|---------------|
| | 2018-19 | 2017-18 | 2018-19 | 2017-18 | 2018-19 | 2017-18 |
| Loans and advances repaid | | | | | | |
| Aquanomics Systems Ltd | - | 0.02 | - | - | - | 0.02 |
| Ion Exchange Financial Products Pvt. Ltd. | 2.75 | 2.50 | - | - | 2.75 | 2.50 |
| Ion Foundation | - | - | 0.03 | - | 0.03 | - |
| Total | 2.75 | 2.52 | 0.03 | - | 2.78 | 2.52 |
| Dividend paid | | | | | | |
| Aquanomics Systems Ltd. | 0.04 | 0.04 | - | - | 0.04 | 0.04 |
| Ion Exchange Financial Products Pvt. Ltd. | 1.76 | 1.76 | - | - | 1.76 | 1.76 |
| Mr. Rajesh Sharma | - | - | 27.34 | 27.34 | 27.34 | 27.34 |
| Mr. Dinesh Sharma | - | - | 20.60 | 20.60 | 20.60 | 20.60 |
| Mr. Aankur Patni | - | - | 8.91 | 8.91 | 8.91 | 8.91 |
| Mr. Mahabir Prasad Patni | - | - | 24.91 | 24.91 | 24.91 | 24.91 |
| Dr. V. N. Gupchup | - | - | 3.80 | 3.79 | 3.80 | 3.79 |
| Mr. Abhiram Seth | - | - | 2.76 | 2.76 | 2.76 | 2.76 |
| Mr. T. M. M. Nambiar | - | - | 1.97 | 1.97 | 1.97 | 1.97 |
| Mr. P. Sampath Kumar | - | - | 0.88 | 0.88 | 0.88 | 0.88 |
| Relatives of Key Management Personnel | - | - | 5.91 | 5.91 | 5.91 | 5.91 |
| Total | 1.80 | 1.80 | 97.08 | 97.07 | 98.88 | 98.87 |
| Remuneration to directors | | | | | | |
| Mr. Rajesh Sharma | - | - | 409.22 | 370.82 | 409.22 | 370.82 |
| Mr. Dinesh Sharma | - | - | 177.41 | 166.08 | 177.41 | 166.08 |
| Mr. Mahabir Prasad Patni | - | - | 90.72 | 85.79 | 90.72 | 85.79 |
| Mr. Aankur Patni | - | - | 174.13 | 167.93 | 174.13 | 167.93 |
| Total | - | - | 851.48 | 790.62 | 851.48 | 790.62 |
| Commission to executive directors | | | | | | |
| Mr. Rajesh Sharma | - | - | 75.00 | - | 75.00 | - |
| Mr. Dinesh Sharma | - | - | 37.50 | - | 37.50 | - |
| Mr. Aankur Patni | - | - | 37.50 | - | 37.50 | - |
| Total | - | - | 150.00 | - | 150.00 | - |
| Director sitting fees | | | | | | |
| Mr. Rajesh Sharma | - | - | 1.25 | 1.35 | 1.25 | 1.35 |
| Mr. Dinesh Sharma | - | - | 1.00 | 1.25 | 1.00 | 1.25 |
| Mr. Aankur Patni | - | - | 1.25 | 1.25 | 1.25 | 1.25 |
| Mr. Mahabir Prasad Patni | - | - | 3.50 | 3.25 | 3.50 | 3.25 |
| Dr. V. N. Gupchup | - | - | 7.40 | 8.20 | 7.40 | 8.20 |
| Mr. T. M. M. Nambiar | - | - | 5.70 | 4.25 | 5.70 | 4.25 |
| Mr. P. Sampath Kumar | - | - | 2.75 | 3.25 | 2.75 | 3.25 |
| Mr. Abhiram Seth | - | - | 5.95 | 3.50 | 5.95 | 3.50 |
| Mr. Shishir Tamotia | - | - | 3.25 | 3.25 | 3.25 | 3.25 |
| Mrs. Kishori Udeshi | - | - | 3.85 | 7.35 | 3.85 | 7.35 |
| Total | - | - | 35.90 | 36.90 | 35.90 | 36.90 |

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31st March 2019 (contd...)**45. Related party disclosures (contd...)**

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

INR in Lacs

| Particulars | Associates | | Others | | Total | |
|--|-----------------|-----------------|---------------|---------------|-----------------|-----------------|
| | 2018-19 | 2017-18 | 2018-19 | 2017-18 | 2018-19 | 2017-18 |
| Directors commission | | | | | | |
| Mr. Mahabir Prasad Patni | - | - | 14.00 | 10.00 | 14.00 | 10.00 |
| Dr. V. N. Gupchup | - | - | 14.00 | 10.00 | 14.00 | 10.00 |
| Mr. T. M. M. Nambiar | - | - | 14.00 | 10.00 | 14.00 | 10.00 |
| Mr. P. Sampath Kumar | - | - | 14.00 | 10.00 | 14.00 | 10.00 |
| Mr. Abhiram Seth | - | - | 14.00 | 10.00 | 14.00 | 10.00 |
| Mr. Shishir Tamotia | - | - | 14.00 | 10.00 | 14.00 | 10.00 |
| Mrs. Kishori Udeshi | - | - | 14.00 | 10.00 | 14.00 | 10.00 |
| Total | - | - | 98.00 | 70.00 | 98.00 | 70.00 |
| CSR expenses | | | | | | |
| Ion Foundation | - | - | 124.40 | 98.60 | 124.40 | 98.60 |
| Total | - | - | 124.40 | 98.60 | 124.40 | 98.60 |
| Corporate guarantees discharged | | | | | | |
| Ion Exchange PSS Co. Ltd. | - | 387.70 | - | - | - | 387.70 |
| Total | - | 387.70 | - | - | - | 387.70 |
| Contribution to post-employment benefit plans | | | | | | |
| Ion Exchange (India) Ltd.'s Provident Institution | - | - | 164.16 | 151.92 | 164.16 | 151.92 |
| Ion Exchange (India) Ltd.'s Management Staff Gratuity Fund | - | - | 123.00 | 85.00 | 123.00 | 85.00 |
| Ion Exchange Staff Superannuation Scheme | - | - | 155.26 | 146.43 | 155.26 | 146.43 |
| Ion Exchange India Ltd. – Gratuity Fund Trust | - | - | 41.30 | 20.76 | 41.30 | 20.76 |
| Total | - | - | 483.72 | 404.11 | 483.72 | 404.11 |
| Outstanding loans and advances | | | | | | |
| Ion Exchange Financial Products Pvt. Ltd.** | 19.50 | 22.25 | - | - | 19.50 | 22.25 |
| Ion Exchange PSS Co. Ltd. | 225.72 | 119.53 | - | - | 225.72 | 119.53 |
| Ion Exchange Environment Management Ltd. (formerly known as Ion Exchange Waterleau Ltd.) | - | 758.57 | - | - | - | 758.57 |
| Total | 245.22 | 900.35 | - | - | 245.22 | 900.35 |
| Outstanding receivables (Net of payable) excluding loans and advances | | | | | | |
| Aquanomics Systems Ltd. | 1,411.16 | 1,182.13 | - | - | 1,411.16 | 1,182.13 |
| IEI Water Tech (M) Sdn. Bhd., Malaysia | 3.23 | 3.04 | - | - | 3.23 | 3.04 |
| Ion Exchange PSS Co. Ltd., Thailand | 436.99 | 449.56 | - | - | 436.99 | 449.56 |
| Ion Exchange Environment Management Ltd. (formerly known as Ion Exchange Waterleau Ltd.) | - | 241.22 | - | - | - | 241.22 |
| Ion Foundation | - | - | - | 0.07 | - | 0.07 |
| Total | 1,851.38 | 1,875.95 | - | 0.07 | 1,851.38 | 1,876.02 |
| Corporate guarantees (Outstanding) | | | | | | |
| Aquanomics Systems Ltd. | 1,100.00 | 1,100.00 | - | - | 1,100.00 | 1,100.00 |
| Ion Exchange PSS Co. Ltd., Thailand | 148.46 | 141.84 | - | - | 148.46 | 141.84 |
| Total | 1,248.46 | 1,241.84 | - | - | 1,248.46 | 1,241.84 |

* 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 2019 (contd...)

- 46.** In response to the SEBI (Collective Investment Schemes) Regulations, 1999 (the "Guidelines"), notified by Securities and Exchange Board of India (SEBI) on 15th October 1999, Ion Exchange Enviro Farms Limited (IEEFL) had applied for registration to SEBI on 14th December 1999. In response, SEBI had granted provisional registration to IEEFL on 13th February 2001, subject to certain conditions. The provisional registration was subsequently extended and expired on 13th February 2003.

IEEFL applied to SEBI seeking exemptions from provisions of the regulations, because it was not able to comply with certain requirements of SEBI (CIS) Regulations, 1999. The SEBI did not grant exemption and further vide letter dated 7th January 2003, SEBI called upon IEEFL to show cause why the provisional registration granted to it should not be revoked. After hearing IEEFL's submission, SEBI vide order dated 27th November 2003 directed IEEFL to wind up the scheme and refund the monies with returns to investors.

Against the aforesaid order IEEFL filed an appeal before Securities Appellate Tribunal (SAT) which vide its order pronounced on 5th May 2006 upheld that SEBI order in so far as it relates to refund the monies along with the return to the investors by IEEFL and to wind up of the scheme.

IEEFL had filed appeal against the order of SAT in Hon'ble Supreme Court of India on 4th July 2006. The Hon'ble Supreme Court of India dismissed the IEEFL's appeal on 26th February 2013. IEEFL, in order to comply with SAT order dated 5th May 2006 had submitted a letter on 17th May 2013 to SEBI seeking its directions to comply with the SAT order.

Subsequent to this there was a meeting with SEBI officials on 27th November 2013, wherein some additional details about compliance of the scheme and financial results etc. were called for which have been duly complied with vide letter dated 13th December 2013. Pursuant to this, IEEFL has initiated actions in line with the aforesaid meetings with SEBI officials and letters submitted to SEBI.

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

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

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

- 47.** Maintenance expenses recoverable of Ion Exchange Enviro Farms Limited (IEEFL), represent expenses incurred on sites sold under the scheme, which are to be recovered from future income generated by sale of intercrops and main crops. The recovery is dependent on farm activities. The Management expects that there will be sufficient future returns from crop/land sales to completely recover all these expenses.

No provision is considered necessary by the management for the balance as at the end of INR 263.48 Lacs (31st March 2018: INR 268.60 Lacs) as future returns from crop sales and sale of land will be available to recover the same.

- 48.** Security deposit for land INR 238.88 Lacs (31st March 2018: INR 183.05 Lacs) represents amount paid by Ion Exchange Enviro Farms Limited (IEEFL) for acquiring agricultural land, inclusive of stamp duty and registration charges, which are unsold as at 31st March 2018. IEEFL has conducted valuation of land and found the market value are higher than the original cost and hence the company has not made provision for the same.

- 49.** Advances for repurchase INR 319.31 Lacs (31st March 2018: INR 319.31 Lacs) represents amounts paid by Ion Exchange Enviro Farms Limited (IEEFL) to investors for purchase of sites sold to them in earlier years, at prices announced by the IEEFL from time to time. These amounts are paid to investors on their execution of an irrevocable Power of Attorney in favour of the IEEFL's nominees for sale thereof at future date.

- 50.** Capital expenditure incurred on research and development during the year is INR 65.00 Lacs (2017-18: INR 71.69 Lacs). Revenue expenditure of INR 736.96 Lacs (2017-18: INR 728.67 Lacs) incurred on research and development has been expensed to the statement of profit and loss under various expense heads.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31st March 2019 (contd...)**51. Lease****A. Operating Lease**Group as lessee:

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

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

| | 31st March 2019 INR in Lacs | 31st March 2018 INR in Lacs |
|---|--|--|
| Within one year | Nil | 63.41 |
| After one year but not more than five years | Nil | Nil |
| More than five years | Nil | Nil |

Group as lessor:

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

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

| | 31st March 2019 INR in Lacs | 31st March 2018 INR in Lacs |
|---|--|--|
| Within one year | 21.60 | 76.94 |
| After one year but not more than five years | 70.38 | Nil |
| More than five years | Nil | Nil |

B. Finance LeaseGroup as lessee

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

| | 31st March 2019 INR in Lacs | 31st March 2018 INR in Lacs |
|---|--|--|
| Total minimum lease payments at the year end | 794.23 | 487.86 |
| Less: Amount representing finance charges | 127.35 | 83.83 |
| Present value of minimum lease payments (Rate of interest: 4.95% p.a. to 10.94% p.a.) | 666.88 | 404.03 |
| Minimum lease payments: | | |
| Not later than one year [Present value INR 676.02 Lacs as on 31st March 2019 (INR 580.62 Lacs as on 31st March 2018)] | 781.48 | 706.65 |
| Later than one year but not later than five years [Present value INR 648.15 Lacs as on 31st March 2019 (INR 536.60 Lacs as on 31st March 2018)] | 764.66 | 687.68 |

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31st March 2019 (contd...)

52. Capital and other commitments

Estimated amount of contracts (net of advances) remaining to be executed on capital account not provided for is INR 304.14 Lacs (31st March 2018: INR 76.04 Lacs).

53. Contingent liabilities

Contingent liabilities not provided for:

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

- i) Associates – INR 1,248.46 Lacs (31st March 2018: INR 1,241.84 Lacs)
- ii) Others – INR 38.88 Lacs (31st March 2018: INR 38.88 Lacs)

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

- i) Income tax – INR 329.56 Lacs (31st March 2018: INR 285.27 Lacs)
- ii) Excise duty – INR 16.79 Lacs (31st March 2018: INR 16.79 Lacs)
- iii) Service tax – INR 5.84 Lacs (31st March 2018: INR 12.79 Lacs)
- iv) Sales tax / VAT – INR 1,664.89 Lacs (31st March 2018: INR 1,024.98 Lacs)
- v) Customs Duty – Nil (31st March 2018: INR 22.58 Lacs)

(c) Claims against the group arising in the course of business not acknowledged as debts (to the extent ascertainable) INR 1,747.41 Lacs (31st March 2018: 1,747.41 Lacs).

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

54. 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 2019 INR in Lacs | 31st March 2018 INR in Lacs |
|---|--|--|
| The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year | | |
| Principal amount due to micro and small enterprises | 553.91 | 132.79 |
| Interest due on above | 23.43 | 7.67 |
| | 577.34 | 140.46 |
| 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. | 62.81 | 39.38 |
| 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. | - | - |

55. Back charges represent reimbursement of costs incurred by customers on the group's behalf in the course of contract execution.

56. Capital advance includes amount of INR 25.33 Lacs (31st March 2018: INR 25.33 Lacs) paid for acquiring furnished office premises at Hyderabad, the ownership of which is under legal dispute for which transfer formalities are in progress.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31st March 2019 (contd...)**57. Equity accounted investees**

Information of interest of the group in its equity accounted investees:

| | Note reference | 31st March 2019 | 31st March 2018 |
|----------------------------|--------------------|-----------------|-----------------|
| | | INR in Lacs | INR in Lacs |
| Interest in Joint Ventures | See Note (A) below | - | (40.66) |
| Interest in Associates | See Note (B) below | 344.37 | 297.93 |

[A] Interest in joint ventures

| Sr No | Name | Country of Incorporation | Proportion of Ownership Interest | |
|-------|---|--------------------------|----------------------------------|-----------------|
| | | | 31st March 2019 | 31st March 2018 |
| 1 | Ion Exchange Environment Management Ltd. * (Formerly known as Ion Exchange Waterleau Ltd.) | India | - | 50.00% |

* Ion Exchange Environment Management Ltd. (Formerly known as Ion Exchange Waterleau Ltd.), a joint venture of the company has become a wholly owned subsidiary of the company w.e.f. 20th August 2018.

The principal place of business of the entity listed above is the same as their respective country of incorporation.

Note :

Ion Exchange Environment Management Ltd. (Formerly known as Ion Exchange Waterleau Ltd.) provides single point responsibility of total environmental solutions for industrial and municipal needs for waste water and sewage treatment, solid waste treatment and disposal, hazardous waste management, air pollution control and renewable energy generation.

The following table comprises the financial information of the group's joint venture and their respective carrying amount.

| | Ion Exchange Environment Management Ltd. (Formerly known as Ion Exchange Waterleau Ltd.) |
|--|--|
| | 31st March 2018 INR in Lacs |
| Percentage ownership interest | 50% |
| Summarised financial information (Net of consolidated adjustments) | |
| Non current assets | 26.01 |
| Current assets (Excluding cash and cash equivalent) | 158.10 |
| Cash and cash equivalent | 8.84 |
| Non Current liabilities (Non current liabilities other than trade payables and other non current liabilities and provisions) | (7.26) |
| Current liabilities (Current liabilities other than trade payables and other current liabilities and provisions) | (34.21) |
| Trade Payables and other current liabilities | (232.80) |
| Net assets | (81.32) |
| % of Group share of net assets | 50.00% |
| Groups share of net assets | (40.66) |
| Carrying amount of interest in Joint Ventures recognised as liability for equity accounted investees in other financial liabilities | (40.66) |

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31st March 2019 (contd...)

57. Equity accounted investees (contd...)

| | Ion Exchange Environment Management Ltd. (Formerly known as Ion Exchange Waterleau Ltd.) |
|---|--|
| | Year ended 31st March 2018 |
| | INR in Lacs |
| Revenue | 166.01 |
| Interest income | - |
| Depreciation and amortisation | (2.58) |
| Interest expense | (165.76) |
| Income tax expense | - |
| Other comprehensive income | - |
| Total comprehensive income | (141.11) |
| Groups share of profit | (70.56) |
| Groups share of OCI | - |
| Groups share of total comprehensive income | (70.56) |
| Dividend received from the joint venture | - |

[B] Interest in associates

(I) List of material associates of the group

| Sr No | Name | Country of Incorporation | 31st March 2019 | 31st March 2018 |
|-------|----------------------------|--------------------------|-----------------|-----------------|
| 1 | Aquanomics Systems Limited | India | 48.42% | 48.42% |

The principal place of business of the entity listed above is the same as their respective country of incorporation.

Fair Value of material listed associates

There is no material listed associate of the Group

The following table comprises the financial information of the group's material associates and their respective carrying amount.

| | Aquanomics Systems Limited | |
|---|-----------------------------------|------------------------|
| | 31st March 2019 | 31st March 2018 |
| | INR in Lacs | INR in Lacs |
| Percentage ownership interest | 48.42% | 48.42% |
| Summarised financial information (Net of consolidated adjustments) | | |
| Non-current assets | 80.29 | 80.57 |
| Current assets (Excluding cash and cash equivalent) | 2,899.51 | 2,375.61 |
| Cash and cash equivalent | 292.68 | 85.40 |
| Non Current liabilities (Non-current liabilities other than trade payables and other Non-current liabilities and provisions) | (29.59) | (25.14) |
| Current liabilities (Current liabilities other than trade payables and other current liabilities and provisions) | (9.69) | (384.55) |
| Trade payables and other current liabilities | (2,521.99) | (1,516.59) |
| Net assets | 711.21 | 615.30 |
| Groups share of net assets | 344.37 | 297.93 |
| Carrying amount of interest in associates | 344.37 | 297.93 |

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31st March 2019 (contd...)**57. Equity accounted investees (contd...)**

| | Aquanomics Systems Limited | |
|---|---|---|
| | Year ended 31st March 2019 INR in Lacs | Year ended 31st March 2018 INR in Lacs |
| Revenue | 7,734.81 | 6,649.56 |
| Interest income | 5.60 | 5.64 |
| Depreciation and amortization | 8.25 | 9.02 |
| Interest expense | 24.51 | 35.88 |
| Income tax expense | 74.24 | 61.50 |
| Other Comprehensive income | (0.01) | - |
| Total comprehensive income | 118.22 | 120.27 |
| Groups share of profit | 57.24 | 58.24 |
| Consolidated adjustments | 3.00 | 8.76 |
| Groups share of OCI | - | - |
| Groups share of total comprehensive Income | 60.24 | 67.00 |
| Dividend received from the associate | 13.80 | 9.20 |

58. Non controlling interests

Below is the list of partly owned subsidiaries of the group and the respective share of the non-controlling interests.

| Sr No | Name | Country of Incorporation | Non-controlling interest | |
|--------------|--|---------------------------------|---------------------------------|------------------------|
| | | | 31st March 2019 | 31st March 2018 |
| 1 | Ion Exchange And Co. LLC | Oman | 49.00% | 49.00% |
| 2 | Ion Exchange Safic Pty Ltd. | South Africa | 40.00% | 40.00% |
| 3 | Global Composite And Structural Ltd. | India | 26.08% | 26.08% |
| 4 | Ion Exchange Enviro Farms Ltd. | India | 20.40% | 20.40% |
| 5 | Ion Exchange Projects and Engineering Ltd. | India | 8.19% | 8.19% |
| 6 | Aqua Investments (India) Ltd. | India | 0.58% | 0.58% |
| 7 | Watercare Investments (India) Ltd. | India | 0.57% | 0.57% |
| 8 | Total Water Management Services (India) Ltd. | India | 29.81% | 29.81% |
| 9 | PT Ion Exchange Asia Pacific | Indonesia | 5.00% | 5.00% |

The following table comprises the information relating to each of the groups subsidiaries that has material NCI, before any intra group eliminations.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31st March 2019 (contd...)

58. Non controlling interests (Contd...)

31st March 2019

INR in Lacs

| Particulars | Ion Exchange LLC - Oman* | Ion Exchange Sagic Pty Ltd.* | Global Composite and Structurals Ltd. | Ion Exchange Enviro Farms Ltd. |
|--|--------------------------|------------------------------|---------------------------------------|--------------------------------|
| NCI percentage | 49.00% | 40.00% | 26.08% | 20.40% |
| Non current assets | 126.67 | 18.19 | 501.49 | 1,248.24 |
| Current assets | 1,181.77 | 356.86 | 451.00 | 23.87 |
| Non current liabilities | (40.74) | - | - | (3,767.62) |
| Current liabilities | (406.18) | (764.89) | (2,751.18) | (495.69) |
| Net assets | 861.52 | (389.84) | (1,798.69) | (2,991.20) |
| Net assets attributable to NCI | 422.14 | (155.94) | (469.10) | (610.20) |
| Revenue | 2,245.79 | 801.11 | 1,001.34 | 186.27 |
| Profit/(Loss) | 285.38 | (101.02) | (58.93) | (300.25) |
| Other comprehensive income | - | - | - | 0.18 |
| Total comprehensive income | 285.38 | (101.02) | (58.93) | (300.07) |
| Profit allocated to NCI | 139.84 | (40.41) | (15.37) | (61.21) |
| OCI allocated to NCI | - | - | - | - |
| Total comprehensive income allocated to NCI | 139.84 | (40.41) | (15.37) | (61.21) |
| Cash flow from operating activities | 485.95 | (186.46) | 236.33 | 32.17 |
| Cash flow from investing activities | (46.77) | 1.10 | 0.75 | - |
| Cash flow from financing activities | (162.29) | 198.97 | (236.89) | (32.10) |
| Net increase/ (decrease) in cash and cash equivalents | 276.89 | 13.61 | (0.19) | 0.07 |
| Dividends paid to Non-controlling interest | 79.74 | - | - | - |

31st March 2018

INR in Lacs

| Particulars | Ion Exchange LLC - Oman* | Ion Exchange Sagic Pty Ltd.* | Global Composite and Structurals Ltd. | Ion Exchange Enviro Farms Ltd. |
|---|--------------------------|------------------------------|---------------------------------------|--------------------------------|
| NCI percentage | 49.00% | 40.00% | 26.08% | 20.40% |
| Non current assets | 104.86 | 40.57 | 550.19 | 1,204.96 |
| Current assets | 1,148.49 | 311.90 | 693.77 | 25.02 |
| Non current liabilities | (36.71) | - | - | (3,745.31) |
| Current liabilities | (423.72) | (699.90) | (3,001.98) | (175.81) |
| Net assets | 792.92 | (347.43) | (1,758.02) | (2,691.14) |
| Net assets attributable to NCI | 388.53 | (138.97) | (458.49) | (548.99) |
| Revenue | 1,821.57 | 739.44 | 497.25 | 108.66 |
| Profit/(Loss) | 237.42 | (52.50) | (208.11) | (379.84) |
| Other Comprehensive Income | - | - | - | 0.04 |
| Total Comprehensive Income | 237.42 | (52.50) | (208.11) | (379.80) |
| Profit allocated to NCI | 116.33 | (21.00) | (54.27) | (77.49) |
| OCI allocated to NCI | - | - | - | - |
| Total comprehensive income allocated to NCI | 116.33 | (21.00) | (54.27) | (77.49) |
| Cash flow from operating activities | 58.48 | 164.82 | 157.85 | 30.58 |
| Cash flow from investing activities | (23.84) | (3.84) | 0.75 | 0.94 |
| Cash flow from financing activities | (167.77) | (90.63) | (172.16) | (25.76) |
| Net increase / (decrease) in cash and cash equivalents | (133.13) | 70.35 | (13.56) | 5.76 |
| Dividends paid to Non-controlling interest | 76.61 | - | - | - |

* Adapted as per Ind AS for Consolidation

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31st March 2019 (contd...)

59. Service concession arrangement

Ion Exchange Purified Drinking Water Private Limited (IEPDWPL), has entered into a service concession arrangement with Indian Railways Catering and Tourism Corporation Limited (IRCTC) the regulator, to construct, operate and maintain a packaged drinking water plant ('The plant').

Under the terms of agreement, the IEPDWPL is to construct, operate and maintain the plant and supply packaged drinking water (PDW) in PET bottles exclusively to regulator for the period starting on the commencement date i.e 20th December 2013 and ending on 30th September 2029.

The plant will be transferred to IRCTC at the end of the service concession period.

The IEPDWPL in turn has a right to charge the regulator at the agreed rate as stated in the service concession arrangement. Further, IRCTC has assured minimum sales volume during the concession period.

60. In the current year, Ion Exchange Environment Management Ltd. (formerly known as Ion Exchange Waterleau Ltd.) a joint venture of the company has become a wholly owned subsidiary of the company w.e.f. 20th August 2018. On acquisition a goodwill of INR 863.10 Lacs has been created.

61. In the previous year, i.e. in the financial year 2017-18, Astha Technical Services Limited, an associate was amalgamated with Total Water Management Services (India) Limited w.e.f. 1st April 2017 as per order of The National Company Law Tribunal, Mumbai Bench dated 24th August 2017. On amalgamation adjustment on change in investment in subsidiaries and associates in retained earnings was INR 56.01 Lacs and minority interest was credited by INR 2.89 Lacs which was included in Other Equity.

62. Ion Exchange And Company LLC, Oman has applied transition relief on introducing of expected credit loss method for the impairment of financial assets and difference arising from the adoption of expected credit loss method in relation to classification, measurement and impairment total amounting to INR 100.87 Lacs had been recognized. The same has been debited to retained earnings INR 50.84 Lacs and minority interest INR 50.03 Lacs.

63. Capital Management

The group's objective is to maximise the shareholders' value by maintaining an optimum capital structure. Management monitors the return on capital as well as the debt equity ratio and makes necessary adjustments in the capital structure for the development of the business.

The group's debt to equity ratio as at 31st March 2019 was 0.42 (31st March 2018: 0.82)

Note: For the purpose of computing debt to equity ratio, Equity includes Equity share capital and Other equity and Debt includes Long term borrowings, Short term borrowings and Current maturities of long term borrowings.

64. Other Amendments on the existing standard but not effective

A number of other accounting standards have been modified on miscellaneous issues with effect from 1st April 2019. Such changes include clarification/guidance on:

- (a) Income tax consequences in case of dividends [Ind AS 12 – Income Taxes (amendments relating to income tax consequences of dividend)];
- (b) Accounting for income tax when there is uncertainty over income tax treatment of an item by tax authorities [Ind AS 12 – Income Taxes (amendments relating to uncertainty over income tax treatments)];
- (c) Accounting treatment for specific borrowings post capitalization of corresponding qualifying asset [Ind AS 23 – Borrowing Costs];
- (d) Accounting for prepayment features with negative compensation in case of debt instruments [Ind AS 109 – Prepayment Features with Negative Compensation];
- (e) Accounting for plan amendment, curtailment or settlement occurring in-between the reporting periods in case of long-term employee benefit plans [Ind AS 19 – Plan Amendment, Curtailment or Settlement];
- (f) Ind AS 116 Leases - On 30th March 2019, the Ministry of Corporate Affairs (MCA) notified Ind AS 116, 'Leases' as part of the Companies [Indian Accounting Standards (Ind AS)] Amendment Rules, 2019. Ind AS 116 replaces existing standard on leases i.e. Ind AS 17, Leases with effect from accounting periods beginning on or after 1st April 2019.

It eliminates the classification of leases as either finance leases or operating leases for a lessee as required by Ind AS 17. Ind AS 116 introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value.

A lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. Requirements with regard to lessor accounting are substantially similar to accounting requirements contained in Ind AS 17. Accordingly, a lessor will continue to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

The group's operating leases mainly relate to real estate assets such as house property which are on short term lease. The group has completed its preliminary evaluation of the possible impact of Ind AS 116 and has concluded that the standard will not have material impact on the financial statements.

The above amendments will come into force from 1st April 2019. The company does not expect the effect of this on the financial statements to be material, based on preliminary evaluation.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31st March 2019 (contd...)

- 65.** Statement of net assets, profit and loss and other comprehensive income attributable to owners and non-controlling interest for the year ending 31st March 2019

| | Name of the entity | Country of incorporation | Net assets, i.e. total assets, minus total liabilities | | Share in profit and loss | | Share in other comprehensive income | | Share in total comprehensive income | |
|---------------------|---|--------------------------|--|--------------------|--------------------------------------|--------------------|---|--------------------|---|--------------------|
| | | | As % of consolidated net assets | Amount INR in Lacs | As % of consolidated profit and loss | Amount INR in Lacs | As % of consolidated other comprehensive income | Amount INR in Lacs | As % of consolidated total comprehensive income | Amount INR in Lacs |
| | Ion Exchange (India) Limited | India | 117.53 | 37,434.94 | 100.10 | 6,658.84 | 9.12 | (52.68) | 108.75 | 6,606.16 |
| Subsidiaries | | | | | | | | | | |
| 1 | Ion Exchange Enviro Farms Ltd. | India | (9.39) | (2,991.21) | (4.51) | (300.25) | (0.03) | 0.18 | (4.94) | (300.07) |
| 2 | Watercare Investments (India) Ltd. | India | 2.60 | 829.64 | 0.20 | 13.08 | 38.09 | (219.97) | (3.41) | (206.89) |
| 3 | Aqua Investments (India) Ltd. | India | 3.54 | 1,127.12 | 0.23 | 15.62 | 52.52 | (303.30) | (4.74) | (287.68) |
| 4 | Ion Exchange Asia Pacific Pte. Ltd. | Singapore | 0.25 | 80.55 | (1.21) | (80.39) | - | - | (1.32) | (80.39) |
| 5 | Ion Exchange Asia Pacific (Thailand) Ltd. | Thailand | (1.94) | (617.52) | 0.18 | 11.96 | - | - | 0.20 | 11.96 |
| 6 | PT Ion Exchange Asia Pacific | Indonesia | 0.31 | 97.64 | (0.41) | (26.96) | - | - | (0.44) | (26.96) |
| 7 | IEI Environmental Management (M) Sdn. Bhd. | Malaysia | (0.60) | (191.83) | (0.34) | (22.81) | - | - | (0.38) | (22.81) |
| 8 | Ion Exchange Environment Management (BD) Ltd. | Bangladesh | 0.95 | 303.00 | 0.67 | 44.38 | - | - | 0.73 | 44.38 |
| 9 | Ion Exchange WTS (Bangladesh) Ltd. | Bangladesh | (0.01) | (4.16) | (0.01) | (0.38) | - | - | (0.01) | (0.38) |
| 10 | Ion Exchange LLC | USA | 0.07 | 21.26 | 3.65 | 243.01 | - | - | 4.00 | 243.01 |
| 11 | Ion Exchange And Company LLC * | Oman | 2.70 | 861.52 | 4.29 | 285.38 | - | - | 4.70 | 285.38 |
| 12 | Ion Exchange Projects And Engineering Ltd. | India | (3.99) | (1,272.15) | 0.51 | 33.84 | 0.31 | (1.78) | 0.53 | 32.06 |
| 13 | Global Composites And Structural Ltd. | India | (5.65) | (1,798.70) | (0.89) | (58.93) | - | - | (0.97) | (58.93) |
| 14 | Total Water Management Services (India) Ltd. | India | 0.15 | 47.91 | (0.16) | (10.83) | - | - | (0.18) | (10.83) |
| 15 | Ion Exchange Safic Pty. Ltd. | South Africa | (1.22) | (389.84) | (1.42) | (94.73) | - | - | (1.56) | (94.73) |
| 16 | Ion Exchange Purified Drinking Water Pvt. Ltd. | India | 0.11 | 36.53 | 0.99 | 66.00 | - | - | 1.09 | 66.00 |
| 17 | Ion Exchange Environment Management Ltd. (formerly known as Ion Exchange Waterleau Ltd.) | India | (5.41) | (1,722.99) | (1.87) | (124.55) | (0.01) | 0.03 | (2.05) | (124.52) |
| | | | 100.00 | 31,851.71 | 100.00 | 6,652.28 | 100.00 | (577.52) | 100.00 | 6,074.76 |
| a) | Adjustment arising out of consolidation | | | (5,848.94) | | (183.62) | | 523.26 | | 339.64 |
| b) | Adjustment arising out of consolidation | | | | | 57.24 | | 65.89 | | 123.13 |
| c) | Non Controlling interests | | | 218.70 | | 64.95 | | - | | 64.95 |
| | Total | | | 26,221.47 | | 6,590.85 | | 11.63 | | 6,602.48 |

* Adapted as per Ind AS for Consolidation

- 66.** Information with regard to other matters, as required by Schedule III to the Act is either nil or not applicable to the group for the year.

As per our report of even date

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

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

BHAVESH DHUPELIA
Partner
 Membership no.: 042070

RAJESH SHARMA
Chairman & Managing Director
 DIN - 00515486

M. P. PATNI
Director
 DIN - 00515553

MILIND PURANIK
Company Secretary

Place : Mumbai
 Date : 29th May 2019

N. M. RANADIVE
Executive Vice President - Finance

Place : Mumbai
 Date : 29th May 2019

FORM AOC - 1

[Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rule, 2014]
Statement containing salient features of the financial statement of subsidiaries / associate companies / joint ventures

Part A : Subsidiaries

| Sr. no. | Name of the subsidiary | The date since when subsidiary | Financial year ending on | Country of incorporation | Reporting currency | Exchange rate as at 31.03.2019 | Equity Share capital | Other Equity | Total assets | Total liabilities | Total income (including other income) | Profit / (Loss) before taxation | Provision for taxation | Other comprehensive income | Total comprehensive income | Proposed dividend (including dividend already paid, if any) | % of shareholding | | |
|---------|---|--------------------------------|--------------------------|--------------------------|--------------------|--------------------------------|----------------------|--------------|--------------|-------------------|---------------------------------------|---------------------------------|------------------------|----------------------------|----------------------------|---|-------------------|--------|-------|
| 1 | Ion Exchange Enviro Farms Ltd. | 21.08.1997 | 31.03.2019 | India | INR | 1.00 | 69.47 (3,060.68) | 1,272.10 | 4,263.31 | - | 186.27 (300.25) | (300.25) | 0.18 (300.07) | - | - | 79.60 | | | |
| 2 | Watercare Investments (India) Ltd. | 01.04.1999 | 31.03.2019 | India | INR | 1.00 | 178.02 | 651.62 | 830.34 | 0.70 | 696.48 | 16.02 | 15.53 | 2.45 (219.97) | 13.08 (206.89) | - | 99.43 | | |
| 3 | Aqua Investments (India) Ltd. | 01.04.1999 | 31.03.2019 | India | INR | 1.00 | 177.02 | 950.10 | 1,127.64 | 0.52 | 960.17 | 20.54 | 19.88 | 4.26 (303.30) | 15.62 (287.68) | - | 99.42 | | |
| 4 | Ion Exchange Asia Pacific Pie. Ltd. | 12.08.2004 | 31.03.2019 | Singapore | USD | 69.1713 | 1,367.54 (1,286.99) | 1,380.58 | 1,300.03 | 119.42 | 392.21 (80.39) | (80.39) | - | (80.39) | - | 100.00 | | | |
| 5 | Ion Exchange Asia Pacific (Thailand) Ltd.* | 12.04.2007 | 31.03.2019 | Thailand | THB | 2.1741 | 86.96 (704.48) | 588.47 | 1,205.99 | - | 71.34 | 11.96 | - | 11.96 | - | 100.00 | | | |
| 6 | PT Ion Exchange Asia Pacific* | 01.08.2017 | 31.03.2019 | Indonesia | IDR | 0.0049 | 101.11 (3.47) | 133.00 | 35.96 | - | 310.95 (26.96) | (26.96) | - | (26.96) | - | 95.00 | | | |
| 7 | IEI Environmental Management (M) Sdn. Bhd. | 11.03.2004 | 31.03.2019 | Malaysia | MYR | 16.9715 | 42.43 (234.26) | 122.11 | 313.94 | - | 19.42 (23.52) | (23.52) (0.71) | (22.81) | - | (22.81) | - | 100.00 | | |
| 8 | Ion Exchange Environment Management (BD) Ltd. | 01.04.2006 | 31.03.2019 | Bangladesh | BDT | 0.8154 | 45.55 (25.45) | 863.46 | 560.46 | - | 1,283.23 | 68.40 | 24.02 | 44.38 | - | 44.38 | - | 100.00 | |
| 9 | Ion Exchange WTS (Bangladesh) Ltd. | 31.01.2010 | 31.03.2019 | Bangladesh | BDT | 0.8154 | 22.40 (26.56) | - | 4.16 | - | 1 (0.38) | 1 (0.38) | - | (0.38) | - | (0.38) | - | 100.00 | |
| 10 | Ion Exchange LLC | 01.03.2007 | 31.03.2019 | USA | USD | 69.1713 | 484.20 (462.94) | 2,407.64 | 2,386.38 | - | 5,452.17 (2,245.79) | 309.11 (239.98) | 66.10 (37.59) | 24.01 (20.39) | - | 243.01 (202.39) | - | 100.00 | |
| 11 | Ion Exchange And Company LLC | 01.08.2006 | 31.03.2019 | Oman | OMR | 179.5749 | 538.72 (567.80) | 1,554.99 | 448.47 | - | 2,245.79 | 37.59 | 20.39 | - | - | 161.62 (202.39) | 51.00 (161.62) | - | 51.00 |
| 12 | Ion Exchange Projects And Engineering Ltd. | 11.04.2011 | 31.03.2019 | India | INR | 1.00 | 1,521.52 (2,793.67) | 4,290.55 | 5,562.70 | 9.86 | 3,348.63 | 33.84 | - | 33.84 (1.78) | 32.06 (10.83) | - | 91.81 | | |
| 13 | Global Composites And Structuralis Ltd. | 29.03.2012 | 31.03.2019 | India | INR | 1.00 | 293.55 (2,092.25) | 952.48 | 2,751.18 | 5.00 | 1,001.34 (568.93) | - | (568.93) | - | (568.93) | - | 73.92 | | |
| 14 | Total Water Management Services (India) Ltd. | 01.04.2012 | 31.03.2019 | India | INR | 1.00 | 10.89 (37.02) | 74.84 | 26.93 | - | 19.86 (2.84) | 7.99 (10.83) | - | (10.83) | - | 70.19 | | | |
| 15 | Ion Exchange Safic Pty. Ltd. | 01.07.2012 | 31.03.2019 | South Africa | ZAR | 4.7782 | 0.05 (38.89) | 375.04 | 764.88 | - | 801.11 (78.43) | 16.30 (94.73) | - | (94.73) | - | 60.00 | | | |
| 16 | Ion Exchange Purified Drinking Water Pvt. Ltd. | 25.09.2013 | 31.03.2019 | India | INR | 1.00 | 1.00 (35.53) | 1,354.34 | 1,317.81 | - | 1,554.38 (15.71) | 50.29 (66.00) | - | 66.00 | - | 100.00 | | | |
| 17 | Ion Exchange Environment Management Ltd. (Formerly known as Ion Exchange Waterbau Ltd.)** | 20.08.2018 | 31.03.2019 | India | INR | 1.00 | 500.00 (2,222.99) | 89.03 | 1,812.02 | - | 178.02 (124.55) | (124.55) | 0.03 (124.52) | - | (124.52) | - | 100.00 | | |

* Holding through subsidiary company – Ion Exchange Asia Pacific Pte. Ltd. Singapore

** Ion Exchange Environment Management Ltd. (Formerly known as Ion Exchange Waterbau Ltd.), a joint venture of the company has become a wholly owned subsidiary of the company w.e.f. 20th August 2018.

Notes :

- Subsidiaries yet to commence operation : None
- Subsidiaries liquidated or sold during the year : None

Part B : Associates and Joint Ventures

| Sr. no. | Name of the Associates / Joint Ventures | Associates | | | |
|---------|--|--|------------------------|--|-----------------------------|
| | | IEI Water-Tech (M) Sdn. Bhd. ** | Aquonomics Systems Ltd | Ion Exchange Financial Products Pvt. Ltd.* | Ion Exchange PSS Co. Ltd.** |
| 1 | Latest audited Balance Sheet Date | 31.12.2018 | 31.03.2019 | 31.03.2019 | 31.03.2019 |
| 2 | Date on which the Associate or Joint Venture was associated or acquired | 06.07.2005 | 31.03.2006 | 01.04.1999 | 30.09.2011 |
| 3 | Share of Associate / Joint Ventures held by company on year end | | | | |
| | - Number of shares | 300,000 | 460,000 | 2,450 | 14,700 |
| | - Amount of Investment (net of impairment, if any) (INR in Lacs) | - | 79.00 | 0.25 | 26.65 |
| | - Extent of holding % | 30.00% | 48.42% | 24.02% | 49.00% |
| 4 | Description of how there is significant influence | 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. |
| 6 | Net worth attributable to shareholding as per latest audited balance sheet (INR in Lacs) | - | 344.37 | 43.74 | (195.35) |
| 7 | Total Comprehensive income | | | | |
| | i. Considered in consolidation # (INR in Lacs) | - | 118.22 | 1.52 | (68.27) |
| | ii. Not considered in consolidation (INR in Lacs) | - | - | (50.22) | - |

* 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 Ind AS

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
DIN - 00515486

M. P. PATNI
Director
DIN – 00515553

MILIND PURANIK
Company Secretary

N. M. RANADIVE
Executive Vice President - Finance

Place : Mumbai
Date : 29th May 2019

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*Valid up to 31.03.2020


Ion Exchange (India) Ltd.

"Now get purity in
 each drop of water with
 unique HRR and ESS
 technology"



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 • Delhi: 011 - 3345 1228 / 29 • Gurugram: 0124 - 427 2661 • Noida: 0120 - 456 6444 • Chennai: 044 - 3910 2919
 • Bengaluru - Mahadevpura: 080 - 2204 2888 • Bengaluru - R.T.Nagar: 080 - 4128 3534 / 41 • Mysore: 0821 - 424 6767 • Hyderabad: 040 - 3066 3133

Ion Exchange (India) Ltd.

Corporate Office: Ion House, Dr. E. Moses Road, Mahalaxmi, Mumbai - 400 011, India. Call: 022-2788 1234 | Email: zerob@ionexchange.co.in | Web: www.zerobonline.com
 • ZeroB Water Purifier Water Softener • TheZeroB • Zero B Water Purifier

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)

55th Annual General Meeting on Friday, 30th August, 2019 at 11.00 a.m.

at Mini Theatre, 3rd Floor, Ravindra Natya Mandir, P.L. Deshpande Maharashtra Kala Academy, Near Siddhivinayak Temple, Sayani Road, Prabhadevi, Mumbai – 400 025

X Regd. Folio No. _____ DP ID _____ Client ID _____ No. of Shares held _____

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.



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 :
Address.....

or failing him
 2. Name :
Address.....

or failing him
 3. Name :
Address.....

.....
- E-mail Id :
Signature:.....
- E-mail Id :
Signature:.....
- E-mail Id :
Signature:.....

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 55th Annual General Meeting of the company, to be held on the 30th day of August, 2019 at 11.00 a.m. at Mini Theatre, 3rd Floor, 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, 2019.
2. Approval of Dividend.
3. Appointment of Mr. M.P. Patni who retires by rotation and being eligible, offers himself for re-appointment.
4. Appointment of M/s. Charantimath Associates as Branch Auditors.
5. Approval of Cost Auditors Remuneration.
6. Re-appointment of Dr. V. N. Gupchup as an Independent Director of the Company.
7. Re-appointment of Mr. T.M.M. Nambiar as an Independent Director of the Company.
8. Re-appointment of Mr. P. Sampath Kumar as an Independent Director of the Company.
9. Re-appointment of Mr. Abhiram Seth as an Independent Director of the Company.
10. Re-appointment of Mr. Shishir Tamotia as an Independent Director of the Company.
11. Re-appointment of Ms. Kishori Udeshi as an Independent Director of the Company.
12. Re- appointment of Mr. Dinesh Sharma as Executive Director of the Company.
13. Re- appointment of Mr. Aankur Patni as Executive Director of the Company.

Signed this day of 20....

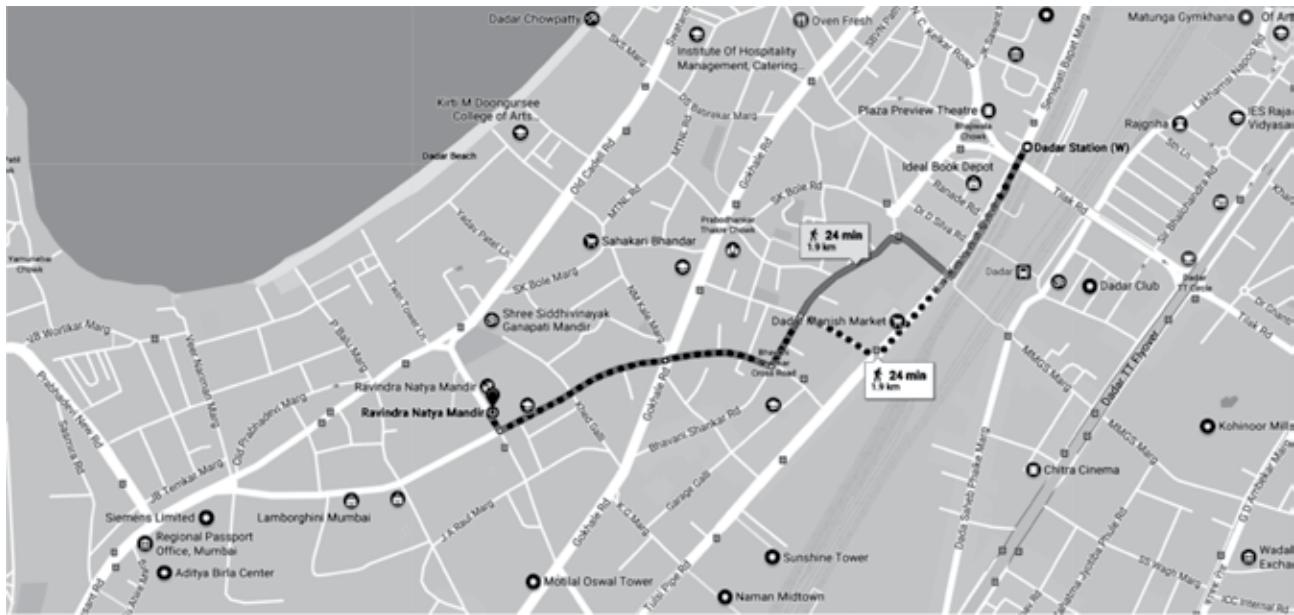
Affix
Revenue
stamp

Signature of shareholder

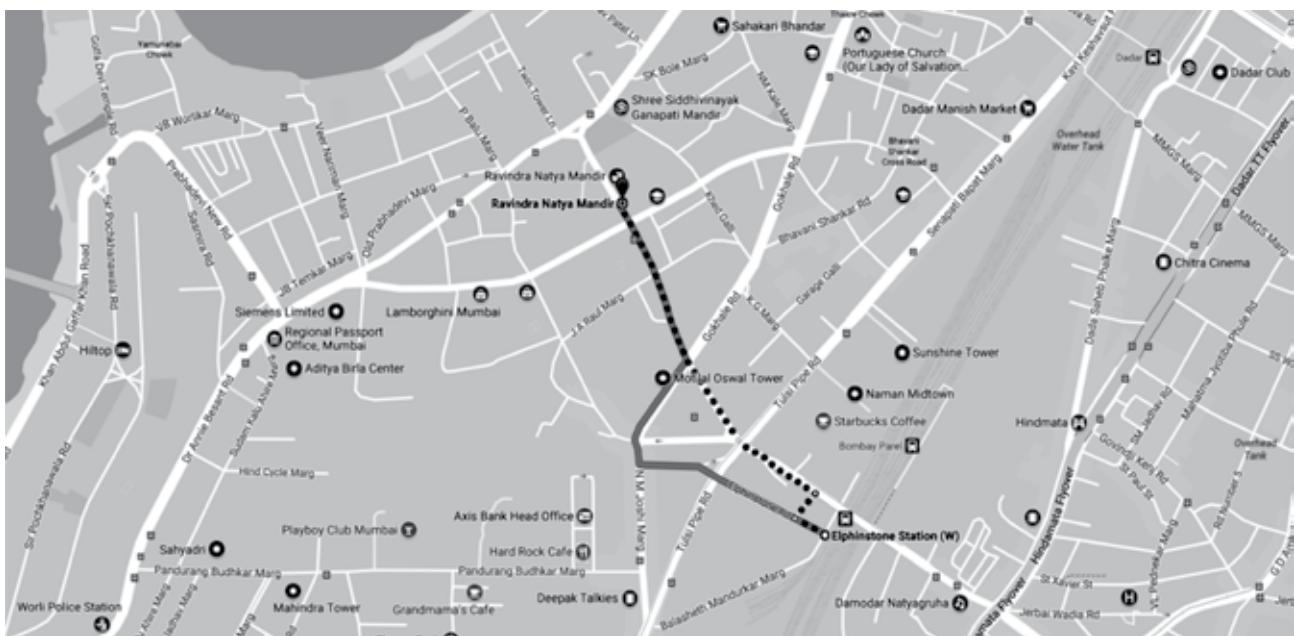
Signature of Proxy holder(s)

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 Mini Theatre, Ravindra Natya Mandir



Prabhadevi Station (W) to Mini Theatre, Ravindra Natya Mandir



EDUCATION

HEALTH

HYGIENE



Supporting SMILE Foundation at the Tata Mumbai Marathon



Developing Life Skills & Employability Skills through Magic Bus Foundation, Maharashtra



Supporting Aapulki Special School, Maharashtra



Upgrading Skills via courses in Water Management through Shishu Mandir, Karnataka



Tree plantation drive at Telangana Social Welfare Residential Educational Institutions Society

3 DECADES OF TRUST IN PROVIDING PURE AND SAFE DRINKING WATER

PURIFIERS | SOFTENERS | FILTERS | COOLERS



8 Stages of Purification



High Recovery-80%



Guaranteed Sanitization

