



ION EXCHANGE

Refreshing the Planet

FORM B

1	Name of the Company :	Ion Exchange (India) Limited
2	Annual Financial Statement for the year ended :	31st March, 2014
3	Type of Audit Qualification :	Qualified Audit Report on Consolidated Accounts
4	Frequency of Qualification :	Repetitive - since financial year ended 31st March, 2007
5	Relevant Notes in the annual financial statements and management response to the qualification in the directors report :	The Qualification in Consolidated Accounts is on account of Qualified Audit Report in respect of one of the Subsidiary of the Company viz: Ion Exchange Enviro Farms Limited. The Qualification in Standalone Audit Report of Ion Exchange Enviro Farms has been reproduced in consolidated audit report of Ion Exchange (India) Limited. (Refer Page No. 95 of Annual Report for Audit Report on Consolidated Accounts). Refer Page No. 132 of Annual Report (Note 40 and 41 to the Consolidated Accounts) for management response to the qualification
6	Additional Comments from the Board / Audit committee Chair:	None

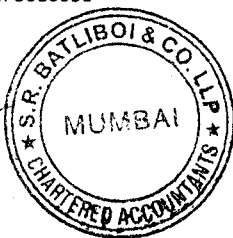
For S.R.Batliboi & Co. LLP

ICAI Firm Registration No.: 301003E

Chartered Accountants

Per Vijay Maniar
Partner

Membership No: 36738



For Ion Exchange (India) Limited

Rajesh Sharma
Chairman & Managing Director

T.M.M. Nambiar
Audit Committee Chairman

N.M. Ranadive,
Executive Vice President - Finance

Place : Mumbai

Date : 8th September 2014

Place : Mumbai

Date : 8th September 2014

CIN: L74999MH1964PLC014258

ION EXCHANGE (INDIA) LTD. | CIN: L74999MH1964PLC014258

Regd. Office: Ion House, Dr. E. Moses Road, Mahalaxmi, Mumbai - 400 011, India.

Board: +91 22 3989 0909 | Fax: +91 22 2493 8737 | E-mail: ieil@ionexchange.co.in | Web: www.ionindia.com

Offices: Bengaluru | Bhubaneswar | Chandigarh | Chennai | Hyderabad | Kolkata | Lucknow | New Delhi | Pune | Vadodra | Vashi | Visakhapatnam

50th

**ANNUAL REPORT
2013-14**



We live, breathe and celebrate nature

A rich legacy



1964 Incorporated as 60% subsidiary of Permutit, UK



1982 New facility set-up for engineering & fabrication in Hosur

1965 Pioneered the production of world-class ion exchange resins in India. We also commenced the design, engineering and supply of water treatment plants to India's industrial sector



1983 Industrial chemical production starts at Patancheru and formed the first Employee Welfare Trusts



1969 Awarded the first major contract at Chennai Petroleum Corporation Limited



1983 Installed one of the largest water treatment plants in Asia at Maharashtra State Electricity Board

1974 All India dealer network was set-up



1985 Ion Exchange becomes a wholly owned Indian company after Permutit's divestment and launch of Zero B tap attachment

ION EXCHANGE
THE POWER BEHIND WATER
(INDIA) LTD



1976 R&D was recognised by the Department of Science & Technology (DST) and we're proud to have developed several patented products



1987 First in India to manufacture reverse osmosis membranes element at Halol Kalol

1977 Listed on Bombay Stock Exchange



1991 Bagged the order for the world's largest clarifier for a pulp & paper mill. Started operations in SE Asia.



1978 The first company in India to introduce reverse osmosis concept



1996 Commissioned first sea water reverse osmosis desalination plant in India at Gujarat Electricity Board, Sikka

1979 Ion exchange resin manufacturing unit was inaugurated at Ankleshwar; in 1994 capacity expanded and plant was fully automated



1997 100% export oriented unit set-up at Rabale



Celebrating 50 Years

Fifty years ago our company was incorporated, on 6th March 1964, and commenced operations on 4th August 1964. Our continued commitment to deliver excellence in the field of environment management, has earned us the distinction of being one of very few companies with fifty years of glorious history.

It is a matter of immense pride that our company enjoys such high brand equity in India and across the globe, and that our people, too, are well respected within the industry. I take this opportunity to thank all our employees for their dedication and hard work that has helped our company attain its pre-eminent position in the water and environment industry. I would also like to thank all our stakeholders for their continued support.

We are privileged indeed that our founder, Mr. G. S. Ranganathan had such a powerful vision of building a business that serves society and the environment and which therefore will always be relevant and sustainable. His foresight and constant scanning of the environment for trends and opportunities ensured that Ion Exchange was ahead in technology and market leadership.

We have had our share of ups and downs, faced many challenges, and overcame them all with confidence and resilience. During our fifty-year journey, we have remained focused on building our capabilities by continually investing in research and development, people, and training. Top priority has always been accorded to customers' needs. We have successfully used our vast repertoire of knowledge and experience to offer optimal, total solutions to every sector of society and have expanded our geographical footprint to establish a strong and growing global presence.

Water as a resource is increasingly under pressure in our country and worldwide. Good water management therefore, has become an absolute necessity for the world. We must build upon our 50 rich years of progress and achievements, guided by a compelling vision that has, at its heart, sustainable development. There are huge opportunities to be tapped, much to accomplish and tremendous potential to fulfil.

Rajesh Sharma

Chairman & Managing Director

BOARD OF DIRECTORS

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

REGISTERED OFFICE

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

BANKERS

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

AUDITORS

M/s. S. R. Batliboi & Co., LLP

ADVOCATE & SOLICITORS

Crawford Bayley & Co.

SENIOR MANAGEMENT

Rajesh Sharma	Chairman & Managing Director
Aankur Patni	Executive Director
Dinesh Sharma	Executive Director
Ajay A. Popat	Executive Vice President - Corporate Diversification & Marketing
N. M. Ranadive	Executive Vice President - Finance
Dinesh Sadasivan	Sr. Vice President - Standard Systems & Services
S. V. Mehendale	Sr. Vice President - Resin & Membrane Division
Prashant K. Chitnis	Sr. Vice President - Technology
S. N. Iyengar	Sr. Vice President - Medium Industry Segment
Anil Khara	Sr. Vice President - Chemical Division
J. P. Pathare	Sr. Vice President - International Division

COMPANY SECRETARY

Mr. Milind Puranik

REGISTRAR & SHARE TRANSFER AGENT & REGISTRAR FOR FIXED DEPOSITS

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

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

NOTICE

NOTICE is hereby given that the Fiftieth Annual General Meeting of the members of Ion Exchange (India) Limited will be held on Friday, 26th September, 2014 at 11.00 a.m. at Ravindra Natya Mandir, P.L. Deshpande Maharashtra Kala Academy, Near Siddhivinayak Temple, Sayani Road, Prabhadevi, Mumbai – 400 025 to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Balance Sheet as at 31st March, 2014, the Profit and Loss Account for the year ended on that date and the Reports of the Directors and the Auditors thereon.
2. To declare Dividend on equity shares.
3. To appoint a Director in place of Mr. M.P. Patni who retires by rotation and being eligible, offers himself for re-appointment.
4. **Appointment of Auditors**

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

“RESOLVED that pursuant to the provisions of section 139 and other applicable provisions, if any, of the Companies Act, 2013 and the Rules framed thereunder, as amended from time to time, M/s.S.R.Batliloi & Co. LLP, Chartered Accountants (Reg. No.301003E), be and is hereby re-appointed as Auditors of the Company to hold office from the conclusion of this Annual General Meeting (AGM) till the conclusion of the Fifty Third AGM of the Company to be held in the year 2017 (subject to ratification of their appointment at every AGM), at such remuneration as may be mutually agreed between the Board of Directors of the Company and the Auditors.”

SPECIAL BUSINESS:

5. **Appointment of Branch Auditors**

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

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

6. **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) the following resolution as an Ordinary Resolution:

“RESOLVED that pursuant to the provisions of sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 (Act) and the Rules framed thereunder, read with Schedule IV to the Act, as amended from time to time, Dr. V. N. Gupchup (DIN 00042936), a non-executive Director of the Company, who has submitted a declaration that he meets the criteria for independence as provided in section 149(6) of the Act and who is eligible for appointment, be and is hereby appointed as an Independent Director of the Company with effect from September 26, 2014 up to September 25, 2019.”

7. **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) the following resolution as an Ordinary Resolution:

“RESOLVED that pursuant to the provisions of sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 (Act) and the Rules framed thereunder, read with Schedule IV to the Act, as amended from time to time, Mr. T.M.M.Nambiar (DIN 00046857), a non-executive Director of the Company, who has submitted a declaration that he meets the criteria for independence as provided in section 149(6) of the Act and who is eligible for appointment, be and is hereby appointed as an Independent Director of the Company with effect from September 26, 2014 up to September 25, 2019.”

8. Appointment of Mr. P.SampathKumar as an Independent Director of the Company

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

“RESOLVED that pursuant to the provisions of sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 (Act) and the Rules framed thereunder, read with Schedule IV to the Act, as amended from time to time, Mr. P.SampathKumar (DIN 01087396), a non-executive Director of the Company, who has submitted a declaration that he meets the criteria for independence as provided in section 149(6) of the Act and who is eligible for appointment, be and is hereby appointed as an Independent Director of the Company with effect from September 26, 2014 up to September 25, 2019.”

9. 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) the following resolution as an Ordinary Resolution:

“RESOLVED that pursuant to the provisions of sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 (Act) and the Rules framed thereunder, read with Schedule IV to the Act, as amended from time to time, Mr. Abhiram Seth (DIN 00176144), a non-executive Director of the Company, who has submitted a declaration that he meets the criteria for independence as provided in section 149(6) of the Act and who is eligible for appointment, be and is hereby appointed as an Independent Director of the Company with effect from September 26, 2014 up to September 25, 2019.”

10. 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) the following resolution as an Ordinary Resolution:

“RESOLVED that pursuant to the provisions of sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 (Act) and the Rules framed thereunder, read with Schedule IV to the Act, as amended from time to time, Mr. Shishir Tamotia (DIN 00428930), a non-executive Director of the Company, who has submitted a declaration that he meets the criteria for independence as provided in section 149(6) of the Act and who is eligible for appointment, be and is hereby appointed as an Independent Director of the Company with effect from September 26, 2014 up to September 25, 2019.”

11. Appointment of Mrs. Kishori Udeshi as an Independent Director of the Company

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

“RESOLVED that pursuant to the provisions of sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 (Act) and the Rules framed thereunder, read with Schedule IV to the Act, as amended from time to time, Mrs. Kishori Udeshi (DIN 01344073), a non-executive Director of the Company, who has submitted a declaration that he meets the criteria for independence as provided in section 149(6) of the Act and who is eligible for appointment, be and is hereby appointed as an Independent Director of the Company with effect from September 26, 2014 up to September 25, 2019.”

12. To consider and if thought fit to pass with or without modification the following Resolution as an Ordinary 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. Rajesh Sharma as Chairman & Managing Director for a period of 5 years commencing from 1st April, 2014 and to the payment of remuneration as set out in the agreement to be entered into by the Company with Mr. Rajesh Sharma.

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

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

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

13. To consider and if thought fit to pass with or without modification the following Resolution as an Ordinary 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, 2014 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."

14. To consider and if thought fit, to pass with or without modification(s) the following resolution as an Ordinary 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, 2014 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."

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

“RESOLVED THAT in supersession of the earlier resolution passed by the members at the Annual General Meeting of the Company held on 21st August 1998 the consent of the Company be and is hereby accorded pursuant to Section 180(1)(a) and other applicable provisions, if any, of the Companies Act, 2013 to the Board of Directors of the Company to create such appropriate charge including second and subsequent charge / mortgage / hypothecation (in addition to and / or in subordination to the existing charges / mortgages/ hypothecations created and / or to be created by the Company) on all or any part of the undertakings, wherever situate, including the present and / or future properties whether movable or immovable comprised in any undertaking or undertakings of the Company, as the case may be, in such form and in such manner as the Board may think fit, together with power to take over the management of the business and concern of the Company in certain events to or in favour of any financial institutions / banks / insurance companies (hereinafter referred to as “Lender/s”) to secure any loans and / or advances already obtained or that may be obtained aggregating to Rs.200 crores from such Lender/s together with interest thereon, additional interest, liquidated damages, commitment charge, premium on prepayment, costs, charges, expenses and all other monies payable by the Company to the concerned Lender/s and / or to their Trustees in terms of the Loan Agreement / Heads of Agreement / Hypothecation Agreement / Letters of Sanction / Memorandum of Terms and Conditions, entered into / to be entered into by the Company in respect of such Loans/ Advances and such security to rank pari passu with and / or subordinate to the mortgages and / or charges already created or to be created in future by the Company.”

RESOLVED FURTHER THAT the Board of Directors of the Company be and are hereby authorised to do all such acts, deeds, matters and things and to execute such documents and writings as they may consider necessary or proper for the purpose of giving effect to this Resolution.

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

“RESOLVED THAT in supersession of the earlier resolution passed by the members at the Extra- Ordinary General Meeting of the Company held on 14th June 1994, consent of the members be and is hereby accorded pursuant to provisions of Section 180(1)(c) of the Companies Act, 2013 and other applicable provisions, if any, and the Articles of Association of the company, to the Board of Directors of the Company (the Board’) to borrow any sum or sums of money, from time to time, where the monies to be borrowed, together with the monies already borrowed by the Company (apart from temporary loans obtained or to be obtained from the Company’s bankers in the ordinary course of business) may exceed, at any time, the aggregate of the paid-up capital of the Company and its free reserves (that is to say, reserves not set apart for any specific purpose), provided that the total amount so borrowed shall not at any time exceed Rs.200,00,00,000/- (Rupees Two Hundred Crore only) and that the Board be and is hereby empowered and authorised to arrange or fix the terms and conditions of all such monies to be borrowed from time to time as to interest, repayment, security or otherwise howsoever as it may think fit.”

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

“RESOLVED THAT pursuant to the provisions of Section 148 and all other applicable provisions of the Companies Act 2013 (“the Act”) and the rules made there under (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 as Cost Auditors by the Board of Directors of the Company, be paid a remuneration of Rs.2,00,000/+=+ Service Tax + out of pocket expenses(Rupees Two Lacs plus service tax and put of pocket expenses) for the financial year ending March 31, 2015.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to do all acts and take all such steps as may be necessary or expedient to give effect to this resolution.”

Registered Office:
Ion House
Dr. E. Moses Road, Mahalaxmi
Mumbai 400 011
CIN: L74999MH1964PLC014258
Mumbai, 29th July 2014

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 Monday, 15th September, 2014 to Friday, 26th September, 2014 (both days inclusive).
3. Details of Directors seeking appointment / re-appointment as required under clause 49(VI)(A) of the listing agreement entered with The Stock Exchange, Mumbai, are as below:

Name	Mr. Rajesh Sharma	Mr. Dinesh Sharma	Mr. Aankur Patni	Mr. M.P.Patni	Mrs.K.J.Udeshi
Date of Birth	23.09.1954	20.11.1964	14.03.1971	25.09.1945	13.10.1943
Date of Appointment	26.03.1996	24.01.2006	24.01.2006	28.09.2001	27.05.2011
Qualification	B.Sc., LLB	B.Sc.	B.Com., ACA,CISA	B.E. (Mechanical)	M.A. (Economics)
Expertise	Mr. Rajesh Sharma joined the Company in 1974 and during his career with the Company has held a number of sales, marketing and management positions. Before taking up the office of Managing Director from April 2000, Mr. Sharma has held position as Deputy Managing Director	Mr. Sharma has varied experience in the field of Marketing and Management. Presently he is the Chairman of M/s. Ultrapure Technology & Appliances India Ltd., 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 46 years. He has considerable exposure in handling large projects of national importance.	Mrs.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, NABAERD, Exim Bank and was the Chairman of Bharatiya Reserve Note Mudran Pvt. Ltd., and Deposit Insurance and Credit Guarantee Corporation. Currently she is Chairman of the Banking Codes and Standards Board of India and the nominee of the Government of Maharashtra on the Board of the Indian Red Cross Society, Mumbai. She has also been appointed by Government of India as Member of Financial Legislative Reforms Commission (FSLRC).

Name	Mr. Rajesh Sharma	Mr. Dinesh Sharma	Mr. Aankur Patni	Mr. M.P.Patni	Mrs.K.J.Udeshi
Chairman/ Director of Other Companies	1. Watercare Investments (India) Ltd. 2. Ion Exchange Enviro Farms Ltd. 3. Power Water Financial Services Pvt. Ltd. 4. Ion Exchange Asia Pacific Pte. Ltd. (Singapore) 5. Aqua Investments (India) Limited 3. Ion Exchange Waterleau Ltd. 7. IEI Environmental Management (M) Sdn.Bhd. (Malaysia) 8. IEI WaterTech (M) Sdn. Bhd. (Malaysia) 9. Ion Exchange Infrastructure Ltd. 10. Ion Exchange & Co. LLC (Oman) 11. Ion Exchange LLC (USA) 12. Ion Exchange Projects & Engineering Ltd. 13. Ion Foundation 14. Ion Exchange PSS Ltd. (Thailand) 15. Ion Exchange Safic (Pty.) Ltd. (South Africa) 16. Ion Exchange Purified Drinking Water Private Limited	1. Ultrapure Technology & Appliances India Ltd. 2. CATA Appliances Ltd. 3. Ion Exchange Environment Management (BD) Ltd. 4. Para Lube India Pvt. Ltd. 5. Aquanomics Systems Ltd. 6. Astha Technical Services Ltd. 7. Rockmen Merchants Ltd 8. Ion Exchange Asia Pacific Pte. Ltd. (Singapore) 9. IEI Environmental Management (M) SDN. BHD. 10. Ion Exchange Infrastructure Ltd. 11. Global Composites and Structurals Limited 12. Ion Exchange Projects & Engineering Ltd. 13. Empower Electronics Limited	1. Ion Exchange Infrastructure Ltd. 2. Global Composites and Structural Ltd. 3. Aquanomics Systems Ltd. 4. Astha Technical Services Ltd. 5. Rockmen Merchants Ltd. 6. Ion Exchange Projects & Engineering Ltd.	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 Infrastructure Ltd. 8. Ion Exchange Asia Pacific (Thailand) Ltd. 9. Ion Exchange Projects & Engineering Ltd. 10. Ion Exchange PSS Ltd. (Thailand) 11. Ion Exchange Safic (Pty.) Ltd. (South Africa) 12. Ion Exchange Purified Drinking water Pvt. Ltd.	1. Haldyn Glass Gujarat Ltd. 2. HSBC AMC (India) Pvt. Ltd. 3. Shriram Transport Finance Co. Ltd. 4. Thomas Cook (India) Ltd.
Chairman Member of the committees of the Company and other Company(s)	Member of the following committees of Ion Exchange (India) Ltd. 1. Stakeholders Relationship Committee 2. Corporate Social Responsibility Committee	Member of the following committees of Ultrapure Technology & Appliances India Ltd. 1. Share Transfer Committee (C)		Member of the following committees of Ion Exchange (India) Ltd. 1. Employee Stock Option Compensation Committee 2. Nomination and Remuneration Committee 3. Corporate Social Responsibility Committee	Member of the following committees of Ion Exchange (India) Limited: 1. Stakeholders Relationship Committee 2. Corporate Social Responsibility Committee Member of the following committees of Haldyn Glass Gujarat Ltd. 1. Audit Committee 2. Remuneration Committee Member of the following committees of Shriram Transport Finance Co. Ltd.: 1. Audit Committee 2. Corporate Social Responsibility Committee Member of the following committees of Thomas Cook (India) Limited: 1. Audit Committee

Name	Mr. Rajesh Sharma	Mr. Dinesh Sharma	Mr. Aankur Patni	Mr. M.P.Patni	Mrs.K.J.Udeshi
Number of shares held in the Company	7,81,218	5,88,521	2,54,668	7,11,747	Nil

Name	Dr. V. N. Gupchup	Mr. Shishir Tamotia	Mr. T.M.M. Nambiar	Mr. Abhiram Seth	Mr. P. SampathKumar
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 40 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. He has been the Principal of the VJTI and Pro Vice Chancellor of the University of Mumbai. Presently he is the Chairman of Civil Engineering Safety Committee of the Atomic Energy Regulatory Board and also of the Structural Engineering Research Centre of CSIR in Chennai.	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.	Mr. Nambiar has vast experience in Finance and General Management. 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. Sampathkumar 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. He has held senior positions in Taj Group of Hotels, Grand Hyatt, Oberoi Hotels and served in other capacities at Glaxo and Great Eastern Shipping.
Chairman/Director of Other Companies	1. Ion Exchange Waterleau Ltd. 2. The Mahindra United World College of India 3. Raj Mohindra Consultants Pvt. Ltd. 4. Walchand Peoplefirst Limited 5. Ion Exchange Projects & Engineering Limited	1. MVN Solar Pvt. Ltd.	1. Navin Fluorine International Ltd. 2. Hospital and Nursing Home Benefit Association 3. Ion Exchange Projects & Engineering Ltd.	1. ATS Services Pvt. Ltd. 2. Motor General & Finance Ltd. 3. Aquagiri Processing Pvt. Ltd. 4. Ion Exchange Enviro Farms Ltd. 5. Emaar MGF Land Limited 6. APT Biotech Pvt. Ltd. 7. Daawat Foods Pvt. Ltd. 8. Ion Exchange Projects & Engineering Ltd. 9. Aquagiri Green Tech Pvt. Ltd. 10. Vistaar Financial Services Pvt. Ltd.	1. Ion Exchange Infrastructure Ltd.

Name	Dr. V. N. Gupchup	Mr. Shishir Tamotia	Mr. T.M.M. Nambiar	Mr. Abhiram Seth	Mr. P. SampathKumar
Chairman/ Member of the committees of the Company and other Company(s)	Member of the following committees of Ion Exchange (India) Ltd. 1. Stakeholders and Relationship Committee (M) 2. Nomination and Remuneration Committee (C) 3. Audit Committee (M) 4. Employee Stock Option Compensation Committee (M)		Member of the following committees of Ion Exchange (India) Ltd. 1. Audit Committee (C) 2. Employee Stock Option Compensation Committee Member of the following Committees of Navin Fluorine International Ltd. 1. Audit Committee (C) 2. Investor Grievance Committee 3. Remuneration Committee	Member of the following committees of Ion Exchange (India) Ltd. 1. Audit Committee 2. Nomination and Remuneration Committee Member of the following committees of Motor & General Finance Ltd. 1. Audit Committee 2. Remuneration Committee 3. Investor Grievance Member of the following committees of Emar MGT Land Ltd. 1. Audit Committee Member of the following committees of Daawat Foods Ltd. 1. Audit Committee	Member of the following committees of Ion Exchange (India) Ltd. 1. Employee Stock Option Compensation Committee
Number of shares held in the Company	1,07,044	None	56,200	75,000	25,000

4. Dividend, if declared at the meeting will be paid on or before 1st October, 2014 to those members (holding shares in physical form) whose names appear on the Register of members as on 26th September 2014 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 Private Limited (TSRDPL) to provide efficient and better services. Members holding shares in physical form are requested to intimate such changes to TSRDPL.
6. Unclaimed Dividend for the period 2005-2006 has been transferred to Investors Education and Protection Fund, pursuant to Sections 205A and 205C of the Companies act, 1956. Shareholders who have not claimed Dividend for the period 2006-2007 and subsequent years are advised to write to our R&T.
7. Nomination form can be obtained from our R&T, M/s.TSRDL. This form will have to be used by only those shareholders, holding in physical form & the same should be submitted to our R&T for registration. For shareholders, holding in dematerialized form, the nomination form prescribed by the Depository will have to be used and submitted with the Depository Participant.
8. Members seeking any information with regard to the Accounts, are requested to write to the Company at an early date, so as to enable the Management to keep the information ready at the meeting.
9. Members are requested to produce the enclosed attendance slip duly signed as per the specimen signature(s) registered with the Company for admission to the meeting venue.
10. The Notice of the AGM along with the Annual Report 2013-14 is being sent by electronic mode to those Members whose e-mail addresses are registered with the Company/Depositories, unless any Member has requested for a physical copy of the same. For Members who have not registered their e-mail addresses, physical copies are being sent by the permitted mode.

11. To support the 'Green Initiative', the Members who have not registered their e-mail addresses are requested to register the same with TSRDPL/Depositories.
12. In compliance with the provisions of section 108 of the Act and the Rules framed thereunder, the Members are provided with the facility to cast their vote electronically, through the e-voting services provided by NSDL, on all resolutions set forth in this Notice.

The instructions for e-voting are as under:

- A. In case a Member receives an e-mail from NSDL (for Members whose e-mail addresses are registered with the Company/Depositories):
 - i. Open the e-mail and also open PDF file namely "evoting.pdf" with your Client ID or Folio No. as password. The said PDF file contains your user ID and password for evoting. Please note that the password is an initial password.
 - ii. Open the internet browser and type the following URL: <https://www.evoting.nsdl.com>.
 - iii. Click on Shareholder – Login.
 - iv. If you are already registered with NSDL for e-voting then you can use your existing user ID and password.
 - v. If you are logging in for the first time, please enter the user ID and password provided in the PDF file attached with the e-mail as initial password.
 - vi. The Password Change Menu will appear on your screen. Change to a new password of your choice, making sure that it contains a minimum of 8 digits or characters or a combination of both. Please take utmost care to keep your password confidential.
 - vii. Once the e-voting home page opens, click on e-voting> Active Voting Cycles.
 - viii. Select "EVEN" (E-Voting Event Number) of Ion Exchange (India) Limited which is 100941. Now you are ready for e-voting as Cast Vote page opens.
 - ix. Cast your vote by selecting appropriate option and click on "Submit" and also "Confirm" when prompted.
 - x. Upon confirmation, the message "Vote cast successfully" will be displayed.
 - xi. Once the vote on the resolution is cast, the Member shall not be allowed to change it subsequently.
 - xii. Institutional shareholders (i.e. other than individuals, HUF, NRI, etc.) are required to send scanned copy (PDF/JPG format) of the relevant Board Resolution/Authority letter, etc., together with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer through e-mail to vvchakra@gmail.com, with a copy marked to evoting@nsdl.co.in.
 - xiii. In case of any queries, you may refer the Frequently Asked Questions (FAQs) - Shareholders and e-voting user manual - Shareholders, available at the downloads section of www.evoting.nsdl.com.
- B. In case a Member receives physical copy of the Notice of AGM (for Members whose email addresses are not registered with the Company/Depositories):
 - 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. (xiii) above, to cast vote.
- C. Other Instructions:
 - i. The e-voting period commences on 20th September 2014 (9.00 a.m. IST) and ends on 22nd September 2014 (6.00 p.m. IST). During this period, Members of the Company, holding shares either in physical form or in dematerialized form, as on 15th August, 2014, may cast their vote electronically. The e-voting module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by the Member, he shall not be allowed to change it subsequently.

- ii. The voting rights of Members shall be in proportion to their shares of the paid up equity share capital of the Company as on 15th August, 2014.
- iii. Mr.V.V. Chakradeo, Practicing Company Secretary (Certificate of Practice No.1705), has been appointed as the Scrutinizer to scrutinize the e-voting process (including the Ballot Form received from the Members who do not have access to the e-voting process) in a fair and transparent manner.
- iv. The Scrutinizer shall, within a period not exceeding three working days from the conclusion of the e-voting period, unblock the votes in the presence of at least two witnesses not in the employment of the Company and make a Scrutinizer's Report of the votes cast in favour or against, if any, forthwith to the Chairman of the Company.
- v. 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 22nd September, 2014 (6.00 p.m. IST).

Members have the option to request for physical copy of the Ballot Form by sending an e-mail 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 22nd September, 2014 (6.00 p.m. IST).

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

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

- vi. The results declared along with the Scrutinizer's Report shall be placed on the Company's website www.ionindia.com and on the website of NSDL www.evoting.nsdl.com within three days of the passing of the resolutions at the Fiftieth AGM of the Company on September 26, 2014 and communicated to the BSE Limited, where the shares of the Company are listed.

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 July 2014

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956

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 14 of the accompanying Notice:

Item No. 4:

This explanatory statement is provided though strictly not required as per section 102 of the Act.

As per the provisions of section 139 of the Act, no listed company can appoint or re-appoint an audit firm as auditor for more than two terms of five consecutive years. Section 139 of the Act has also provided a period of three years from the date of commencement of the Act to comply with this requirement.

In view of the above, M/s. S.R. Batliboi & Co. LLP, being eligible for re-appointment and based on the recommendation of the Audit Committee, the Board of Directors has, at its meeting held on 28th May, 2014, proposed the appointment of M/s. S.R. Batliboi & Co. LLP as the statutory auditors of the Company for a period of three years to hold office from the conclusion of this AGM till the conclusion of the fifty third AGM of the Company to be held in the year 2017 (subject to ratification of their appointment at every AGM).

The Board commends 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

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

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

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

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

Item Nos. 6 to 11

The Company had, pursuant to the provisions of clause 49 of the Listing Agreements entered with the Stock Exchanges, appointed Dr.V.N. Gupchup, Mr.T.M.M.Nambiar, Mr. P.SampathKumar, Mr.Abhiram Seth, Mr.Shishir Tamotia and Mrs. K.J. Udeshi, as Independent Directors at various times, in compliance with the requirements of the clause.

Pursuant to the provisions of section 149 of the Act, which came in to effect from April 1, 2014, every listed public company is required to have at least one-third of the total number of directors as independent directors, who are not liable to retire by rotation.

The Nominations Committee has recommended the appointment of these directors as Independent Directors from September 26, 2014 up to September 25, 2019.

Dr.V.N. Gupchup, Mr.T.M.M.Nambiar, Mr. P.SampathKumar, Mr.Abhiram Seth, Mr.Shishir Tamotia and Mrs.K.J. Udeshi, non-executive directors of the Company, have given a declaration to the Board that they meet the criteria of Independence as provided under section 149(6) of the Act. In the opinion of the Board, each of these directors fulfil the conditions specified in the Act and the Rules framed thereunder for appointment as Independent Director and they are independent of the management.

In compliance with the provisions of section 149 read with Schedule IV of the Act, the appointment of these directors as Independent Directors is now being placed before the Members for their approval.

The terms and conditions of appointment of the above Directors shall be open for inspection by the members at the registered office of the company on working days between 2.00 to 4.00 p.m.

Dr.V.N. Gupchup, Mr.T.M.M.Nambiar, Mr. P.SampathKumar, Mr.Abhiram Seth, Mr.Shishir Tamotia and Mrs.K.J. Udeshi, respectively, are concerned or interested in the Resolutions of the accompanying Notice relating to their own appointment.

Item No. 12

The Board of Directors at their meeting held on 30th May 2013 and shareholders at the previous Annual General Meeting held on 24th September 2013 had appointed Mr. Rajesh Sharma as Chairman and Managing Director for five years commencing from 1st April, 2013. However pursuant to enactment of Companies Act, 2013 and letter dated 4th July 2014 of Ministry of Corporate Affairs it is proposed to reappoint Mr. Rajesh Sharma as Chairman & Managing Director for five years commencing from 1st April, 2014. The Remuneration Committee and the Board approved the terms of remuneration payment at its meeting held on 29th July, 2014. 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. The main terms and conditions of the appointment are as under:

Basic Salary :	Rs.12,00,000/- (Rupees Twelve Lacs only) per month. On the expiry of every 12 months from the effective date of this Agreement (i.e. 1 st April 2014) the basic salary shall stand increased by Rs.1,25,000/- (Rupees One Lac Twenty Five Thousand only) per month.
Commission :	For each financial year at a rate to be decided by the Board of Directors but not exceeding 5 % of the net profits of the Company.
Housing :	<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 Chairman & Managing Director will be subject to the ceiling of 60% of the basic salary over and above 10% payable by the Managing Director.iii) In case no accommodation is provided by the Company, the Chairman & Managing Director shall be entitled to House Rent Allowance subject to the ceiling of 60 % of the Basic Salary.
Provident Fund :	12% of the Basic Salary or as per the provisions of the Employees Provident Funds and Miscellaneous Provisions Act, 1952 and relevant rules thereof, in force.
Superannuation :	15% of the Basic Salary
Gratuity :	15 days Basic Salary for each year of service.
	Contribution to the provident fund, superannuation fund or annuity fund and encashment of leave at the end of the tenure will not be included in the computation of ceiling on perquisites to the extent these either singly or put together are not taxable under the Income Tax Act, 1961.
Leave Travel :	Rs.5,00,000/- (Rupees Five Lacs only) for the Chairman & Managing Director and Allowance his family, once a year incurred in accordance with the rules specified by the Company.
Insurance:	Provision of term Insurance, Medical and Accident Insurance for self and family. The premium not to exceed Rs.10,00,000/- (Rupees Ten Lacs) per annum.
Medical Benefits :	Reimbursement of medical expenses for the Chairman & Managing Director, spouse and 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.2,00,000/- (Rupees Two Lac) per annum.

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

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

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

1. Mr. Rajesh Sharma shall be entrusted with powers of management of the business of the Company. He shall faithfully and diligently serve the Company as Chairman & Managing Director and exercise such other powers and functions as may be conferred on him by the Board.
2. Mr. Rajesh Sharma shall be posted in Mumbai.
3. Any discovery, invention made by Mr. Rajesh Sharma shall belong to the Company.
4. Mr. Rajesh Sharma shall maintain secrecy in regard to the affairs of the Company.
5. Mr. Rajesh Sharma shall not engage in any other business during the tenure of the Agreement.
6. The Company will reimburse Mr. Rajesh Sharma expenses incurred by him for traveling and entertainment in connection with the business of the Company.
7. So long as Mr. Rajesh Sharma functions as the Chairman & Managing Director, he shall not be interested directly or indirectly in any selling agency of the Company.
8. Should Mr. Rajesh Sharma by reason of ill-health or accident remain absent for a period of 180 days in a period of twelve consecutive months, the Company will be entitled to terminate his Agreement.
9. The Company shall be entitled to determine the Agreement, should Mr. Rajesh Sharma be negligent in discharge of his duties.
10. Either party shall be entitled to determine this Agreement by giving to the other six months' notice in writing.

Pursuant to the determination of the agreement by the Company, for and during the balance remaining period of Agreement OR 6 months from the date of determination whichever is later, the Chairman & Managing Director shall be entitled to and the Company shall accordingly pay to the Chairman & Managing Director remuneration at the same rates specified in the schedule hereto.

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

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

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

Item No. 13

The Board of Directors at its meeting held on 19th March, 2014 re-appointed Mr. Dinesh Sharma as Executive Director for a further period of 5 years commencing from 1st April, 2014. The Remuneration Committee and the Board approved the terms of remuneration payment at its meeting held on 19th March, 2014. 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. The main terms and conditions of the appointment are as under:

Basic Salary : Rs.5,50,000/- (Rupees Five Lacs Fifty Thousand only) per month. On the expiry of every 12 months

from the effective date of this Agreement (i.e. 1st April 2014) 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 :	<p>i) Free furnished accommodation in case the accommodation is owned by the Company.</p> <p>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.</p> <p>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.</p>
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.3,00,000/- (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.2000/- 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.1,00,000/- (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.

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.

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.

Item No. 14

The Board of Directors at its meeting held on 19th March, 2014 re-appointed Mr. Aankur Patni as Executive Director for a further period of 5 years commencing from 1st April, 2014. The Remuneration Committee and the Board approved the terms of remuneration payment at its meeting held on 19th March, 2014. 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. The main terms and conditions of the appointment are as under:

Basic Salary:	Rs.5,50,000/- (Rupees Five Lacs Fifty Thousand only) per month. On the expiry of every 12 months from the effective date of this Agreement (i.e. 1st April 2014) 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 :	<ol 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 Executive 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.3,00,000/- (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.2000/- 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.1,00,000/- (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 Mumbai.
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.

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.

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.

Item No. 15

The Members of the Company had passed necessary resolution under Section 293 (1) (a) of the Companies Act, 1956 at their Annual General Meeting held on 21st August, 1998, for creation of security by mortgage and/or hypothecation of all or any of the movable / immovable properties of the Company to secure the repayment of moneys borrowed by the Company.

As per the provisions of the Companies Act, 2013, it is required to pass Special Resolution under Section 180(1) (a) by Members of the Company to enable the Board of Directors to create charge/mortgage/hypothecation on the Company's assets both present and future, in favour of Lenders viz. Banks/Financial Institutions, Trustees etc. to secure repayment of moneys borrowed by the Company.

It is, therefore, necessary for the Members to pass a Special Resolution under Section 180 (1) (a) and other applicable provisions of the Companies Act, 2013, as set out at Item No. 15 of the Notice, to enable to the Board of Directors to secure the repayment of moneys borrowed by the Company. Approval of Members is being sought to enable the Board of Directors of the Company, as may be required from time to time for creation of mortgage / charges / lien / hypothecation / assignment or transfer of the assets and properties, both present and future, whether moveable or immovable, for securing borrowings for an amount upto Rs.200 Crore (Rupees Two Hundred Crore only) in favour of lenders.

The Directors recommend the Resolution at Item No. 15 of the Notice for your approval.

None of the director or key managerial personnel (KMP) or relatives of director or KMP is in any way interested or concerned in the resolution.

Item No. 16

The Shareholders at the Extra – Ordinary General Meeting held on 14th June 1994 had accorded by way of ordinary resolution, their approval to the Board of Directors of the Company for borrowing monies from time to time upto an aggregate amount not exceeding at any time Rs.100 crores (apart from the temporary loans obtained from the Company's bankers in the ordinary course of business) even if it exceeded the aggregate of paid up capital and free reserves of the Company. Considering the Company's expanding operations in India and abroad it is expected that this limit may not be sufficient. It is therefore necessary to increase the borrowing limits to Rs. 200 crores (apart from the temporary loans obtained from Company's bankers in the ordinary course of business).

The resolution set out at item no. 14 of the Notice is put forth for consideration of the members pursuant to the provision of section 180(1) (c) of the Companies Act, 2013 to enable Directors to borrow upto a sum of Rs. 200 Crores (Rupees Two Hundred Crores only).

The Board of Directors recommend the resolution for your approval.

None of the director or key managerial personnel (KMP) or relatives of director or KMP is in any way interested or concerned in the resolution.

Item No. 17

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, 2015.

Remuneration payable to M/s. Kishore Bhatia & Associates, Cost Auditors of the Company for the financial year ended March 31, 2015 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 28, 2014.

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.

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

Registered Office:

Ion House

Dr. E. Moses Road, Mahalaxmi

Mumbai 400 011

CIN: L74999MH1964PLC014258

Mumbai, 29th July 2014

By Order of the Board

Milind Puranik
Company Secretary

DIRECTORS' REPORT

Your Directors have pleasure in presenting the 50th Annual Report and Accounts for the year ended 31st March, 2014.

FINANCIAL RESULTS

The highlights of the financial results are as follows:

	Year ended March 2014 (Rs. in Lacs)	Year ended March 2013 (Rs. in Lacs)
Profit before taxation	3,140	3,248
Less: Provision for taxation :		
Current tax	1,079	823
Deferred tax	9	276
Profit after tax	<u>2,052</u>	<u>2,149</u>
Balance in Profit & Loss Account brought forward from Previous Year	6,128	4,480
Profit balance available for appropriation	<u>8,180</u>	<u>6,629</u>
Appropriations:		
Dividend including Proposed Dividend	292	290
Tax on dividend	50	49
Transfer to General Reserve	155	162
Balance in Profit & Loss Account Carried Forward to Balance Sheet	7,683	6,128

OPERATIONS

During the financial year ended 31st March, 2014, the net profit after tax of the company was Rs. 2,052 lacs, as compared to previous year's net profit after tax of Rs. 2,149 lacs. The turnover was at Rs. 736 crores as compared to Rs. 795 crores of the previous year.

DIVIDEND

The Directors are pleased to recommend a dividend of Rs.2/- [20%] per equity share for the financial year ended 31st March, 2014.

FUTURE OUTLOOK

We expect that the industry in which your company operates will see significant investments by the government and private sector. These investments maybe directed towards the twin objectives of environmental protection and sustained growth. The government is likely to take a lot of initiatives through various economic reforms and policies to build infrastructure and boost growth. Industry as a whole is likely to achieve an uptick in growth with mining clearances, improved electricity generation and removal of other procedural bottlenecks. It is anticipated that technologies oriented towards efficient usage of our water resources would gain favour from government and industry alike. Therefore technologies for treating waste water, recycling and zero liquid discharge are likely to be an important part of the agenda to ensure sustainable growth. Overall the growth for your company's industrial sector should be around 15%.

Your company offers advanced products and services covering all the key technologies for water and waste water treatment plants, water treatment chemicals, resins, as well as high quality integrated services. Your company expects to benefit from heightened level of new projects and plant constructions with a focus on advanced treatment technologies which has always been a key revenue driver for the water treatment sector. Increased growth should be seen in the advanced treatment technologies.

FINANCIAL RESOURCES

Share Capital

Under Employees' Stock Option Scheme – ESOS - 2008, the Employees' Stock Option Compensation Committee (ESOCC) allotted 47,800 equity shares [29,300 equity shares] to the employees of the Company. The paid-up equity capital of the Company increased from 13,59,11,610/- to Rs.13,63,89,610/- after allotment

Pursuant to amalgamation of Ion Exchange Services Ltd. into the Company the Board of Directors at their meeting held on 24.07.2013 allotted 11,80,256 shares to the shareholders of Ion Exchange Services Ltd in exchange of their holding in that Company. The paid-up equity capital of the Company increased from Rs. 13,63,89,610/- to Rs.14,53,21,590/- after the allotment of above shares and giving effect to reduction of capital by 2,87,058 shares as per the High court order.

Fixed Deposits

As on 31st March 2014, 75 fixed deposits amounting to Rs.

15,90,000/- remained unclaimed. 2 Deposits amounting to Rs. 40,000/- have been renewed / claimed since then.

EMPLOYEES' STOCK OPTION SCHEMES

The details of Employees' Stock Option Schemes ESOS – 2001, ESOS – 2003, ESOS 2005 and ESOS 2008 as required to be given under SEBI (Employees Stock Option Scheme and Employees Stock Purchase Scheme) Guidelines, 1999, as amended, are given in the Report on Corporate Governance.

SUBSIDIARY COMPANIES

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

During the year ended 31st March, 2014, the Subsidiary companies M/s.Aqua Investments (India) Limited posted profit of Rs 2.12 lacs compared to Rs. 8.52 lacs of the previous year and M/s. Water Care Investments (India) Ltd. posted profit of Rs.7.85 lacs compared to Rs. 7.21 lacs of the previous year.

Ion Exchange Enviro Farms Limited (IEEFL)

During the year under review, company clocked a turnover of Rs 106.69 Lacs as against Rs. 127.03 Lacs in the previous year.

Farm produce suffered due to environmental factors and inadequate water availability.

Sales of premium input product –“Enviro Reach” continued to remain affected due to severe competition from unorganized sector and newer spraying technologies reducing water consumption and hence lesser sales volumes of Enviro Reach.

Your company has offered a new biodegradable input product “Bio Dip F” in the market on experimental basis, which is well received in the grapes segment. We are now experimenting it in select geographies in different segments such as pomegranates, chilies and vegetables, for increasing volumes. R & D has been simultaneously working on some changes in this product to make it more user friendly, based on the initial market feedback.

The Company had approached SEBI to facilitate modalities of compliance of “SEBI Collective Investment Scheme(CIS) Regulations 1999”. Subsequent to our submissions to SEBI vide letter of May 16th, 2013, followed with a meeting on 27th November 2013, 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.

Ion Exchange Infrastructure Limited

The Company achieved turnover of Rs. 1,474.16 lacs as compared to Rs. 3,064.45 lacs for the previous year. The Company incurred a loss of Rs. 96.91 lacs compared to profit of Rs. 71.42 lacs for the previous year. The drop in Sales is mainly due to slowdown of economy resulting in delay in finalisation of large infrastructure contracts.

The Company has been established with a view to undertake projects for intake water, water treatment, distribution and waste management on lump sum turn key basis. The Company

also provides comprehensive technical and process assistance services such as consultancy, design, detailed engineering and turnkey contracting.

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

The Company achieved a consolidated turnover of Rs 1,900.84 lacs for the year under review.

During the year under review the Company has turn around and posted profit. A well defined and refocused approach to the market has helped the Company to improved performance. The Company started focusing more on partnering with local engineering companies with pre-engineered solutions to help the partner company to win their business. The back to back arrangement with such companies has helped to win few important projects. The Company has healthy order back position which augurs well for future growth.

Similar approach to Thailand subsidiary has helped Thailand operations. The Company is focusing on Petroleum and Power segment and also re-looking at Chemicals business in Thailand.

IEI Environmental Management [M] SDN.BHD, Malaysia

The Company achieved a turnover of Rs.459.79 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. 668.29 lacs for the year under review.

The Company is set up with a view to strengthen and widen the Company's presence in the Bangladesh market.

External conditions of business environment in Bangladesh continue to be uncertain and hence performance of the Company was in line with the previous year. The Company is confident, with the improvement in the external business environment, the performance of the Company will improve in the coming year.

Ion Exchange WTS (Bangladesh) Limited, Bangladesh

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

The Company is operating in the field of maintenance services for water treatment and waste water treatment plants.

Ion Exchange & Co. LLC, Oman

The Company achieved a turnover of Rs.2,118.23 lacs for the year under review.

The Company is set up to address the needs of Middle East market especially Oman.

The JV continues to make profit for last four years, The on going operation contracts with PDO (Petroleum Development of Oman), a central oil exploration company of Oman is running smoothly. Your company now employs more than 15 local

Bahrain national staff as per Government regulations.

Your company has started looking into possible alliance with other engineering companies for infrastructure and small sewage treatment plants.

Ion Exchange LLC, USA

The Company achieved a turnover of Rs.1,705.58 lacs for the year under review.

This subsidiary is established to address the needs of U S market. The Company's operations will substantially benefit and address the parent company's needs in the US.

The major focus on pharmaceutical resins is expected to enhance speciality resin business in the coming year. This will help improve on the margins.

Ion Exchange Projects and Engineering Limited

The Company achieved a turnover of Rs.6,283.83 lacs for the year under review.

The Company was incorporated on 9th April 2012. The Company had acquired the Project Division (covering domestic turnkey projects) of Ion Exchange (India) Limited, the holding company, with effect from 1st August 2012, vide Business Transfer Agreement dated 29th October 2012.

Global Composites and Structurals Limited

The Company achieved a turnover of Rs. 1,654.02 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. 284.57 lacs for the year under review.

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

Efforts are on to establish the Business in South Africa which has strong presence of International competitors. We are working on possible alignments with local companies through JV for Business development in the coming year. We hope, this alignment will help the Company to have greater market share of the water treatment business.

Total Water Management Services (India) Ltd.

The Company achieved a turnover of Rs. 11.73 lacs for the year under review.

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

Ion Exchange Purified Drinking Water Pvt Ltd.

The Company was incorporated on 25th September 2013.

The Company is set as a special purpose vehicle for development and setting up of drinking water plant on PPP

model for Rail Neer Projects of Indian Railway Catering and Tourism Corporation Limited (IRCTC).

A statement as required under Section 212 of the Companies Act, 1956, is attached to the Annual Report.

In accordance with the general circular issued by the Ministry of Corporate Affairs, Government of India, the Balance Sheet, Statement of Profit and Loss and other documents of the subsidiary companies are not being attached with the Balance Sheet of the Company. 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 will also be kept open for inspection at the Registered Office of the Company and that of the respective subsidiary companies. The Consolidated Financial Statements presented by the Company include the financial results of its subsidiary companies.

CONSOLIDATED FINANCIAL STATEMENTS

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

DIRECTORS

The shareholders at the previous Annual General Meeting held on 24th September 2013 had appointed Mr. Rajesh Sharma as Chairman and Managing Director for five years commencing from 1st April, 2013. However pursuant to enactment of Companies Act, 2013 and letter dated 4th July 2014 of Ministry of Corporate Affairs it is proposed to reappoint Mr. Rajesh Sharma as Chairman & Managing Director for five years commencing from 1st April, 2014. The re-appointment is proposed by resolution which forms part of the Notice of Annual General Meeting.

At the Board meeting held on 19th March 2014 Mr. Dinesh Sharma and Mr. Aankur Patni were re-appointed as Executive Directors with effect from 1st April 2014. The re-appointments of Mr. Dinesh Sharma and Mr. Aankur Patni as Executive Directors are being proposed by resolutions which form part of the Notice of Annual General Meeting.

The Company had pursuant to the provisions of clause 49 of the listing agreement entered into with Stock Exchange, appointed Dr. V. N. Gupchup, Mr. T. M. M. Nambiar, Mr. P. Sampathkumar, Mr. Abhiram Seth, Mr. Shishir Tamotia, Mrs. Kishori Udeshi as Independent Directors of the Company.

As per section 149(4) of the Companies Act, 2013 (Act), which came into force from April 1, 2014, every listed public company is required to have at least one third of the total number of directors as Independent Directors. In accordance with the provisions of section 149 of the Act, these Directors are being appointed as Independent Directors to hold office as per their tenure of appointment mentioned in the Notice of the forthcoming Annual General Meeting (AGM).

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

The Board regrets to inform shareholders of the sad demise of Mr. A.K. Marfatia on 21st June 2013. The Directors have placed on record their appreciation of the valuable advice and guidance rendered by Mr. Marfatia.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirement under Section 217(2AA) of the Companies Act, 1956 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, 2014, the applicable accounting standards have been followed along with proper explanation given relating to material departures;
- (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, 1956, 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, 2014 on a going concern basis.

CORPORATE GOVERNANCE

A report on Corporate Governance as required under Clause 49 of the listing agreement forms part of this annual report.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Report on Management discussion and analysis as required under Clause 49(V) of the listing agreement forms part of this annual report.

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

Information in accordance with Section 217 (1) (e) of the Companies Act 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 and forming part of this Report for the year ended 31st March, 2014 is given in Annexure I.

PARTICULARS OF EMPLOYEES

The details required to be given under Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, as amended are provided given in Annexure forming part of this report. In terms of section 219 (1) (b) (iv) of the Act, the Report and Accounts are being sent to the shareholders excluding the aforesaid Annexure. Any shareholder interested in obtaining a copy of the same may write to the Company Secretary

QUALITY INITIATIVES

The Management of the company has always been committed to providing high quality products & services to its customers and ensuring safety & occupational health of its employees. The integrated Occupational Health system, the Quality Management System namely ISO 9001 : 2008 and Environmental Management Systems namely ISO 14001: 2004 have been adopted by all your factories.

During the year, the resin, chemical and the Hosur engineering factories have been recertified for the ISO 9001- 2008 quality

systems. In addition, the chemical factory has been recertified for OHSAS18001 -2007.

The resin facility at Ankleshwar has also obtained following prestigious certificates for various products and facilities:

WQA-Gold seal certificate from the Water Quality Association, USA, Kosher Certificate from the Kashruth Council of Canada, Halal Certificate from the Manjelis Ulama Indonesia, The Indonesian Council of Ulama. EU written Confirmation from the Government of India, Ministry of Health & Family Welfare, Central Drug Standard Control Organisation, New Delhi. Besides this the Company has also received cGMP (Current General Manufacturing Practice) and cGLP (General Laboratory Practice) Certificates from the Food and Drug Control Administration – Gujarat state and the WHO-GMP Certificate from (CDSCO – Ahmedabad) Food and Drug Administration – Gujarat state.

The company uses Balanced Scorecard as a tool for implementing and monitoring the business strategies and action plans. Your company also undertakes regular quality improvement projects to continuously improve levels of operational performance.

AUDITORS

The Statutory Auditors, M/s. S. R. Batliboi & Co. LLP hold office until the conclusion of this meeting and are eligible for re-appointment. Pursuant to the provisions of section 139 of the Companies Act 2013 and rules framed there under, it is proposed to appoint M/s. S. R. Batliboi & Co. LLP as statutory auditors of the Company from the conclusion of forthcoming AGM till the conclusion of fifty third AGM to be held in the year 2017, subject to ratification of their appointment at every AGM.

Branch Auditors

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

Cost Audit

The Directors have re-appointed M/s Kishore Bhatia & Associates, cost accountants as cost auditors to audit the accounts relating to cost records for the financial year ending March 31, 2015.

ACKNOWLEDGEMENTS

Your Board conveys its deep appreciation for 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 July 2014

ANNEXURE TO THE DIRECTORS' REPORT 2014**ANNEXURE I**

Companies (disclosure of Particulars in the Report of Board of Directors) Rules, 1998

(A) CONSERVATION OF ENERGY

- (a) Energy Conservation measures taken
- Higher plant capacity utilisation
 - Increased batch sizes in certain products using the same reactors.
- (b) Additional investments and proposals, if any, being implemented for reduction of consumption of energy : NIL
- (c) Impact of the measures at (a) and (b) above for reduction of energy consumption and consequent impact on cost of production of goods:
The above measures have resulted in variable overhead reduction.
- (d) total energy consumption and energy consumption per unit of production : Details as per Form – A of the Annexure.

(B) TECHNOLOGY ABSORPTION

- (e) Efforts made in technology absorption : Details as per Form- B of the Annexure.

(C) FOREIGN EXCHANGE EARNINGS AND OUTGO

- (f) activities relating to exports, initiatives taken to increase exports, development of new export markets for products and services and export plans:
In order to strengthen the Company's position in the international market, the Company has set up subsidiaries in USA and Middle East Asia. The Company hopes to garner encouraging response in the coming years.
- (g) Total Foreign exchange:
- | | | |
|--------|---|----------------------|
| Used | : | Rs. 69,42,26,912/- |
| Earned | : | Rs. 1,31,81,26,136/- |

Mumbai
Date : 29th July 2014

Rajesh Sharma
Chairman & Managing Director

Form A**(Form for Disclosure of Particulars with respect to Conservation of Energy)****A. POWER AND FUEL CONSUMPTION****1 Electricity****a) Purchase**

Sr. No.	Item	Current Year 2013-2014		Previous Year 2012-2013	
		Ankleshwar	Patancheru	Ankleshwar	Patancheru
1	Total Units (Kwh)	52,41,740	7,87,730	54,34,410	5,85,248
2	Total amount (Rs.)	3,59,42,329	70,09,183	3,64,11,434	43,69,912
3	Rate/Unit (Rs.)	6.86	8.90	6.70	7.47

b) Own generation**i) Through diesel generator :**

Sr. No.	Item				
1	Total Units (Kwh)	64,504	1,79,860	81,232	2,40,400
2	Unit/Ltrs. of Fuel (Kwh)	2.06	2.43	2.60	3.25
3	Cost/Unit (Rs.)	28.29	23.37	19.21	15.24

ii) Through steam Turbine/Generator :

Sr. No.	Item				
1	Total Units (Kwh)	NIL	NIL	NIL	NIL
2	Unit/Ltrs. of Fuel (Kwh)	NIL	NIL	NIL	NIL
3	Cost/Unit (Rs.)	NIL	NIL	NIL	NIL

2 Coal**3 Furnace Oil****4 Others/Internal Generation :**

NIL	NIL	NIL	NIL
NIL	NIL	NIL	NIL
NIL	NIL	NIL	NIL
NIL	NIL	NIL	NIL

B. CONSUMPTION PER UNIT OF PRODUCTION

Products : Chemicals Resins
Unit of production : MT M³

	Standard (if any)	Current Year 2013-2014	Previous Year 2012-2013
Electricity	(Units/MT) (Units/M³)	60.02 337.20	58.52 331.89
Furnace Oil		NIL	NIL
Coal (Specify Quality)		NIL	NIL
Others (Specify)		NIL	NIL

FORM B

(Form for Disclosure of Particulars with respect to Absorption)

RESEARCH AND DEVELOPMENT (R&D)

1) Specific areas in which R&D has carried out by the company are as follows:

- Ion exchange resin synthesis**
R&D transferred the technology of producing polymeric adsorbents (PA600) to production. R&D developed a resin which is useful for the separation of rhodium. Pharma excipients were developed and commercialized.
- Water treatment chemicals**
R&D developed polymer based silica antiscalent, maleic copolymer and evaporator antiscalent.
- Developed and launched a unique UV purifier with online and storage facility, it also incorporates an Electrolytic System Sanitizer (ESS)
- A storage type Fluoride and germ removal purifier
- Solar based units for removal of ground water contaminants (Iron, arsenic, Nitrate and fluoride etc.)

2) Benefits derived as a result of the above R&D work

- PA600 resins are being used extensively in the purification of pharmaceutical and nutraceutical. The resin for the separation of rhodium is developed for a specific application. It has got lot of potential especially in precious metal industry. R&D work on pharmaceutical excipients is helpful to strengthen our market share on resin based pharma products.
- Silica antiscalent is having lot of potential in cooling water application. The maleic copolymer is a new addition to our product range, which is a new class of product used in cooling water treatment. The water evaporators need specific antiscalents which are able to withstand at high temperatures. Our newly developed evaporator antiscalent is going to get a good share in the market.
- A novel product that has two technological benefits, the first one being the product not only purifies the incoming water, but also keeps it safe in storage by preventing recontamination due to slime forming bacteria in the storage tank, competitors products do not guarantee purity in storage, The second benefit being, a normal UV system does not kill the bacteria but only paralyses it, but under certain condition of visible light some microbes re-activate. This is prevented by the ESS feature of the product.
- This unique Gravity based filter has a replaceable Fluoride remover cartridge and a Indicator based Germ removal cartridge which self-blocks at the end of its cartridge life. This is specifically designed for the Rural sector.
- Solar units are specifically designed to suit the rural areas where electricity is not sufficient. The units can deliver the 5000lits and 10000lits /day water can be operated by solar energy. Life of solar system is more than 15years.

3) Expenditure on R&D

		Location	
		Patancheru	Vashi, Navi Mumbai
		Rs.	Rs.
a.	Capital Expenditure	19,12,299	10,27,125
b.	Revenue Expenditure	1,81,36,495	2,20,86,171
c.	Total	20,048,794	2,31,13,296
d.	Total R&D Expenditure as percentage of Turnover : 0.6%		

TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION:

- The Company continues to use the latest technologies for improving the productivity and quality of its products and services.
- In case of imported technology (imported during the last 5 years reckon from the beginning of the financial year)

Technology imported	:	None
Year of import	:	N.A.
Has technology been fully absorbed	:	N.A.
If not fully absorbed, areas where this has not taken place, reasons therefore and future plans of action	:	N.A.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

A. INDUSTRY STRUCTURE AND DEVELOPMENT

Slower growth in several key emerging economies, political instability in some parts, as well as a more protracted recession in the euro area ensured that global growth remained subdued at around 2.5% during 2013. Global growth is projected to be higher in 2014 at around 3.7 percent, rising to 3.9 percent in 2015.

Indian Economy

Indian economy continued to be vulnerable to recessionary trends in Europe and US. A spell of global financial turbulence caused capital outflows and pressure on the exchange rate, but some strong policy measures helped to provide a degree of stability to the currency. The tough measures to reduce current account deficit and rebuild foreign exchange reserves also showed positive results.

While structural and procedural delays and the high cost of borrowing hampered investment and financing, new headwinds appeared in the form of monetary tightening and the heightened challenge of repayment in foreign currency. All this created a negative impact on the economy. Persistent inflation, fiscal imbalances, bottlenecks to investment and other weaknesses & inefficiencies would require further structural reforms in order to be addressed effectively.

In spite of the overall adverse scenario the trends seemed to have turned for the better since the last quarter of fiscal year 2014. Inflation seems to be easing, currency is showing resilience and the business confidence also shows signs of improvement. Better growth prospects in the US and the Euro area are likely to bolster external demand.

The momentum of the economy looks likely to be restored with the hope that the new Government will focus on sustained economic reforms and work towards regaining global confidence in the Indian economy.

Indian Industry

GDP estimates for the year 2013-14 indicate that Industry grew by a meagre 0.4 per cent. The manufacturing and mining sector declined by 1.4 per cent. The consumer durables segment index contracted by 12.2 per cent. Gross Capital Formation in industrial sector comprising of mining, manufacturing, electricity and construction has declined from 31.8 in 2011-12 to 28.3 in 2013-14. The overall decline in growth rates of fixed investments hints at further deceleration in investment in key segments of industry during the year.

In spite of the overall depressed environment, there was relatively better performance by some of the core sector industries like steel, fertilizers, cement etc. Further,

since December 2013 we are also witnessing an increase in the number of new projects announced. The new government is also likely to initiate actions that would bolster capital expenditure, as companies are looking for macroeconomic stability and forward movement on some structural issues before commencing operations. Consequently, we are experiencing an increase in demand which is likely to result in better business opportunities in the second half of the coming year.

Water treatment industry as a whole faced challenges in the domestic market as both the large and the small players suffered due to reduced flow of new projects and severe cash crunch affecting the customers. Even some of the larger engineering focused players were under severe cash stress and were struggling to continue with the smooth flow of operations.

Companies focused on chemicals, resins and specialty chemicals have fared better than their engineering counterparts. While margins continue to be under some stress and growth is limited, they have not struggled as they are not as reliant on new projects. They have also been less affected by the ongoing liquidity crunch.

The pace of entry of new players in the industry slowed down during the year and some degree of consolidation was also witnessed amongst the existing players. However, towards the end of the fiscal year there was renewed interest with respect to water related initiatives which led to expectations building up in this sector.

B. HIGHLIGHTS OF PERFORMANCE

Gross turnover for the year 2013-2014 was Rs. 736 crores. Profit after tax was Rs. 2,052 lacs as compared to Rs. 2,149 lacs in the previous year.

The lower Turnover had a negative impact on the profitability of the Company.

C. SEGMENTWISE OPERATIONAL PERFORMANCE

The business of your company can be segmented into:

1. Engineering
2. Chemicals
3. Consumer Products

Engineering

In this segment the Company designs, manufactures and sells medium and large size equipment for water & waste water treatment plants. The segment achieved turnover of Rs 412 crores compared to Rs. 477 crores for the previous year.

The slowdown in the Indian economy and weak recovery in the advanced economies affected this segment. Additionally, inflation, weak currency and subdued demand from overseas markets had an impact on this segment. There were also challenges considering number of projects being postponed and slow down in implementation of existing projects. This along with increased material costs had an impact on the margins of this segment.

The Government is likely to take immediate steps to boost capital expenditure. The political stability coupled with liberalization policies expected in the coming years will help the Industry to gain momentum in the near future.

This segment is expected to grow at a healthy rate as the Company has good order bank.

Chemicals

The segment achieved Sales turnover of Rs. 248 Crores as compared to Rs. 234 Crores of the previous year with a growth of 6%.

During the year domestic sales increased for Conventional and Specialty Resins as well as Water Treatment Chemicals. Mining and Refinery Chemicals business grew significantly contributing to 19% to the turnover of Industrial Chemical Division.

Exports of resins to US, Europe and Far East have shown further improvement over the previous year. New customers are being developed in Europe and USA and this is likely to further enhance the exports of resins in the next financial year. The focus on pharmaceutical resins in excipient and drug active category and the positive customer feedback is expected to enhance international specialty resin business in the next financial year. To enhance our potable water business we obtained NSF certification for our Arsenic removal and Iron removal resins. This will open up markets in Europe and US.

Margins in the chemicals business were under pressure due to increase in raw material prices and depreciation of the Rupee, but with in house manufacturing of certain intermediates and timely increasing the prices of our products, we could increase net contribution from the chemical segment.

The new pharma facility in Ankleshwar is fully operational. The Company has filed DMF's with US FDA for two drug actives and have also paid the related fees. Number of customers from US, Europe and some domestic customers have audited the facility as a first step to start business with us in this segment. Drug Actives have large potential in the US and European Market. The facility also has WHO-GMP certification.

The outlook for this segment is positive.

Consumer Products

The segment achieved a turnover of Rs. 86 crores during the year.

Home water solutions division during the year launched two new products under the Zero B brand. For the first time in India, the Company introduced Zero B UV Grande a revolutionary UV water purifier which redefines the purity and security of treated water. This ensures complete elimination of microbes from incoming water to the tank, also protects the storage tank water 24 x 7 to prevent germ build up. This process keeps the tank water fresh for more than a week incase the tank water is not in use.

The Zero B eco SMART (50, 100, 150 LPH) comes with the revolutionary, HRR technology that saves substantial amount of water as compared to other commercial RO products.

The unique "Water Saver Cartridge" and the complimenting processes promote extreme high recovery by preventing the foul factors formed during the RO process.

Zero B eco SMART is a robust reverse osmosis unit for commercial establishments like malls, restaurants, offices, institutions where consumption of water is quite high.

The Zero B eco SMART 50 / 100 /150 LPH does not need softener in the pretreatment, therefore saves the customer of performing softener recharging and arrangements of salt. Zero B eco SMART comes with unique digital DYNAMIC MONITOR AND CONTROLLER (DMC)

The home water purifier market is a dynamic market with a lot of new players entering the market as well as new products being launched. Taking the market dynamics into consideration your company will continue to provide good quality products and services to meet the requirements of existing and potential customers.

The institution division which focuses on segments like Construction, Hospitality & Healthcare, Educational Institutes, Corporate offices and PSU's like Defence establishments, Railways, State Transport Corporations etc. showed better productivity & improved collections during this fiscal. The productivity levels have improved by 15-20 % during the period.

Growing awareness about sanitization, scarcity of fresh water & more vigilant approach by regulatory authorities have opened new opportunities for sewage treatment & recycle of waste water across institutional segments. Your company offers wide range of treatment options including the latest "Membranes Bio Reactor" (MBR) technology to treat Sewage. Our installation base has grown by over 100% over the last two years for INDION range of Sewage treatment plants installed across India.

The division has successfully commissioned prestigious projects for MBR in the Education and Hospitality segment and shall continue to focus on MBR prospects in the future.

We have introduced smaller capacity modular designs of INDION Sewage treatment options suitable for tier II & tier III cities. This division has concentrated on growing the network of authorized dealers to improve the company's market reach which has resulted in improved performance. We will continue to grow the strength of our dealer network targeting 20% growth in sales over this year's achievement.

This segment has also expanded its product offering by adding product like Lab Water Maker specifically for the healthcare segment. This product will help us tap water requirements for the laboratory segment.

Complete water solutions for rural India is provided by catering to the needs of communities, homes and institutions through various easy to use and cost-effective systems. New fluoride removal power pump attachments were launched this year in collaboration with the Public Health Engineering Department (PHED). Besides this, we also expanded our presence in the area of surface and ground water treatment solutions by introducing our products in various states.

In the current year the company will continue to work closely with the PHEDs and NGOs to provide solutions to the people living in the fluoride, iron and arsenic affected areas. We will also expand our network and presence in the area of surface water treatment solutions.

Exports

During the year under review, your Company has achieved export turnover of Rs. 131 crores as compared to Rs. 111 crores for the previous year, showing a increase of 18%. The major Business growth came in from middle east, which showed improved economy and from resin business from developed nations like Europe, Korea etc. This coupled with growth in the Asia Pacific region has helped the Company to grow in this market.

Our Company will expand its reach in geographies we serve and wherever we have established our presence in the past few years. The focus will be on exports of resins, specialty chemicals, customized water and wastewater treatment plants (WWTP), select EPC contracts in Oil & Gas, Food & Pharmaceutical segment apart from providing comprehensive O&M services.

D. RISKS, THREATS, CONCERNS AND RISK MITIGATION

Risk mitigation has been a priority on the managements' agenda. A structured method of evaluating risks and their impact, a robust mitigation plan and continuous monitoring of performance is in operation.

The impact of the gloomy economic conditions of the last two years was felt in 2013-14 too. The continued liquidity crunch and the resulting uncertainty regarding fund availability and the rising interest costs affected business sentiments. There is an overall increase in the credit risk faced by your company as projects are being deferred and existing projects are under stress due to delayed and slow payments. Your management has been closely monitoring the situation and has been exercising caution in selection of business opportunities as well as in giving any future commitments.

The economy as a whole and the industry in particular is facing margin pressures on account of continued high levels of inflation, interest cost and exchange rate fluctuations. Your company has tried to adopt optimum means of reducing the impact of these risks through prudent financial and commercial practices. The Company has a conservative forex management policy and does not speculate in the forex market.

The volatility in the macro-economic scenario and continuous changes in the water treatment industry requires the management to continuously re-assess risks and opportunities. Your Company remains vigilant of its market share with continued focus to reinforce its credibility, quality, services and technology vis-a-vis major Indian and global players. Regular efforts are made to shore up competitiveness through cost reduction, value engineering and tie ups with vendors for quality products at competitive prices. Your company continues to invest in research and development and is also always on the lookout for technology assimilation through partnership with respected and reliable international partners.

Regulatory policies and the changes in the law of the land, though completely beyond the control of the company affect business operations. One of the statutes to undergo a major change was the Companies Act. Whereas your company was already having internal controls and procedures in place, wherever required the company has augmented its practices and systems to ensure complete regulatory compliance.

E. HUMAN RESOURCES & TRAINING

In today's highly competitive business environment, the human resource function, is directly linked with the strategic goals and objectives of the business. The job of HR is to maximize returns on investment by aligning the organization's human capital with Organizational goals.

In order to create a ready talent pool for managing future business requirements, your Company has embarked on a journey towards fine-tuning HR processes, systems and services. The focus is on hiring and retaining the best talent from various disciplines and making them productive.

Your Company has a process in place for identifying and nurturing key talent for critical roles through various career development programmes and structured interventions. This ensures creation of leadership pipeline across the Company.

Learning and development opportunities have always been given prime importance and your Company has been providing orientation and professional development programmes, on a regular basis.

The 360 Degree Feedback Intervention conducted by highly renowned professionals has gone a long way in ensuring the desired change. Action plans have subsequently been drawn up and implemented for enhancing personal effectiveness at the workplace.

The Human Resource function continues to play a vital role in building a conducive and performance-driven work environment with a focus on fairness, transparency, and accountability.

F. INTERNAL CONTROLS

Control framework within the company is adequate. The existing review mechanism coupled with policy framework implemented by your company provides reasonable assurance of the efficacy of the internal control operating within the Company.

The company has an in-house internal audit department staffed with qualified and experienced professionals. The annual audit plan takes into account the risk priorities assigned by the management and is approved by the Audit committee. Major audit observations and progress of implementation of directives given by the Audit committee are reviewed by the committee that meets at regular intervals. The statutory auditors review the audit observations and make suitable recommendations.

G. SOCIAL RESPONSIBILITY INITIATIVES

For an emerging and developing country like India, development of underprivileged children holds the key to the progress of the nation.

Children are the future of a nation. Whether we are addressing healthcare, poverty, unemployment or human rights issues, there is no better place to start with, than in the corridors of Education.

With this in mind, your Company continues to extend support relating to Education, Health and Hygiene to the lesser privileged sections of society.

Being in the water treatment business, apart from providing water purification units to needy educational institutions, your Company initiatives range from sponsorship of teachers' salaries, sponsorship of student fees/higher education, construction and renovation of class-room infrastructure, sanitation facilities, to providing various kinds of educational assistance as well as spreading environmental awareness by plantation of trees in school compounds.

Your Company continues to encourage its employees to participate in the celebration of national festivals, birthdays/anniversaries, with the school children.

It gives us great pleasure to state that under the Ion Foundation umbrella, your Company has succeeded in extending Corporate Social Responsibility across all its execution units and branches across the country and has crossed the target, making a difference to the lives of over 10,000 beneficiaries.

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 : 28th May 2014

REPORT ON CORPORATE GOVERNANCE

1. Philosophy

Ion Exchange (India) Ltd. (the Company) strives to follow the best Corporate Governance practices, develop best policies, guidelines and communicate and train all its employees in order to foster a culture of confidence and obligation at every level of organization. The Company is in compliance with provision of Corporate Governance specified in the Listing Agreement with the Bombay Stock Exchange Limited.

The Company is committed to meet the expectation of the stake holders as a responsible corporate citizen. The Ion Exchange code of conduct contains the fundamental principles and rules concerning ethical business conduct.

2. Board of Directors (The Board)

i. Composition & Category of Directors [as on 31st March, 2014]

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

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

Mr. Akhil Marfatia. Director died on 21st June 2013.

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

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

The Company held six Board Meetings on 30.05.2013, 24.07.2013, 24.09.2013, 28.10.2013, 28.01.2014 and 19.03.2014. At every board meeting, the matters specified under clause 49(IV), Annexure 1 of the Listing Agreement were placed and discussed.

The previous Annual General Meeting (AGM) of the Company was held on 24th September, 2013 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	Directorships in other Company(s) as on (31/3/14)	Member/ Chairman of committees of other company(s) (as on 31/3/13)
Mr. Rajesh Sharma	6	16	2
Mr. Dinesh Sharma	6	13	1 (chairman)
Mr. Aankur Patni	6	6	-
Dr. V. N. Gupchup	5	6	5 (includes 2 Chairmanships)
Mr. M. P. Patni	6	13	2
Mr. T. M. M. Nambiar	6	3	5 (includes 2 Chairmanships)
Mr. P. SampathKumar	4	1	1
Mr. Abhiram Seth	6	10	7
Mr. Shishir Tamotia	6	1	-
Mrs. K.J. Udeshi	5	4	7

iii. 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 2013-14

Rajesh Sharma
Chairman & Managing Director

3. Audit Committee

The Audit Committee regularly reviews and analyses the adequacy of internal control system, the financial and risk management policies of the Company and other matters as laid down under clause 49(II) of the Listing Agreement with the Stock Exchange. 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 30.05.2013, 24.07.2013, 28.10.2013 and 28.01.2014.

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

4. 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 and independent) along with the members of the Committee are Mr. Abhiram Seth (Non Executive & Independent) and Mr.M.P. Patni (Non-executive).

The remuneration paid to Chairman & Managing Director Mr.Rajesh Sharma and Executive Directors Mr. Dinesh Sharma and Mr. Aankur Patni during the financial year 2013- 2014 is given hereunder.

Name	Salary & Allowances (Rs.)	Contribution to Provident & other funds (Rs.)	Perquisites (Rs.)	Total (Rs.)
Mr. Rajesh Sharma	2,11,40,000	41,03,490	7,73,762	2,60,17,252
Mr. Dinesh Sharma	99,24,000	19,08,600	1,79,468	1,20,12,068
Mr. Aankur Patni	99,24,000	19,08,600	-	1,18,32,600

During the year, the Company paid Rs. 12,40,000 /- as sitting fees to the non-executive Directors for attending the Board and Committee Meetings. The details are given below:

Name	Amount paid (Rs.)
Dr. V. N. Gupchup	3,40,000
Mr. M. P. Patni	1,50,000
Mr. T. M. M. Nambiar	2,20,000
Mr. P. Sampath Kumar	1,00,000
Mr. Abhiram Seth	2,10,000
Mr. S.L. Tamotia	1,20,000
Ms. K.J. Udeshi	1,00,000
Total	12,40,000

5. Employee Stock Option Compensation Committee (ESOCC)

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

The details of Employees' Stock Option Schemes ESOS – 2001, ESOS – 2003, ESOS - 2005 and ESOS - 2008 as required to be given under SEBI (Employees Stock Option Scheme and Employees Stock Purchase Scheme) Guidelines, 1999, as amended, are given hereunder (As on 31st March 2014):

		ESOS-2001	ESOS-2003	ESOS - 2005	ESOS - 2008
A.	Options granted	First grant – 3,84,500 (20.07.2001) Second grant – 5,36,100 (08.08.2002) Third grant – 3,00,000 (05.06.2007)	First grant – 6,50,000 (02.04.2004) Second grant – 3,50,000 (05.06.2007)	First grant – 5,00,000 (29.03.2006) Second grant – 5,00,000 (24.07.2006)	12,00,000 (13.10.2008)

		ESOS-2001	ESOS-2003	ESOS - 2005	ESOS - 2008
B.	Pricing Formula	<p>First grant @ Rs.12.50 Second grant @ Rs.19.00 Third grant @ Rs.94.00</p> <p>Computed on the average of the weekly closing prices on The Stock Exchange, Mumbai during the 13 weeks prior to the date of grant or the closing price on the date of the grant whichever is lower or with a discount not exceeding 25% on the price as computed by the above formula as may be decided by the ESOS Compensation Committee. (The closing market price on BSE as on the date of grant – First grant Rs. 13.70, Second grant Rs. 24.50, Third grant Rs. 125.10)</p>	<p>First grant @ Rs.19.00 Second grant @ Rs. 94.00</p> <p>Computed on the average of two weeks high and low price of the shares traded on The Stock Exchange, Mumbai, preceding the date of grant of option or the closing price on the date of the grant whichever is lower or with a discount not exceeding 25% on the price as computed by the above formula as may be decided by the ESOS Compensation Committee. (The Closing market price on BSE as on the date of grant – First grant Rs. 29.65, Second grant Rs.125.10)</p>	<p>First grant @ Rs.67.00 Second grant @ Rs.54.50</p> <p>Computed on the average of two weeks high and low price of the share traded on The Stock Exchange, Mumbai, preceding the date of grant of option or the closing market price prior to the date of grant. Exercise price shall be at a discount not exceeding 25% on the average price or the closing market price as computed by the above formula as may be decided by the ESOS Compensation Committee. (The closing market price on BSE as on the date of grant – First grant Rs. 96.65, Second grants Rs.72.65)</p>	<p>First grant @ Rs.58.20</p> <p>Computed on the average of two weeks high and low price of the share traded on The Stock Exchange, Mumbai, preceding the date of grant of option or the closing market price prior to the date of grant. Exercise price shall be at a discount not exceeding 25% on the average price or the closing market price as computed by the above formula as may be decided by the ESOS Compensation Committee. (The closing market price on BSE as on the date of grant – First grant Rs.77.55)</p>
C.	Options Vested	First grant – 3,84,500 Second grant – 5,36,100 Third grant – 3,00,000	First Grant – 6,50,000 Second Grant – 3,50,000	First Grant – 4,80,000 Second Grant – 5,00,000	12,00,000
D.	Options Exercised	First grant – 2,77,000 Second grant – 3,89,700 Third grant – 5,000	First Grant – 5,78,675 Second Grant - Nil	First Grant – 3,26,000 Second Grant – 4,06,000	9,11,000
E.	The total no. of shares arising as a result of exercise of option	First grant – 2,77,000, Second grant – 3,89,700 Third grant - 5,000	First Grant – 5,78,675 Second Grant - Nil	First Grant – 3,26,000 Second Grant – 4,06,000	9,11,000
F.	Options Lapsed	First grant – 1,07,500 Second grant – 1,46,400 Third grant – 55,000	First Grant – 71,325 Second grant – 73,000	First Grant – 1,74,000 Second grant – 94,000	2,12,800

		ESOS-2001	ESOS-2003	ESOS - 2005	ESOS - 2008
G.	Variations of terms of options	Pursuant to the approval of shareholders at 44 th Annual General Meeting, the Employees' Stock Option Compensation Committee has decided to amend the vesting period for the options granted so that the date of vesting of all the options granted which were to be vested in tranches be advanced and all the options not vested as yet be vested simultaneously	i) Pursuant to the approval of shareholders at 42 nd Annual General Meeting the Employees' Stock Option Compensation Committee has decided to advance the date of vesting of options so that options not vested as yet be vested immediately. ii) Pursuant to the approval of shareholders at 44 th Annual General Meeting, the Employees' Stock Option Compensation Committee has decided to amend the vesting period for the options granted so that the date of vesting of all the options granted which were to be vested in tranches be advanced and all the options not vested as yet be vested simultaneously	None	None
H.	Money realised by exercise of options	First grant – Rs.34,62,500/- Second grant – Rs.74,04,300/- Third grant - 4,70,000	First Grant – Rs.1,09,94,825/- Second grant - Nil	First grant- Rs. 2,18,42,000/- Second Grant- Rs.2,21,27,000/-	Rs.5,30,20,200/-
I.	Total number of options in force	First grant – Nil Second grant – Nil Third grant – 2,40,000	First Grant – Nil Second Grant – 2,77,000	First Grant – Nil Second Grant – Nil	Nil
J.	Employee wise details of options granted to: i Senior Management Personnel	Nil	Nil	Nil	Nil

		ESOS-2001	ESOS-2003	ESOS - 2005	ESOS - 2008
	ii) Any other employee who receives a grant in any one year of option amounting to 5% or more of option granted during that year.	None	None	None	None
	iii) Identified employees who were granted option, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the company at the time of grant.	None	None	None	None
		Note: No fresh options were granted during the year			
K.	Diluted earnings per share (EPS) pursuant to issue of shares on exercise of option calculated in accordance with Accounting Standard (AS) 20 earning per share – Rs. 14.08				
L.	where the Company has calculated the employee compensation cost using the intrinsic value of the stock options, the difference between the employee compensation cost so computed and the employee compensation cost that shall have been recognized if it had used the fair value of the options, shall be disclosed. The impact of this difference on profits and on EPS of the Company shall also be disclosed.	N.A.	N.A.	N.A.	Please refer Note 29 of Financial statements

		ESOS-2001	ESOS-2003	ESOS - 2005	ESOS - 2008
M	Weighted average exercise prices and weighted average fair value of options shall be disclosed separately for options whose exercise price either equals or exceeds or is less than the market price of the stock.	N. A	N. A	N. A	Please refer Note 29 of Financial statements
N.	A description of the method and significant assumptions used during the year to estimate the fair values of options, including the following weighted average information: i. Risk – free interest rate ii. Expected life iii. Expected volatility iv. Expected dividends, and v. The price of the underlying share in market at the time of option granted.	N. A	N. A	N. A	Please refer Note 29 of Financial statements

6. Shareholders / Investors Grievance Committee

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

		Received	Resolved
1.	Non Receipt / Requests of Interest/ Dividend Warrants	103	102
	1A) Warrants Already Paid	00	00
	1B) Requests Pertaining to outdated, duplicate warrants and changes on live warrants	103	102
	1C) Reply sent giving warrant details (Reconciliation in process)	00	00
	1D) Miscellaneous Queries in connection with payments	00	00
2.	Transfer of Securities	00	00
3.	Dematerialisation of Securities	01	01
4.	Name Correction	04	04
5.	Letters received from SEBI and other Statutory bodies	01	01
6.	Change of address requests	55	55
7.	ECS / Mandate requests	37	37
8.	Loss of Securities	54	54
9.	Split / Consolidation / renewal/ duplicate issue of securities	31	31
10.	Nomination requests	04	04
11.	Tax Exemption Form / PAN related	00	00
12.	Transmission of securities	12	12
13.	Exchange / Sub – division of old shares	17	17
14.	Dividend / Interest queries	49	49
15.	Document Registration	9	9
16.	Bonus Issue	00	00
16.	Redemption	00	00
16.	Other (miscellaneous)	40	40

1 Complaint received from Mr. Sunil Rodrigues through NSDL regarding non receipt of rejected DRF and share certificates has been replied to.

7. Annual General Meetings

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

Year	Date	Time	Location
2010-2011	27.09.2011	11.00 a.m	Amar Gian Grover Auditorium, Lala Lajpat Rai Marg, Haji Ali, Mumbai – 400 034
2011-2012	26.09.2012	11.00 a.m.	Ravindra Natya Mandir, P. L. Deshpande, Maharashtra Kala Academy, Near Siddhivinayak Temple, Sayani Raod, Prabhadevi, Mumbai – 400 025
2013-2014	24.09.2013	11.00 a.m.	Ravindra Natya Mandir, P. L. Deshpande, Maharashtra Kala Academy, Near Siddhivinayak Temple, Sayani Raod, Prabhadevi, Mumbai – 400 025

8. Disclosures

- The financial and commercial transactions entered into by Directors, their relatives and subsidiaries with the Company were not in conflict with the interests of the Company. The transactions with related parties are disclosed in the Notes to financial statements under Item no. 32.
- The Company has complied with all the Statutory requirements and no penalties or strictures have been imposed on the Company by the Stock Exchanges or SEBI or any other authority on any matter related to capital markets during the last three years.
- The Company had laid down procedures to inform the Board of Directors about the Risk Management and its minimization procedures. The Audit Committee and the Board of Directors review these procedures periodically.

9. Means of Communication

As per the requirements of listing agreement with The Stock Exchange, Mumbai, the quarterly, half yearly and annual financial results of the Company are faxed & sent to the Stock Exchange immediately after the same are approved by the Board. The same is published in English (Free press journal) and regional language (Navshakti) newspapers, within 48 hours of approval by

the Board and uploaded on our company's website (www.ionindia.com).

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

10. 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.

Risks/ controls and mitigation measures are uploaded on Company's intranet for regular review and updation by process owners.

11. General Shareholder Information

i) Annual General Meeting

Date : 26th September 2014

Time : 11.00 a.m.

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

ii) Financial calendar year 2014-15

Financial year : 1st April to 31st March

Quarter ending : Last week of July, 2014
June 30, 2014

Quarter ending : Last week of October, 2014
September 30, 2014

Quarter ending : Last week of January, 2015
December 31, 2014

Year ending : Last week of May, 2015
March 31, 2015

iii) Book closure date

The Register of Members and the Share Transfer Books of the Company will remain closed from Monday, 15th September, 2014 to Friday, 26th September, 2014 (both days inclusive) for determining the entitlement of shareholders to receive dividend for the year ended 31st March,

2014, if declared at the Annual general meeting,

iv) Dividend payment date

Dividend, if declared shall be paid on or before 1st October, 2014

v) Listing on Stock Exchange

The Company's equity shares are listed at The Stock Exchange, Mumbai.

vi) Stock code and ISIN Number

The Stock Exchange, Mumbai - 500214.

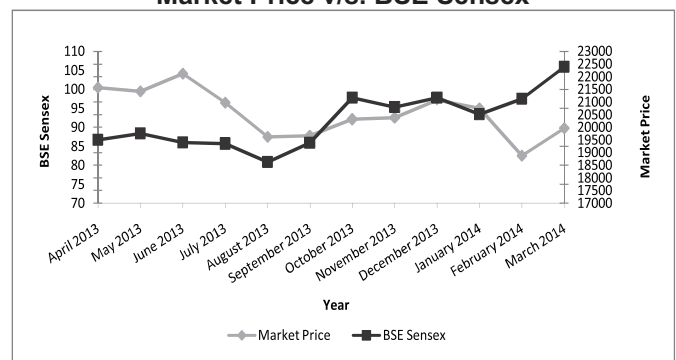
ISIN Number - INE570A01014.

The Stock Exchange, Mumbai

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

Month	High Price (Rs.)	Low Price (Rs.)
April 2013	107.90	93.05
May 2013	105.95	93.05
June 2013	116.00	92.30
July 2013	104.90	88.15
August 2013	94.95	80.00
September 2013	93.45	82.15
October 2013	97.50	86.65
November 2013	97.50	87.50
December 2013	104.00	90.25
January 2014	106.25	83.75
February 2014	87.00	78.00
March 2014	98.50	81.00

Market Price v/s. BSE Sensex



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 2013-2014 the share transfer committee held 32 meetings. Dr. V.N. Gupchup (Non-Executive), Mr. Rajesh Sharma and Mrs. Kishori Udeshi are the members of the Committee. The Company Secretary is the compliance officer.

DISTRIBUTION OF HOLDINGS AS ON 31/03/2013

DESCRIPTION	NO. OF HOLDERS	%	NO. OF SHARES	%
1 - 500	1,471,314	10.12	11,848	86.59
501 - 1000	711,005	4.89	918	6.71
1001 - 2000	663,623	4.57	452	3.30
2001 - 3000	320,797	2.21	124	0.91
3001 - 4000	191,038	1.31	53	0.39
4001 - 5000	206,625	1.42	44	0.32
5001 - 10000	797,043	5.48	108	0.79
10001 - 999999999	10,170,714	69.99	136	0.99
TOTAL	14,532,159	100.00	13,683	100.00

Shareholding Pattern as on 31st March 2014

Category	Holdings	%
Promoter & Promoter Group	64,58,727	44.44
Mutual Funds & UTI	5,234	0.04
Banks, Financial Institutions & Insurance Companies	1,66,607	1.15
FII's	50	0.00
Domestic Companies	13,49,287	9.28
Public	64,23,711	44.20
NRIs/OCBs	1,28,543	0.88
Total	1,45,32,159	100.00

Dematerialisation of Shares and Liquidity

The Company's Equity Shares are in compulsory demat i.e. electronic mode and as on 31st March, 2014, 74.35 % 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 Standard Plants	: 105, SIPCOT Industrial of 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

Address for correspondence:

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

M/s. TSR Darashaw Ltd.
(Formerly Known as M/s. Tata Share Registry Ltd.)
Unit : Ion Exchange (India) Ltd.
6-10, Haji Moosa Patrawala Industrial Estate,
20, Dr. E. Moses Road,
Mahalaxmi,
Mumbai – 400 011
Tel No.: 6656 8484
Fax No.: 6656 8494
Email: csg-unit@tsrdarashaw.com
Website: www.tsrdarashaw.com

CORPORATE GOVERNANCE COMPLIANCE CERTIFICATE

To the Members of Ion Exchange (India) Limited.

We have examined the compliance of the conditions of Corporate Governance by Ion Exchange (India) Limited for the year ended 31st March, 2014, as stipulated in Clause 49 of the listing Agreement of the Company with the Stock Exchange in India.

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 : 28th May, 2014

INDEPENDENT AUDITOR'S REPORT

To
The Members of Ion Exchange (India) Limited

Report on the Financial Statements

We have audited the accompanying financial statements of Ion Exchange (India) Limited ("the Company"), which comprise the Balance Sheet as at 31st March 2014, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with accounting principles generally accepted in India, including the Accounting Standards notified under the Companies Act, 1956, read with General Circular 8/2014 dated 4th April 2014 issued by the Ministry of Corporate Affairs. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Companies Act, 1956 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March 2014;
- (b) in the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and

- (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, we report that:
 - (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - (b) In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books and proper returns adequate for the purposes of our audit have been received from branch not visited by us;
 - (c) The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account and with the returns received from branch not visited by us;
 - (d) The report on the accounts of the branch offices audited under section 228 by a person other than the company's auditor has been forwarded to us as required by clause (c) of sub-section (3) of section 228 and have been dealt with in preparing our report in the manner considered necessary by us;
 - (e) In our opinion, the Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement comply with the Accounting Standards notified under the Companies Act, 1956, read with General Circular 8/2014 dated 4th April 2014 issued by the Ministry of Corporate Affairs;
 - (f) On the basis of written representations received from the directors as on 31st March 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

Other Matter

We did not audit total assets of Rs. 43,21,94,952 as at 31st March 2014, total revenues of Rs. 71,49,56,698 and net cash inflows amounting to Rs.46,95,176 for the year then ended, included in the accompanying financial statements in respect of branch not visited by us, whose financial statements and other financial information have been audited by other auditors and whose report has been furnished to us. Our opinion, in so far as it relates to the affairs of the branch is based solely on the report of other auditors. Our opinion is not qualified in respect of this matter.

For **S.R. Batliboi & Co. LLP**
Chartered Accountants
ICAI Firm registration number: 301003E

per Vijay Maniar
Partner
Membership No. 36738

Place : Mumbai
Date : 28th May 2014

**(Annexure referred to in paragraph 1 under the heading
“Report on other legal and regulatory requirements” of our report of even date
Re: Ion Exchange (India) Limited (‘the Company’)**

- | | |
|--|--|
| <p>(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.</p> <p>(b) All fixed assets have not been physically verified by the management during the year but there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.</p> <p>(c) There was no disposal of a substantial part of fixed assets during the year.</p> | <p>(c) The loans granted are re-payable on demand. We are informed that the Company has not demanded repayment of any such loan during the year, and thus, there has been no default on the part of the parties to whom the money has been lent. <i>The payment of interest has not been regular.</i></p> <p>(d) There is no overdue amount of loans granted to companies, firms or other parties listed in the register maintained under section 301 of the Act.</p> <p>(e) According to information and explanations given to us, the Company has not taken any loans, secured or unsecured, from companies, firms or other parties covered in the register maintained under section 301 of the Act. Accordingly, the provisions of clause 4(iii)(e) to (g) of the Order are not applicable to the Company and hence not commented upon.</p> |
| <p>(ii) (a) The management has conducted physical verification of inventory at reasonable intervals during the year.</p> <p>(b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.</p> <p>(c) The Company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification.</p> | <p>(iv) In our opinion and according to the information and explanations given to us, having regard to the explanation that purchases of certain items of inventories and certain fixed assets are of proprietary nature for which alternative sources are not available to obtain comparable quotations, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, we have not observed any major weakness or continuing failure to correct any major weakness in the internal control system of the company in respect of these areas.</p> |
| <p>(iii) (a) The Company has granted unsecured loans to four Companies (one being wholly owned subsidiary and three being subsidiaries) covered in the register maintained under section 301 of the Act. The maximum amount involved during the year for subsidiaries was Rs.11,75,28,379 and year end balance of the loan was Rs.11,72,72,956. The maximum amount involved during the year for wholly owned subsidiary was Rs.6,16,71,990 and the year end balance of loans granted was Rs.81,19,570.</p> <p>(b) In our opinion and according to the information and explanations given to us, the rate of interest and other terms and conditions for loan granted to subsidiaries are not prima facie prejudicial to the interest of the Company. The Company has made interest-free loans to wholly-owned subsidiaries. According to the information and explanations given to us, and having regard to management’s representation that the interest free loans are given to wholly-owned subsidiaries of the Company in the interest of the Company’s business, the rate of interest and other terms and conditions for such loans are not prima facie prejudicial to the interest of the Company.</p> | <p>(v) (a) According to the information and explanations provided by the management, we are of the opinion that the particulars of contracts or arrangements referred to in section 301 of the Act that need to be entered into the register maintained under section 301 have been so entered.</p> <p>(b) In our opinion and according to the information and explanations given to us, transactions made in pursuance of such contracts or arrangements and exceeding the value of Rupees five lakhs have been entered into during the financial year at prices which are reasonable having regard to the prevailing market prices at the relevant time except in respect of transactions involving items of unique and specialized nature, <i>we are unable to comment whether the transactions were made at prevailing market prices at the relevant time.</i></p> |

- (vi) In respect of deposits accepted, in our opinion and according to the information and explanations given to us, directives issued by the Reserve Bank of India and the provisions of sections 58A, 58AA or any other relevant provisions of the Act and the rules framed there under, to the extent applicable, have been complied with. We are informed by the management that no order has been passed by the Company Law Board, National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal.
- (vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- (viii) We have broadly reviewed the books of accounts maintained by the Company pursuant to the rules made by the Central Government for maintenance of cost records under section 209 (1) (d) of the Companies Act, 1956 and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the same.
- (c) According to the records of the Company, the dues outstanding of income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty and cess on account of any dispute, are as follows:
- (ix) (a) Undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty, cess and other material statutory dues have generally been regularly deposited with the appropriate authorities *though there have been slight delays in few cases.*
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, investor education and protection fund, employees' state insurance, income-tax, wealth-tax, service tax, sales-tax, customs duty, excise duty cess and other material statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.

Name of the statute	Nature of dues	Amount (Rs)	Period to which the amount relates	Forum where the dispute is pending
Central Excise Act, 1944	Excise duty and Penalty	16,78,600	2004-2005	Customs, Excise and Service Tax Appellate Tribunal
Sales Tax/VAT Act for Maharashtra, Gujarat, Andhra Pradesh and Goa states	Disallowance on account of non submission of required forms	26,31,863	1993-1994	Joint Commissioner Appeals
		51,14,792	1995-1996	Joint Commissioner Appeals
		1,22,13,050	1999-2000	Joint Commissioner Appeals
		20,29,440	2000-2001	Joint Commissioner Appeals
		26,21,528	2006-2007	Assistant Commissioner Appeals
		6,97,121	2007-2008	Assistant Commissioner Appeals
		4,11,560	2008-2009	Assistant Commissioner Appeals
		62,48,241	2010-2011	Assistant Commissioner Appeals
		5,48,123	2008-2009	Deputy Commissioner Appeals
Finance Act, 1994 – Service Tax	Disallowance of service tax taken on input services	2,20,296	2011-2012	Assistant Commissioner of Central Excise
Finance Act, 1994 – Service Tax	Disallowance of service tax taken on input services	3,40,796	2006-2009	Additional Commissioner of Central Excise
The Customs Act, 1962	Liability on account of additional duty, interest and difference in valuation (to the extent ascertainable)	22,58,117	1998, 2002 and 2005	Joint Director General of Foreign Trade

- (x) The Company has no accumulated losses at the end of the financial year and it has not incurred cash losses in the current and immediately preceding financial year.
- (xi) Based on our audit procedures and as per the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to a financial institution, bank or debenture holders.
- (xii) According to the information and explanations given to us and based on the documents and records produced before us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4(xiii) of the Order are not applicable to the Company.

- (xiv) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Order are not applicable to the Company.
- (xv) According to the information and explanations given to us, the Company has given guarantee for loans taken by others from banks, the terms and conditions whereof, in our opinion, are not prima-facie prejudicial to the interest of the Company. According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from financial institutions.
- (xvi) Based on the information and explanations given to us by the management, term loans were applied for the purpose for which the loans were obtained.
- (xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment.
- (xviii) The Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under section 301 of the Act.
- (xix) The Company did not have any outstanding debentures during the year.
- (xx) The Company has not raised any money through a public issue during the year
- (xxi) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the year.

For **S.R. Batliboi & Co. LLP**
Chartered Accountants
ICAI Firm registration number: 301003E

per Vijay Maniar
Partner
Membership No. 36738

Place : Mumbai
Date : 28th May 2014

BALANCE SHEET as at 31st March 2014

	Notes	31st March 2014 Rupees	31st March 2013 Rupees
EQUITY AND LIABILITIES			
SHAREHOLDERS' FUNDS			
(a) Share capital	3	14,53,21,590	13,30,41,030
(b) Share capital suspense account	51	-	1,18,02,560
(c) Reserves and surplus	4	1,86,36,40,650	1,69,48,59,673
		<u>2,00,89,62,240</u>	<u>1,83,97,03,263</u>
NON-CURRENT LIABILITIES			
(a) Long-term borrowings	5	6,16,23,521	4,77,96,314
(b) Other long term liabilities	6	5,99,60,878	3,95,96,832
(c) Deferred tax liabilities (Net)	7	6,77,41,544	6,68,50,167
(d) Long-term provisions	8	5,30,41,891	4,81,08,280
		<u>24,23,67,834</u>	<u>20,23,51,593</u>
CURRENT LIABILITIES			
(a) Short-term borrowings	9	62,19,04,504	44,21,49,835
(b) Trade payables	10 (a)	2,62,59,07,123	2,60,36,63,282
(c) Other current liabilities	10 (b)	37,15,16,931	49,77,48,938
(d) Short-term provisions	8	15,07,13,958	16,11,81,200
		<u>3,77,00,42,516</u>	<u>3,70,47,43,255</u>
TOTAL		<u>6,02,13,72,590</u>	<u>5,74,67,98,111</u>
ASSETS			
NON-CURRENT ASSETS			
(a) Fixed assets			
(i) Tangible assets	11 (a)	76,82,36,932	83,13,43,463
(ii) Intangible assets	11 (b)	27,05,469	-
(iii) Capital work in progress		1,13,50,851	1,45,65,243
(b) Non-current investments	12	52,11,08,858	52,10,08,858
(c) Long-term loans and advances	13	63,69,18,763	58,30,50,731
(d) Trade receivables	14	6,80,02,995	10,51,03,213
(e) Other non-current assets	15	8,51,253	3,06,170
		<u>2,00,91,75,121</u>	<u>2,05,53,77,678</u>
CURRENT ASSETS			
(a) Current investments	16	4,92,224	4,89,046
(b) Inventories	17	41,74,52,262	43,16,54,029
(c) Trade receivables	14	2,91,57,03,436	2,66,85,04,644
(d) Cash and bank balances	18	14,21,13,048	15,25,49,077
(e) Short-term loans and advances	13	53,44,51,661	43,66,25,873
(f) Other current assets	15	19,84,838	15,97,764
		<u>4,01,21,97,469</u>	<u>3,69,14,20,433</u>
TOTAL		<u>6,02,13,72,590</u>	<u>5,74,67,98,111</u>

Summary of Significant accounting policies

2

The accompanying notes are an integral part of the financial statements

As per our report of even date

For S. R. BATLIBOI & CO. LLP
Chartered Accountants
ICAI Firm registration no.: 301003E

per VIJAY MANIAR
Partner
Membership No.: 36738

Place : Mumbai
Date : 28th May 2014

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

RAJESH SHARMA
Chairman & Managing Director

M. P. PATNI
Director

MILIND PURANIK
Company Secretary

Place : Mumbai
Date : 28th May 2014

STATEMENT OF PROFIT AND LOSS for the year ended 31st March 2014

	Notes	31st March 2014 Rupees	31st March 2013 Rupees
REVENUE			
Revenue from operations (Gross)	19	7,35,50,89,837	7,94,90,05,100
Less: Excise duty	19	23,56,09,858	27,56,31,440
Revenue from operations (Net)	19	7,11,94,79,979	7,67,33,73,660
Other income	20	8,13,95,236	5,87,64,827
TOTAL REVENUE		7,20,08,75,215	7,73,21,38,487
EXPENSES			
Cost of materials consumed	21	4,68,90,33,389	5,14,97,82,187
Purchases of traded goods	22	28,31,17,513	29,79,89,117
(Increase)/decrease in inventories of finished goods, work-in-progress and traded goods	22	2,50,67,086	(2,99,44,042)
Employee benefits expense	23	72,70,06,230	77,98,73,133
Finance costs	24	9,79,47,246	11,99,11,065
Depreciation and amortization	25	8,39,90,643	7,90,84,521
Other expenses	26	98,06,73,419	1,01,06,02,650
TOTAL EXPENSES		6,88,68,35,526	7,40,72,98,631
PROFIT BEFORE TAX		31,40,39,689	32,48,39,856
[including loss from operation relating to discontinuing operation amounting to Rs. Nil (2012-2013 : Rs. 2,27,91,041)] (Refer note 49)			
TAX EXPENSE			
Current tax		10,79,43,000	8,23,50,000
Deferred tax (Refer note 7)		8,91,377	2,75,64,823
TOTAL TAX EXPENSE		10,88,34,377	10,99,14,823
[including tax relating to loss from operation of discontinuing operation amounting to Rs. Nil (2012-2013 : Rs. Nil)]			
PROFIT AFTER TAX		20,52,05,312	21,49,25,033
[including loss of Rs. Nil (2012-2013 : Rs. 2,27,91,041) for discontinuing operation.]			
EARNINGS PER EQUITY SHARE:			
[Nominal value of shares Rs. 10 (2012-2013 : Rs. 10)] (Refer note 27)			
Basic		14.13	14.85
Diluted		14.08	14.56

Summary of Significant accounting policies

2

The accompanying notes are an integral part of the financial statements

As per our report of even date

For S. R. BATLIBOI & CO. LLP
Chartered Accountants
ICAI Firm registration no.: 301003E

per VIJAY MANIAR
Partner
Membership No.: 36738

Place : Mumbai
Date : 28th May 2014

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

RAJESH SHARMA
Chairman & Managing Director

M. P. PATNI
Director

MILIND PURANIK
Company Secretary

Place : Mumbai
Date : 28th May 2014

CASH FLOW STATEMENT for the year ended 31st March 2014

	31st March 2014 Rupees	31st March 2014 Rupees	31st March 2013 Rupees	31st March 2013 Rupees
A. CASH FLOW FROM OPERATING ACTIVITIES:				
Net profit before tax as per Statement of Profit and Loss		31,40,39,689		32,48,39,856
Adjustment to reconcile profit before tax to net cash flows:				
Depreciation and amortisation expense	8,39,90,643		7,90,84,521	
(Profit) / Loss on assets sold / discarded (Net)	(2,71,551)		10,41,538	
Employee compensation income	(45,84,179)		(3,80,521)	
Finance cost	9,79,47,246		11,99,11,065	
Dividend received	(5,29,364)		(21,90,552)	
Interest received	(4,26,32,164)		(4,07,34,920)	
Bad debts written off	3,34,23,124		2,47,69,487	
Backcharges on contracts	41,39,278		1,05,50,957	
Amount set aside for liabilities, no longer required, written back	-		(96,326)	
Unrealised exchange loss / (gain)	(2,05,42,735)		(1,59,85,140)	
		15,09,40,298		17,59,70,109
Operating Profit Before Working Capital Changes		46,49,79,987		50,08,09,965
Movements in working capital:				
(Increase) / Decrease in trade receivables	(22,80,79,778)		(80,77,45,387)	
(Increase) / Decrease in inventories	1,42,01,767		3,18,71,282	
(Increase) / Decrease in loans and advances	(15,10,05,974)		(24,61,31,335)	
(Increase) / Decrease in other current assets	(2,95,221)		(35,171)	
(Decrease) / Increase in trade payables	2,16,47,850		91,40,66,329	
(Decrease) / Increase in other liabilities	(2,91,91,008)		(6,74,37,623)	
(Decrease) / Increase in provisions	50,98,544		(97,14,591)	
		(36,76,23,820)		(18,51,26,496)
Cash Generated From Operations		9,73,56,167		31,56,83,469
Taxes Paid		(11,59,90,039)		(8,44,13,028)
Net Cash from Operating Activities		(1,86,33,872)		23,12,70,441
B. CASH FLOW FROM INVESTING ACTIVITIES:				
Purchase of fixed assets	(6,40,93,842)		(16,42,89,447)	
Proceeds from sale of fixed assets	4,62,85,964		7,97,655	
Investments made in subsidiaries [Refer note 50]	(1,00,000)		(40,66,949)	
Deposit made during the year (with maturity more than three months)	(2,00,06,329)		(3,81,58,078)	
Deposit matured during the year (with maturity more than three months)	1,60,32,844		2,51,77,887	
Dividend received	5,29,364		21,90,552	
Interest received	4,19,95,228		4,08,32,545	
Net Cash Used in Investing Activities		2,06,43,229		(13,75,15,835)

Cash Flow Statement (Contd.)

	31st March 2014 Rupees	31st March 2014 Rupees	31st March 2013 Rupees	31st March 2013 Rupees
C. CASH FLOW FROM FINANCING ACTIVITIES:				
Proceeds from issuance of share capital on exercise of options	27,81,960		17,05,260	
Repayment of borrowings	(18,03,31,414)		(4,90,57,409)	
Proceeds from borrowings	29,28,47,396		12,31,23,708	
Dividend paid	(2,90,64,318)		(2,71,58,322)	
Dividend tax paid	(49,39,481)		(44,05,759)	
Finance cost	(9,77,87,509)		(11,92,50,366)	
Net Cash Used in Financing Activities		(1,64,93,366)		(7,50,42,888)
Net Increase / (Decrease) in cash and cash equivalents		(1,44,84,009)		1,87,11,718
Effect of exchange difference on cash and cash equivalent held in foreign currency		74,495		5,28,414
Cash and cash equivalents as at the beginning of the year		6,19,27,106		3,97,28,106
Cash and cash equivalents acquired on merger of Ion Exchange Services Limited		-		29,58,868
Cash and Cash Equivalents as at the end of the year		4,75,17,592		6,19,27,106
Cash and Cash Equivalent Comprises of :				
Cash in hand		20,51,570		18,46,949
Balance with banks (Refer notes 3 and 4 below)		4,54,66,022		6,00,80,157
Total		4,75,17,592		6,19,27,106

Notes:

- The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in the Notified Accounting Standard - 3 on Cash Flow Statements.
- Figures in bracket indicate cash outgo.
- Cash and cash equivalents excludes the following balances with bank:
 - On deposit account Rs. 20,00,000 (2012-2013 : Rs. 39,00,000)
 - On margin money account Rs. 9,25,95,456 (2012-2013 : Rs. 8,67,21,971)
- Balances with bank includes Rs. 31,28,462 (2012-2013 : Rs. 37,73,360) being unclaimed dividend and unclaimed interest on fixed deposits which are not available for use by the company as they represent corresponding Unpaid Liabilities.
- The figures of the previous year include changes in cash flow of erstwhile Ion Exchange Services Limited, which was amalgamated with the company w.e.f. 1st April 2012 and the amalgamation of Ion Exchange Services Limited, with the company was a non-cash transaction and hence, has no impact on the company's cash flow of previous year
- Previous years' figures have been regrouped/rearranged to conform with current years' classifications.

As per our report of even date

 For S. R. BATLIBOI & CO. LLP
 Chartered Accountants
 ICAI Firm registration no.: 301003E

 per VIJAY MANIAR
 Partner
 Membership No.: 36738

 Place : Mumbai
 Date : 28th May 2014

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

 RAJESH SHARMA
 Chairman & Managing Director

 M. P. PATNI
 Director

 MILIND PURANIK
 Company Secretary

 Place : Mumbai
 Date : 28th May 2014

NOTES TO FINANCIAL STATEMENTS for the year ended 31st March 2014**1. Basis of Preparation:**

The financial statements of the company have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP). The financial statements have been prepared under historical cost convention on accrual basis except in case of assets acquired before 30th April 1986 which are carried at revalued amounts. The financial statements comply in all material respects with the accounting standards notified under the Companies Act, 1956 of India (the "Act") read with general circular 8/2014 dated 4th April 2014 issued by the Ministry of Corporate Affairs. The accounting policies adopted in the preparation of financial statements are consistent with those of previous year.

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

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

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

Depreciation is provided at the following rates which is the useful lives estimated by the Management, on straight-line basis for assets acquired upto 31st March 1994:

Assets	Depreciation rate applied %
Buildings - Other than factory buildings	5
- Factory buildings	5
Plant and machinery	10/12.5
Effluent treatment plants	20
Moulds and dies	20
Furniture and fixtures	10
Office equipments	15
Vehicles	20

Depreciation on additions made since April 1994 has been made on a pro-rata basis at the rates as prescribed in Schedule XIV to the Act on straight-line basis or as per the useful lives estimated by the Management, whichever is higher as stated below

Site equipments are depreciated over 3 years.

Leasehold lands/assets are amortized over the period of lease being 3 to 5 years

All assets individually costing less than Rs. 5,000 are depreciated at 100% in the year of acquisition.

The incremental depreciation attributable to the revalued amount is transferred from the revaluation reserve to the statement of profit and loss.

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

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

Intangible assets are amortized on a straight line basis over the estimated useful economic life. The amortization period and the amortization method are reviewed at least at each financial year end. If the expected useful life of the asset is significantly different from previous estimates, the amortization period is changed accordingly. Computer Software is amortized on a straight line basis over the period of 5 years.

(ii) Foreign currency transactions:

Transactions in foreign currencies are recognized at exchange rates prevailing on the transaction dates. Exchange differences arising on the settlement of monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognized as income or as expenses in the year in which they arise. Foreign currency

NOTES TO FINANCIAL STATEMENTS for the year ended 31st March 2014 (contd...)

monetary items are reported at the year-end rates. Exchange differences arising on reinstatement of foreign currency monetary items are recognized as income or expense in the statement of profit and Loss. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction.

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

(iii) Investments:

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

(iv) Inventories:

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

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

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

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

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

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

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

(v) Accounting for CENVAT:

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

(vi) Research and development:

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

(vii) Retirement and other employee benefits:

- a) Retirement benefit in the form of provident fund managed by Government Authorities, Employee State Insurance Corporation, Labour Welfare Fund and Superannuation Fund are defined contribution scheme and the contribution is charged to the statement of profit and loss of the year when the contribution to the respective fund is due. There is no other obligation other than the contribution payable.
- b) Gratuity Liability is defined benefit obligation and is provided for on the basis of an actuarial valuation on Projected Unit Credit method made at the end of each financial year.
- c) Short term employee benefits are charged off at the undiscounted amount in the year in which the related service is rendered. Long Term compensated absences are provided for based on actuarial valuation. The actuarial valuation is done as per Projected Unit Credit method made at the end of each financial year. The Company presents the leave liability as non- current in the Balance Sheet, to the extent it has an unconditional right to defer its settlement for a period beyond 12 months, balance amount is presented as current.
- d) Provident Fund scheme managed by trust set up by the company is a defined benefit plan. Employee benefits, in form of contribution to provident fund managed by such trust, is charged to the statement of profit and loss as and when the related services are rendered. The deficit, if any, in the accumulated corpus of the trust is recognised in the statement of profit and loss based on actuarial valuation.
- e) Actuarial gains/losses are immediately taken to the statement of profit and loss and are not deferred.

NOTES TO FINANCIAL STATEMENTS for the year ended 31st March 2014 (contd...)**(viii) Revenue recognition:**

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

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

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

Determination of revenues under the percentage of completion method by the company is based on estimates (some of which are technical in nature) concerning the percentage of completion, costs to completion, contracted revenue from the contract and the foreseeable losses of completion.

Foreseeable losses, if any, which are based on technical estimates, are provided in the accounts irrespective of the work done. The company does not have outflow on account of warranty given to customers as all the outsourced work has a back to back guarantee.

Income from services:

Revenue from maintenance contracts are recognized pro-rata over the period of the contract as and when services are rendered. Income from commission and management fees is recognized on completion of services. Service income is accounted net of service tax.

Interest:

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

Dividends:

Revenue is recognized when the shareholders' right to receive payment is established by the Balance Sheet date.

(ix) Taxation:

- a) Provision for current taxation has been made in accordance with the Indian Income tax laws prevailing for the relevant assessment years.
- b) Deferred tax is recognized, subject to the consideration of prudence, on timing differences being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax is measured on the tax rates and the tax laws enacted or substantively enacted at the Balance Sheet date. Deferred tax assets are recognized only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. If the company has unabsorbed depreciation or carry forward losses, deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that such deferred tax assets can be realized against future taxable profits.

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

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

(x) Employee stock compensation cost:

Measurement and disclosure of the employee share-based payment plans is done in accordance with SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and guidance note on accounting for employee share-based payments, issued by the Institute of Chartered Accountants of India. The company measures compensation cost relating to employee stock options using the intrinsic value method. Compensation expense is amortized over the vesting period of the option on a straight-line basis. The unamortized portion of the cost is shown under stock options outstanding.

(xi) Provisions and contingent liabilities:

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

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

NOTES TO FINANCIAL STATEMENTS for the year ended 31st March 2014 (contd...)

(xii) Earnings per share:

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

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

(xiii) Segment reporting policies:

Identification of segments:

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

Inter-segment Transfers:

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

Allocation of common costs:

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

Unallocated costs:

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

Segment policies:

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

(xiv) Cash and cash equivalents:

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

(xv) Leases:

Where the company is the lessor

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

Where the company is the lessee

Finance leases, which effectively transfer to the company substantially all the risks and benefits incidental to ownership of the leased item, are capitalized at the inception of the lease term at the lower of the fair value of the leased property and present value of minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized as finance costs in the statement of profit and loss. 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 amortised over the period for which the asset is expected to be used.

(xvi) Borrowing costs:

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

(xvii) Use of estimates:

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

NOTES TO FINANCIAL STATEMENTS for the year ended 31st March 2014 (contd...)**3. SHARE CAPITAL**

Authorised shares:

1,70,00,000 (2012-2013 : 1,70,00,000) Equity Shares of Rs. 10 each.

Issued, Subscribed and fully paid-up shares:

1,45,32,159 (2012-2013 : 1,33,04,103) Equity Shares of Rs. 10 each.

31st March 2014 Rupees	31st March 2013 Rupees
17,00,00,000	17,00,00,000
14,53,21,590	13,30,41,030
14,53,21,590	13,30,41,030

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

Equity Shares

	31st March 2014		31st March 2013	
	No. of Shares	Rupees	No. of Shares	Rupees
At the beginning of the period	1,33,04,103	13,30,41,030	1,35,61,861	13,56,18,610
Add: Issued during the period - ESOS	47,800	4,78,000	29,300	2,93,000
Shares issued as per scheme of Amalgamation (Refer note 51)	11,80,256	1,18,02,560	-	-
Less: Shares extinguished as per scheme of Amalgamation	-	-	2,87,058	28,70,580
Outstanding at the end of the period	1,45,32,159	14,53,21,590	1,33,04,103	13,30,41,030

(b) Terms/rights attached to equity shares

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

During the year ended 31st March 2014, the amount of per share dividend recognized as distribution to equity shareholders is Rs. 2 (2012-2013 : Rs. 2)

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

	31st March 2014		31st March 2013	
	No. of Shares	% of holding	No. of Shares	% of holding
Rakesh Jhunjunwala	8,75,000	6.02%	8,75,000	6.58%
Rajesh Sharma	7,81,218	5.38%	6,25,436	4.70%

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.

	31st March 2014 No. of Shares	31st March 2013 No. of Shares
Shares issued as per scheme of Amalgamation	11,80,256	-

The company has issued 9,46,500 shares (2012-2013 : 9,34,250) during the period of five years immediately preceding the reporting date on exercise of options granted under the Employee Stock Option Scheme (ESOS) wherein part consideration was received in form of employee services.

(e) Shares reserved for issued under ESOS

For details of shares allotted under various Employee Stock Option Schemes (ESOS) and shares reserved for issue under the Employees Stock Option Scheme (ESOS) of the company please refer note 29.

NOTES TO FINANCIAL STATEMENTS for the year ended 31st March 2014 (contd...)
4. RESERVES AND SURPLUS

	31st March 2014	31st March 2013
	Rupees	Rupees
<u>Capital Reserve</u>		
Balance as at April 1	-	26,67,745
Add: Transfer from General Reserve	-	1,59,16,760
Less: Extinguishment of cross holding investments and excess of share capital credited by the Company over the Share Capital of Ion Exchange Services Limited	-	1,85,84,505
	<u>-</u>	<u>-</u>
<u>Security Premium Account</u>		
Balance as at April 1	80,88,99,614	80,69,20,399
Add: Transferred from employee stock option outstanding	32,28,890	19,79,215
	<u>81,21,28,504</u>	<u>80,88,99,614</u>
<u>Revaluation Reserve [Refer note 2(i)]</u>		
Balance as at April 1	10,48,860	10,77,330
Less: Transfer to the statment of Profit and Loss	28,470	28,470
	<u>10,20,390</u>	<u>10,48,860</u>
<u>Employee Stock Options Outstanding [Refer note 2(x) and note 29]</u>		
Balance as at April 1	2,15,87,810	2,22,55,385
Less: Transferred to securities premium account on excise of options	9,24,930	5,66,955
Less: Transferred to employee compensation income	45,84,179	1,00,620
	<u>1,60,78,701</u>	<u>2,15,87,810</u>
<u>Special Reserve</u> (As per Section 45 - 1C of the Reserve Bank of India Act)	<u>16,00,060</u>	<u>16,00,060</u>
<u>General Reserve</u>		
Balance as at April 1	24,89,65,705	20,39,98,364
Add: Reserves and surplus transferred on amalgamation	-	4,46,84,101
Less: Transfer to capital reserve	-	1,59,16,760
Add: Transfer from the statement of profit and loss	1,55,00,000	1,62,00,000
	<u>26,44,65,705</u>	<u>24,89,65,705</u>
<u>Surplus in the statement of Profit and Loss</u>		
Balance as per last financial statements	61,27,57,624	44,79,64,756
Profit for the year	20,52,05,312	21,49,25,033
Less : Appropriations		
Dividend [Refer note 46]	95,600	34,600
Tax on dividend [Refer note 46]	16,247	5,613
Proposed final dividend [(amount per share Rs. 2 (2012-2013 : Rs. 2)]	2,90,64,318	2,89,68,718
Tax on proposed final dividend	49,39,481	49,23,234
Transfer to general reserve	1,55,00,000	1,62,00,000
Net Surplus in the statement of Profit and Loss	<u>76,83,47,290</u>	<u>61,27,57,624</u>
Total Reserves and Surplus	<u>1,86,36,40,650</u>	<u>1,69,48,59,673</u>

NOTES TO FINANCIAL STATEMENTS for the year ended 31st March 2014 (contd...)**5. LONG-TERM BORROWINGS:**

	Non-current portion		Current maturities	
	31st March 2014 Rupees	31st March 2013 Rupees	31st March 2014 Rupees	31st March 2013 Rupees
<u>Term Loans from Banks (Secured)</u>				
Indian rupee loan from bank [Refer note (a) below]	-	-	-	10,00,00,000
Indian rupee loan from bank [Refer note (b) below]	2,96,08,333	-	2,09,00,000	-
Indian rupee loan from financial institution [Refer note (c) below]	65,62,500	1,45,25,000	79,12,500	70,00,000
Indian rupee vehicle loan from banks and finance company [Refer note (d) below]	53,10,146	52,95,939	29,69,501	24,13,259
<u>Other Loans and Advances</u>				
Finance lease obligation (Secured) [Refer note (e) below]	60,59,542	1,19,27,375	58,67,835	62,08,471
Deposits (Unsecured) [Refer note (f) below]				
Deposit from shareholders	1,76,000	3,51,000	1,75,000	40,000
Deposit from public	1,39,07,000	1,56,97,000	74,04,000	1,06,33,000
	6,16,23,521	4,77,96,314	4,52,28,836	12,62,94,730
<u>The above amount includes</u>				
Secured borrowings	4,75,40,521	3,17,48,314	3,76,49,836	11,56,21,730
Unsecured borrowings	1,40,83,000	1,60,48,000	75,79,000	1,06,73,000
Amount disclosed under the head "Other current liabilities" (Refer note 10)	-	-	(4,52,28,836)	(12,62,94,730)
	6,16,23,521	4,77,96,314	-	-

- (a) Indian rupees loan from bank taken for a specific project carries interest @ 11.75% to 13.00% p.a. Indian rupees loan from bank is repayable within 20 months from the date of first disbursement being 21.09.2011 or out of excess contract proceeds whichever is earlier. The loan is secured by pari passu first charge on project specific current assets, both present and future.
- (b) Indian rupees loan from bank taken for capital expenditure carries interest @ 13.25% p.a. Indian rupees loan from bank is repayable within 36 months from the month following the month of first disbursement being 16.08.2013. The loan is secured by exclusive first charge on properties situated at Mumbai.
- (c) Indian rupees loan from bank taken from a financial institution carries interest @ 15.00% p.a. The loan is secured by first charge on property situated at Bangalore and is repayable in 6 years.
- (d) Indian rupee vehicle loans from banks and finance company carries interest @ 10.25% to 13.50% p.a. The loans are repayable in equal monthly installments along with interest, from the various dates of disbursements. The loans are secured by hypothecation of vehicles.
- (e) Finance lease obligation is secured by hypothecation of equipment's taken on lease. It will be discharged by quarterly lease rental payments on various dates mentioned in asset lease agreement.
- (f) Deposits from shareholders and public carry interest @ 7.00% to 8.00% p.a for deposits repayable after 1 year to 3 years from the respective dates of deposits

6. OTHER LONG TERM LIABILITIES

	31st March 2014 Rupees	31st March 2013 Rupees
Deposits	5,56,88,590	3,92,56,396
Interest accrued but not due	2,55,961	3,40,436
Others	40,16,327	-
	5,99,60,878	3,95,96,832

NOTES TO FINANCIAL STATEMENTS for the year ended 31st March 2014 (contd...)

7. DEFERRED TAX LIABILITY (NET)

Particulars	31st March 2014		31st March 2013	
	Deferred Tax Liability	Deferred Tax Assets	Deferred Tax Liability	Deferred Tax Assets
	Rupees	Rupees	Rupees	Rupees
Difference between book and tax depreciation	10,98,51,482	-	10,58,40,575	-
Provision for doubtful debts	-	20,26,482	-	20,26,482
Provision for doubtful advances	-	58,38,581	-	58,38,581
Effect of expenditure allowable for the Tax Purposes in following years	-	3,42,44,875	-	3,11,25,345
Total	10,98,51,482	4,21,09,938	10,58,40,575	3,89,90,408
Deferred Tax Liability (Net)	6,77,41,544		6,68,50,167	

8. PROVISIONS

	Long-term		Short-term	
	31st March 2014 Rupees	31st March 2013 Rupees	31st March 2014 Rupees	31st March 2013 Rupees
Provision for income tax (Net of advance tax)	-	-	9,85,46,890	10,92,90,912
Provision for leave encashment	5,30,41,891	4,81,08,280	1,60,26,669	1,52,98,336
Provision for warranties	-	-	21,36,600	27,00,000
Proposed dividend	-	-	2,90,64,318	2,89,68,718
Tax on Proposed Dividend	-	-	49,39,481	49,23,234
	5,30,41,891	4,81,08,280	15,07,13,958	16,11,81,200

Provision for warranties

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

	31st March 2014 Rupees	31st March 2013 Rupees
At the beginning of the year	27,00,000	-
Arising during the year	21,36,600	27,00,000
Utilised during the year	27,00,000	-
Unused amounts reversed	-	-
At the end of the year	21,36,600	27,00,000

NOTES TO FINANCIAL STATEMENTS for the year ended 31st March 2014 (contd...)**9. SHORT TERM BORROWINGS**

	31st March 2014	31st March 2013
	Rupees	Rupees
Working capital loan from banks (Secured) - [Refer note (a) and (b) below]	58,66,79,504	39,79,71,557
Buyers credit from bank (Secured) - [Refer note (a) below]	-	4,41,78,278
Inter-corporate deposits (Unsecured)		
- from related parties	1,52,25,000	-
- from others	2,00,00,000	-
	62,19,04,504	44,21,49,835
<u>The above amount includes:</u>		
Secured borrowings	58,66,79,504	44,21,49,835
Unsecured borrowings	3,52,25,000	-
	62,19,04,504	44,21,49,835

- (a) Includes working capital loan of Rs. 54,47,49,817 (2012-2013 : Rs. 33,94,19,791) and buyers credit of Rs. Nil (2012-2013 : Rs. 4,41,78,278) is secured by joint hypothecation of book debts and stocks and collateral security by way of pari passu first charge on all immovable and movable properties and plant and machinery situated at Hosur and Patancheru and pari passu second charge on movable and immovable properties situated at Mumbai (Office Premises), Vashi and Goa. The Working Capital Loan is repayable on demand.
- (b) Includes working capital loan of Rs. 4,19,29,687 (2012-2013 : Rs. 5,85,51,766) from a bank is secured by joint hypothecation of book debts and stocks and collateral security by way of first charge on the immovable property situated at Kolkata and second charge of immovable property situated at Bangalore apart from fixed deposit of Rs. 1,74,99,783 (2012-2013 : Rs. 1,62,68,111). The working capital loan is repayable on demand.

10. OTHER CURRENT LIABILITIES

	31st March 2014	31st March 2013
	Rupees	Rupees
10 (a) <u>Trade payable (including acceptances)</u>	2,62,59,07,123	2,60,36,63,282
Refer note 41 for details of dues to Micro and small enterprises		
	2,62,59,07,123	2,60,36,63,282
10 (b) <u>Other Current Liabilities</u>		
Current maturities of long term borrowings (Refer note 5)	4,52,28,836	12,62,94,730
Interest accrued but not due	19,10,301	18,35,039
Creditors for Capital Goods	60,04,296	69,12,255
Investor Education and Protection Fund will be credited by following amounts (as and when due)		
Unpaid dividend	26,49,009	24,16,215
Unclaimed interest on fixed deposit	4,79,453	13,57,145
Unclaimed matured deposit	15,90,000	21,21,000
Advance from customers	27,46,23,849	29,78,83,943
Unearned revenue on AMC services	2,58,58,197	2,97,58,769
Taxes (Service tax, sales tax and TDS)	76,08,806	2,47,26,494
Others liabilities	55,64,184	44,43,348
	37,15,16,931	49,77,48,938
	2,99,74,24,054	3,10,14,12,220

NOTES TO FINANCIAL STATEMENTS for the year ended 31st March 2014 (contd...)
11. (a) TANGIBLE ASSETS

	Amount (in Rupees)								
	Land (Freehold)	Land (Leasehold)	Building On Leasehold Land	Building On Freehold Land	Plant & Machinery	Furniture & Fixtures	Vehicles	Office Equipments	Total
Gross Block									
As at 1st April 2012	87,01,593	2,39,84,441	23,20,83,209	14,44,76,284	67,43,73,755	8,92,97,885	2,66,66,007	17,38,85,769	1,37,34,68,943
Addition on amalgamation of Ion Exchange Services Limited	1,17,27,460	-	-	8,51,67,563	62,83,228	27,80,104	23,23,575	1,15,96,182	11,98,78,112
Addition during the year	-	-	4,57,69,820	1,54,91,306	15,10,43,091	85,74,420	58,95,363	3,19,70,372	25,87,44,372
Disposal during the year	-	-	-	-	2,34,49,704	17,56,124	55,86,190	1,57,72,432	4,65,64,450
As at 31st March 2013	2,04,29,053	2,39,84,441	27,78,53,029	24,51,35,153	80,82,50,370	9,88,96,285	2,92,98,755	20,16,79,891	1,70,55,26,977
Addition during the year	-	-	33,50,763	22,53,629	4,34,46,411	29,11,370	38,81,468	58,27,580	6,16,71,221
Disposal during the year	-	-	-	-	4,66,38,360	-	23,74,554	26,24,601	5,16,37,515
As at 31st March 2014	2,04,29,053	2,39,84,441	28,12,03,792	24,73,88,782	80,50,58,421	10,18,07,655	3,08,05,669	20,48,82,870	1,71,55,60,683
Depreciation / Amortisation									
As at 1st April 2012	-	61,35,375	9,33,12,456	3,49,13,908	45,18,96,635	6,31,00,937	1,36,22,193	13,47,93,032	79,77,74,536
Addition on amalgamation of Ion Exchange Services Limited	-	-	-	98,56,285	34,09,425	23,51,261	12,52,512	84,59,470	2,53,28,953
Depreciation during the year	-	3,02,993	76,07,260	(4,85,300)	4,53,25,958	45,34,812	26,84,558	1,65,00,912	7,64,71,193
Deduction during the year	-	-	-	-	52,50,995	12,75,718	33,58,724	1,55,05,731	2,53,91,168
As at 31st March 2013	-	64,38,368	10,09,19,716	4,42,84,893	49,53,81,023	6,87,11,292	1,42,00,539	14,42,47,683	87,41,83,514
Depreciation during the year	-	3,02,993	83,76,934	47,03,803	4,78,87,941	52,28,209	29,58,790	1,44,41,832	8,39,00,502
Deduction during the year	-	-	-	-	91,74,299	-	15,82,604	3,362	1,07,60,265
As at 31st March 2014	-	67,41,361	10,92,96,650	4,89,88,696	53,40,94,665	7,39,39,501	1,55,76,725	15,86,86,153	94,73,23,751
Net Block									
As at 31st March 2013	2,04,29,053	1,75,46,073	17,69,33,313	20,08,50,260	31,28,69,347	3,01,84,993	1,50,98,216	5,74,32,208	83,13,43,463
As at 31st March 2014	2,04,29,053	1,72,43,080	17,19,07,142	19,84,00,086	27,09,63,756	2,78,68,154	1,52,28,944	4,61,96,717	76,82,36,932

NOTES TO FINANCIAL STATEMENTS for the year ended 31st March 2014 (contd...)**11. (a) TANGIBLE ASSETS (contd...)**

1. Buildings on freehold land includes ownership blocks, the cost of which includes:
 - Rs. 250 (2012-2013 : Rs. 250) being the value of 5 Shares (unquoted) of Rs. 50 each, fully paid up in Sunrise Co-operative Housing Society Limited.
 - Rs. 3,500 (2012-2013 : Rs. 3,500) being the value of 70 Shares (unquoted) of Rs. 50 each, fully paid up in Usha Milan Co-operative Society Limited.
2. Buildings on freehold land includes ownership blocks acquired at Mumbai, the society formation of which is in progress.
Gross book value Rs. 62,16,250 (2012-2013 : Rs. 62,16,250)
Net book value Rs. 43,22,204 (2012-2013 : Rs. 44,23,529)
3. Buildings on freehold land includes ownership blocks comprising of 2 LIG flats (Nos. B-16 and B-17) and 1 MIG flat (No. B-14) at Hosur, the title deeds of which are awaited from authorities.
Gross book value Rs. 76,882 (2012-2013 : Rs. 76,882)
Net book value Rs. Nil (2012-2013 : Rs. Nil)
4. Buildings on freehold land includes office premises given on operating lease :
Gross book value Rs. 2,30,77,146 (2012-2013 : Rs. 2,29,34,730)
Accumulated depreciation Rs. 83,06,094 (2012-2013 : Rs. 80,01,292)
Depreciation for the year Rs. 5,66,774 (2012-2013 : Rs. 5,16,263)
Net book value Rs. 1,47,71,052 (2012-2013 : Rs. 1,49,33,438)
5. Office equipment includes data processing items taken on finance lease :
Gross book value Rs. 2,17,75,889 (2012-2013 : Rs. 2,17,75,889)
Accumulated depreciation Rs. 90,43,703 (2012-2013 : Rs. 30,65,331)
Depreciation for the year Rs. 59,78,372 (2012-2013 : Rs. 28,06,332)
Net book value Rs. 1,27,32,186 (2012-2013 : Rs. 1,87,10,558)

NOTES TO FINANCIAL STATEMENTS for the year ended 31st March 2014 (contd...)
11. (b) INTANGIBLE ASSETS

	Amount (in Rupees)
<u>Gross Block</u>	
As at 1st April 2012	-
Addition on amalgamation of Ion Exchange Services Limited	1,46,76,658
Addition during the year	-
Disposal during the year	-
As at 31st March 2013	1,46,76,658
Addition during the year	28,24,080
Disposal during the year	-
As at 31st March 2014	1,75,00,738
<u>Depreciation / Amortisation</u>	
As at 1st April 2012	-
Addition on amalgamation of Ion Exchange Services Limited	1,20,34,860
Charge for the year	26,41,798
Deduction during the year	-
As at 31st March 2013	1,46,76,658
Charge for the year	1,18,611
Deduction during the year	-
As at 31st March 2014	1,47,95,269
<u>Net Block</u>	
As at 31st March 2013	-
As at 31st March 2014	27,05,469

NOTES TO FINANCIAL STATEMENTS for the year ended 31st March 2014 (contd...)**12. NON CURRENT INVESTMENTS**

	31st March 2014	31st March 2013
	Rupees	Rupees
TRADE INVESTMENTS (Valued at cost unless stated otherwise)		
EQUITY INSTRUMENTS (UNQUOTED)		
INVESTMENT IN SUBSIDIARIES		
17,60,000 (2012-2013 : 17,60,000) equity shares of Rs. 10 each, fully paid-up in Aqua Investments (India) Limited	1,76,00,000	1,76,00,000
17,70,000 (2012-2013 : 17,70,000) equity shares of Rs. 10 each, fully paid-up in Watercare Investments (India) Limited	1,77,00,000	1,77,00,000
5,47,000 (2012-2013 : 5,47,000) equity shares of Rs. 10 each, fully paid-up in Ion Exchange Enviro Farms Limited (Refer note 34)	54,70,000	54,70,000
19,53,211 (2012-2013 : 19,53,211) equity shares of Singapore Dollars 1 each, fully paid up in Ion Exchange Asia Pacific Pte Ltd.	7,70,24,565	7,70,24,565
1,50,000 (2012-2013 : 1,50,000) equity shares of Malaysian Ringgit 1 each, fully paid up in IEI Environmental Management (M) Sdn. Bhd.	18,10,111	18,10,111
7,00,000 (2012-2013 : 7,00,000) equity shares of United State Dollar 1 each, fully paid up in Ion Exchange LLC, USA	3,72,01,000	3,72,01,000
1,53,000 (2012-2013 : 1,53,000) equity shares of Omani Rial 1 each, fully paid up in Ion Exchange & Company LLC, Oman	1,80,85,140	1,80,85,140
55,862 (2012-2013 : 55,862) equity shares of Bangladeshi Taka 100 each, fully paid up in Ion Exchange Environment Management (BD) Limited	35,74,493	35,74,493
27,469 (2012-2013 : 27,469) equity shares of Bangladeshi Taka 100 each, fully paid up in Ion Exchange WTS (Bangladesh) Limited	2,45,000	2,45,000
31,20,000 (2012-2013 : 31,20,000) equity shares of Rs. 10 each, fully paid up in Ion Exchange Infrastructure Limited	3,12,00,000	3,12,00,000
21,70,000 (2012-2013 : 21,70,000) equity shares of Rs. 10 each, fully paid up in Global Composite & Structurals Limited	2,17,00,000	2,17,00,000
1,00,00,000 (2012-2013 : 1,00,00,000) equity shares of Rs. 10 each, fully paid up in Ion Exchange Projects and Engineering Limited	10,00,00,000	10,00,00,000
600 (2012-2013 : 600) equity shares of ZAR 1 each, fully paid up in Ion Exchange Safic Pty Ltd.	40,66,949	40,66,949
49,933 (2012-2013 : 49,933) equity shares of Rs. 10 each, fully paid-up in Total Water Management Services (India) Limited	4,99,930	4,99,930
10,000 Equity Shares of Rs. 10 each, fully paid-up in Ion Exchange Purified Drinking Water Private Limited, subscribed during the year	1,00,000	-
(A)	<u>33,62,77,188</u>	<u>33,61,77,188</u>
INVESTMENT IN JOINT VENTURES		
24,99,500 (2012-2013 : 24,99,500) equity shares of Rs. 10 each, fully paid-up in Ion Exchange Waterleau Limited	2,49,95,000	2,49,95,000
(B)	<u>2,49,95,000</u>	<u>2,49,95,000</u>
INVESTMENT IN ASSOCIATES		
4,60,000 (2012-2013 : 4,60,000) equity shares of Rs. 10 each, fully paid-up in Aquanomics Systems Limited	46,00,000	46,00,000
1,30,000 (2012-2013 : 1,30,000) equity shares of Rs. 10 each, fully paid-up in Astha Technical Services Limited	13,00,000	13,00,000
(C)	<u>59,00,000</u>	<u>59,00,000</u>

NOTES TO FINANCIAL STATEMENTS for the year ended 31st March 2014 (contd...)
12. NON-CURRENT INVESTMENTS (contd..)

	31st March 2014	31st March 2013
	Rupees	Rupees
<u>INVESTMENT IN OTHERS</u>		
6,000 (2012-2013 : 6,000) equity shares of Rs. 10 each, fully paid-up in IEK Plastics Limited [At cost less provision for other than temporary diminution in the value : Rs. 60,000 (2012-2013 : Rs. 60,000)]	-	-
113 (2012-2013 : 113) equity shares of Rs. 10 each, fully paid-up in Patancheru Enviro-tech Limited	1,130	1,130
10,500 (2012-2013 : 10,500) equity shares of Rs. 10 each, fully paid-up in Bharuch Enviro Infrastructure Limited	1,05,000	1,05,000
3,52,500 (2012-2013 : 3,52,500) equity shares of Rs. 10 each, fully paid-up in Bharuch Eco-Aqua Infrastructure Limited	35,25,000	35,25,000
21,518 (2012-2013 : 21,518) equity shares of Rs. 10 each, fully paid-up in Global Procurement Consultants Limited	2,45,540	2,45,540
1,000 (2012-2013 : 1,000) Equity Shares of Rs. 10 each, fully paid-up in Ion Foundation	10,000	10,000
(D)	<u>38,86,670</u>	<u>38,86,670</u>
<u>PREFERENCE SHARES (UNQUOTED)</u>		
<u>INVESTMENT IN OTHERS</u>		
75,000 (2012-2013 : 75,000) 14.25% preference shares of Rs. 100 each, fully paid-up in HMG Industries Limited [At cost less provision for other than temporary diminution in the value Rs. 74,50,000 (2012-2013 : Rs. 74,50,000)]	50,000	50,000
(E)	<u>50,000</u>	<u>50,000</u>
<u>DEBENTURES (UNQUOTED)</u>		
<u>INVESTMENT IN SUBSIDIARIES</u>		
15,00,000 (2012-2013 : 15,00,000) 7% secured redeemable non-convertible debenture of Rs. 100 each, fully paid up in Ion Exchange Enviro Farms Limited	15,00,00,000	15,00,00,000
(F)	<u>15,00,00,000</u>	<u>15,00,00,000</u>
Total Non Current Investments	(A+B+C+D+E+F)	
	<u>52,11,08,858</u>	<u>52,10,08,858</u>
Aggregate amount of quoted Investments	-	-
Aggregate amount of unquoted Investments	52,11,08,858	52,10,08,858
Aggregate provision for diminution in value of investments	75,10,000	75,10,000

NOTES TO FINANCIAL STATEMENTS for the year ended 31st March 2014 (contd...)**13. LOANS AND ADVANCES**

	Non-current		Current	
	31st March 2014 Rupees	31st March 2013 Rupees	31st March 2014 Rupees	31st March 2013 Rupees
<u>Capital advances</u>				
Unsecured, considered good (Refer note 52)	66,20,981	47,16,007	-	-
(A)	66,20,981	47,16,007	-	-
<u>Tender, Security and other Deposits</u>				
Unsecured, considered good	3,37,35,051	2,74,84,588	1,05,53,692	1,12,86,334
Doubtful	7,68,733	6,08,733	-	-
	3,45,03,784	2,80,93,321	1,05,53,692	1,12,86,334
Less: Provision for doubtful deposits	7,68,733	6,08,733	-	-
(B)	3,37,35,051	2,74,84,588	1,05,53,692	1,12,86,334
<u>Loans and advances to related parties</u>				
[Refer note 32 (I) and (II)]				
Unsecured, considered good	48,53,00,680	42,78,97,912	20,62,53,289	15,11,83,703
Doubtful	25,55,134	27,15,134	-	-
	48,78,55,814	43,06,13,046	20,62,53,289	15,11,83,703
Less: Provision for doubtful loans and advances	25,55,134	27,15,134	-	-
(C)	48,53,00,680	42,78,97,912	20,62,53,289	15,11,83,703
<u>Advance to suppliers</u>				
Unsecured, considered good	-	-	4,66,58,579	8,62,41,047
Unsecured, considered good - related parties	-	-	9,29,32,183	2,98,07,829
[Refer note 32(I)]				
Unsecured, considered doubtful	14,19,526	14,19,526	-	-
	14,19,526	14,19,526	13,95,90,762	11,60,48,876
Less: Provision for doubtful advances	14,19,526	14,19,526	-	-
(D)	-	-	13,95,90,762	11,60,48,876
<u>Other Loans and advances</u>				
Unsecured, considered good				
- Prepaid Expenses	50,21,289	-	3,08,13,276	2,54,36,190
- Claims Receivables	-	-	1,70,90,464	97,24,488
- Balances with Statutory Authorities	6,25,12,737	7,64,77,216	12,76,04,019	11,33,63,206
- Loans & Advance to Employees	-	50,000	25,46,159	95,83,076
- Income tax Paid (net of provision for taxation)	4,37,28,025	4,64,25,008	-	-
(E)	11,12,62,051	12,29,52,224	17,80,53,918	15,81,06,960
Unsecured, considered doubtful				
- Inter corporate deposits	57,07,289	57,07,289	-	-
- Other loans and advances	55,06,962	55,06,962	-	-
	1,12,14,251	1,12,14,251	-	-
Less: Provision for doubtful advances	1,12,14,251	1,12,14,251	-	-
(F)	-	-	-	-
Total (A+B+C+D+E+F)	63,69,18,763	58,30,50,731	53,44,51,661	43,66,25,873
<u>Loans and advances to employees includes</u>				
Due from directors	-	-	5,16,389	2,58,151

NOTES TO FINANCIAL STATEMENTS for the year ended 31st March 2014 (contd...)
14. TRADE RECEIVABLES

	Non-current		Current	
	31st March 2014 Rupees	31st March 2013 Rupees	31st March 2014 Rupees	31st March 2013 Rupees
Outstanding for a period exceeding six months from the date they are due for payment				
- Unsecured Considered good	6,80,02,995	10,51,03,213	56,32,47,836	44,93,51,322
- Doubtful	59,61,994	59,61,994	-	-
	7,39,64,989	11,10,65,207	56,32,47,836	44,93,51,322
Less: Provision for doubtful receivable	59,61,994	59,61,994	-	-
(A)	6,80,02,995	10,51,03,213	56,32,47,836	44,93,51,322
Other receivables				
- Unsecured, considered good	-	-	2,35,24,55,600	2,21,91,53,322
- Doubtful	-	-	-	-
	-	-	2,35,24,55,600	2,21,91,53,322
Less: Provision for doubtful receivables	-	-	-	-
(B)	-	-	2,35,24,55,600	2,21,91,53,322
Total	(A + B) 6,80,02,995	10,51,03,213	2,91,57,03,436	2,66,85,04,644

15. OTHER ASSETS

	Non-current		Current	
	31st March 2014 Rupees	31st March 2013 Rupees	31st March 2014 Rupees	31st March 2013 Rupees
<u>Unsecured, considered good</u>				
Interest Accrued on Margin Money	8,51,253	3,06,170	10,57,255	15,10,485
Rent Receivables	-	-	9,27,583	87,279
(A)	8,51,253	3,06,170	19,84,838	15,97,764
<u>Unsecured, considered doubtful</u>				
Rent receivables	17,05,011	17,05,011	-	-
Less: Provision	17,05,011	17,05,011	-	-
(B)	-	-	-	-
(A + B)	8,51,253	3,06,170	19,84,838	15,97,764

16. CURRENT INVESTMENTS

	31st March 2014 Rupees	31st March 2013 Rupees
Current investments (valued at lower of cost or fair value unless stated otherwise)		
<u>Non Trade and Quoted</u>		
5,875 (2012-2013 : 5,875) equity shares of Rs. 2 each, fully paid up in Sterlite Technologies Limited	2,05,000	2,05,000
70 (2012-2013 : 70) equity shares of Rs. 2 each, fully paid up in Jain Irrigation Systems Limited [At cost less provision for other than temporary diminution in the value : Rs. Nil (2012-2013 : Rs. 3,178)]	3,724	546
8,100 (2012-2013 : 8,100) equity shares of Rs. 10 each, fully paid up in Canara Bank	2,83,500	2,83,500
	4,92,224	4,89,046
Aggregate amount of quoted investments	4,92,224	4,89,046
[(Market value Rs. 22,81,546 (2012-2013 : Rs. 32,56,126)]		
Aggregate provision for diminution in value of investments	-	3,178

NOTES TO FINANCIAL STATEMENTS for the year ended 31st March 2014 (contd...)**17. INVENTORIES** (valued at lower of cost and net realizable value)

	31st March 2014 Rupees	31st March 2013 Rupees
Raw Materials and components [includes in transit Rs. 1,46,91,162 (2012-2013 : Rs. 2,41,54,240)] (Refer note 21)	17,85,46,842	17,84,29,203
Work-in-Progress (Refer note 22)	2,10,75,965	2,50,74,109
Finished goods (Refer note 22)	9,99,13,593	10,72,90,809
Traded goods	5,58,77,749	5,41,26,352
Stores and spares	4,62,64,930	3,55,17,250
Contract Work-in-Progress (Refer note 22)	1,57,72,823	3,12,16,306
	41,74,52,262	43,16,54,029

18. CASH AND BANK BALANCES

	Non-current		Current	
	31st March 2014 Rupees	31st March 2013 Rupees	31st March 2014 Rupees	31st March 2013 Rupees
Cash and Cash Equivalents				
<u>Balances with banks:</u>				
- On current accounts	-	-	4,15,53,470	5,55,97,203
- On Exchange Earner's Foreign Currency Accounts	-	-	7,84,090	7,09,595
- On Unclaimed Dividend Account	-	-	26,49,009	24,16,215
- On Unclaimed Interest on Fixed Deposits	-	-	4,79,453	13,57,145
<u>Cash on Hand</u>	-	-	20,51,570	18,46,948
(A)	-	-	4,75,17,592	6,19,27,106
<u>Other bank balances</u>				
On Deposit Account with original maturity for more than 12 months	-	-	20,00,000	39,00,000
On Margin Money Account (Note a and b)	-	-	9,25,95,456	8,67,21,971
(B)	-	-	9,45,95,456	9,06,21,971
Total	(A+B)	-	14,21,13,048	15,25,49,077

- a) Margin money deposit given as security
Margin money deposits with a carrying amount of Rs. 7,50,95,673 (2012-2013 : Rs. 7,04,53,860) are subject to first charge to secure bank guarantees issued by bank on our behalf.
- b) Margin money includes fixed deposit of Rs. 1,74,99,783 (2012-2013 : Rs. 1,62,68,111), being security towards working capital of the company.

NOTES TO FINANCIAL STATEMENTS for the year ended 31st March 2014 (contd...)
19. REVENUE FROM OPERATIONS

	31st March 2014	31st March 2013
	Rupees	Rupees
Revenue from Operations		
<u>Sale of Products</u>		
Finished Goods	6,22,98,92,036	6,93,66,24,050
Traded Goods	46,78,48,800	45,67,00,315
<u>Sale of services</u>	64,28,87,717	54,08,12,239
<u>Others operating revenue</u>		
Scrap Sale	99,61,284	1,13,68,496
Management Fees	45,00,000	35,00,000
Revenue from operations (Gross)	7,35,50,89,837	7,94,90,05,100
Less: Excise Duty *	23,56,09,858	27,56,31,440
Revenue from operations (Net)	7,11,94,79,979	7,67,33,73,660

* Excise duty on sales amounting to Rs. 23,56,09,858 (2012-2013 : Rs. 27,56,31,440) has been reduced from sales in the statement of profit and loss and excise duty on (increase)/decrease in stock amounting to Rs. 28,22,788 (2012-2013 : Rs. 53,77,519) has been considered as (income)/expenses in note 26 of financial statements.

DETAILS OF PRODUCT SOLD

	31st March 2014	31st March 2013
	Rupees	Rupees
<u>Finished goods</u>		
Ion Exchange Resins	1,21,26,29,193	1,16,26,98,186
Water Treatments Plants & Accessories	3,23,38,37,179	4,20,88,21,612
Chemicals Additives	1,28,95,30,232	1,08,34,25,427
Consumer Products	25,82,85,574	20,60,47,385
	<u>5,99,42,82,178</u>	<u>6,66,09,92,610</u>
<u>Traded goods</u>		
Consumer Products	36,04,00,196	42,91,87,451
Activated Carbon	-	7,91,750
Spares	5,65,92,691	46,38,581
Others	5,08,55,913	2,20,82,533
	<u>46,78,48,800</u>	<u>45,67,00,315</u>
	<u>6,46,21,30,978</u>	<u>7,11,76,92,925</u>

DETAILS OF SERVICES RENDERED

	31st March 2014	31st March 2013
	Rupees	Rupees
Civil, Errection and Commissioning	19,55,92,895	15,17,83,446
Operation and Maintenance	36,50,76,417	31,82,36,940
Annual Maintenance Contracts	8,11,84,405	7,07,91,853
Consulting Engineering	10,34,000	-
	<u>64,28,87,717</u>	<u>54,08,12,239</u>

NOTES TO FINANCIAL STATEMENTS for the year ended 31st March 2014 (contd...)**20. OTHER INCOME**

	31st March 2014 Rupees	31st March 2013 Rupees
Interest Income		
- From Banks	81,69,485	89,02,970
- From Subsidiary	1,95,38,987	1,72,13,873
- From Joint Venture	1,45,51,000	1,40,55,589
- From Others	3,72,692	5,62,488
Rent	84,26,933	64,45,389
Dividend Income on		
- Current investments	10,578	90,936
- Long-term investments	5,18,786	20,99,616
Amount set aside for liabilities, no longer required, written back	-	96,326
Exchange Gain (Net)	2,55,24,324	64,93,712
Profit on fixed assets sold/discarded (Net)	2,71,551	-
Other non operating Income	40,10,900	28,03,928
	8,13,95,236	5,87,64,827

21. COST OF RAW MATERIAL AND COMPONENTS CONSUMED

	31st March 2014 Rupees	31st March 2013 Rupees
Inventory at the beginning of the year	17,84,29,203	19,67,23,285
Add: Purchases*	4,68,91,51,028	5,13,14,88,105
Less: Inventory at the end of the year	17,85,46,842	17,84,29,203
Cost of Raw Material and components consumed **	4,68,90,33,389	5,14,97,82,187
* Includes direct expenses incurred on contracts Rs. 16,07,94,745 (2012-2013 : Rs. 16,11,34,092)		
<u>Details of raw material and components consumed</u>		
Styrene	33,37,50,264	29,65,67,373
Divinyl Benzene	7,89,56,545	7,76,52,456
Dimethylethanolamine	1,11,36,354	91,79,713
Paraformaldehyde	2,61,175	71,58,656
Ethylene Dichloride	1,44,96,862	95,11,383
Others #	4,08,96,37,444	4,58,85,78,514
	4,52,82,38,644	4,98,86,48,095
<u>Inventory Details</u>		
<u>Raw materials and components:</u>		
Styrene	28,35,543	31,41,177
Divinyl Benzene	39,91,916	33,29,649
Dimethylethanolamine	12,30,256	11,33,438
Ethylene Dichloride	13,17,005	6,45,844
Others #	16,91,72,122	17,01,79,095
	17,85,46,842	17,84,29,203

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

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

NOTES TO FINANCIAL STATEMENTS for the year ended 31st March 2014 (contd...)
22. (INCREASE)/DECREASE IN INVENTORIES

	31st March 2014	31st March 2013	(Increase) /Decrease
	Rupees	Rupees	Rupees
<u>Inventories at the end of the year</u>			
Traded Goods	5,58,77,749	5,41,26,352	(17,51,397)
Work-in-Progress	2,10,75,965	2,50,74,109	39,98,144
Finished Goods	9,99,13,953	10,72,90,809	73,76,856
Contract Work-in-Progress	1,57,72,823	3,12,16,306	1,54,43,483
	<u>19,26,40,490</u>	<u>21,77,07,576</u>	<u>2,50,67,086</u>
<u>Inventories at the beginning of the year</u>			
Traded Goods	5,41,26,352	3,88,74,952	(1,52,51,400)
Work-in-Progress	2,50,74,109	3,79,90,023	1,29,15,914
Finished Goods	10,72,90,809	7,53,82,717	(3,19,08,092)
Contract Work-in-Progress	3,12,16,306	3,55,15,842	42,99,536
	<u>21,77,07,576</u>	<u>18,77,63,534</u>	<u>(2,99,44,042)</u>
	<u>2,50,67,086</u>	<u>(2,99,44,042)</u>	

Details of purchase of traded goods

	31st March 2014	31st March 2013
	Rupees	Rupees
Consumer products	21,07,37,187	21,65,63,002
Activated Carbon	-	3,12,000
Spares	3,38,91,298	4,86,42,187
Others	3,84,89,028	3,24,71,928
	<u>28,31,17,513</u>	<u>29,79,89,117</u>

Details of Inventory

	31st March 2014	31st March 2013
	Rupees	Rupees
<u>Traded Goods</u>		
Consumer products	3,90,33,013	3,17,54,936
Activated Carbon	2,58,673	6,25,540
Spares	1,48,95,368	1,94,76,347
Others	16,90,695	22,69,529
	<u>5,58,77,749</u>	<u>5,41,26,352</u>
<u>Work-in-progress</u>		
Resins	1,31,76,292	1,28,76,788
Water Treatment Plants	78,99,673	1,21,97,321
	<u>2,10,75,965</u>	<u>2,50,74,109</u>
<u>Finished goods</u>		
Resins	3,86,76,204	3,61,62,211
Water Treatments Plants & Accessories	2,95,32,766	2,98,35,620
Chemicals Additives	2,67,48,096	3,49,40,994
Consumer Products	49,56,887	63,51,984
	<u>9,99,13,953</u>	<u>10,72,90,809</u>

NOTES TO FINANCIAL STATEMENTS for the year ended 31st March 2014 (contd...)**23. EMPLOYEE BENEFITS EXPENSE** (Refer note 28)

	31st March 2014	31st March 2013
	Rupees	Rupees
Salaries, wages and bonus	64,94,35,116	68,91,93,689
Contribution to provident and other funds	4,91,92,230	5,81,29,174
Employee compensation expense / (income)	(45,84,179)	(3,80,521)
Staff welfare expense	3,29,63,063	3,29,30,791
	72,70,06,230	77,98,73,133

24. FINANCE COSTS

	31st March 2014	31st March 2013
	Rupees	Rupees
Interest	9,04,27,241	10,93,92,839
Other borrowing costs	75,20,005	1,05,18,226
	9,79,47,246	11,99,11,065

25. DEPRECIATION AND AMORTIZATION EXPENSE

	31st March 2014	31st March 2013
	Rupees	Rupees
Depreciation of tangible assets [Refer note 11 (a)]	8,39,00,502	7,64,71,193
Amortisation of intangible assets [Refer note 11 (b)]	1,18,611	26,41,798
Less: Recoupment from revaluation reserve	28,470	28,470
	8,39,90,643	7,90,84,521

NOTES TO FINANCIAL STATEMENTS for the year ended 31st March 2014 (contd...)
26. OTHER EXPENSES (Refer note 36)

	31st March 2014	31st March 2013
	Rupees	Rupees
Stores and spare parts consumed	7,56,896	17,75,565
Power and fuel	10,93,10,447	10,89,68,345
Repairs and Maintenance - Buildings	48,65,258	40,81,022
- Plant and machinery	2,59,75,792	1,89,40,032
- Others	1,84,17,391	1,95,49,223
Rent (Net of recoveries)	3,25,52,257	2,55,46,409
Rates and taxes	3,70,69,234	3,49,79,377
Insurance (Net of recoveries)	67,54,697	57,36,961
Travelling and conveyance	18,29,82,033	20,01,46,979
Excise Duty (Net of recoveries) (Refer note 19)	28,22,788	53,77,519
Freight (Net of recoveries)	14,50,16,692	16,82,74,054
Packing (Net of recoveries)	3,18,57,779	3,06,08,262
Advertisement and publicity	5,39,43,555	6,71,60,142
Commission	1,29,57,078	1,35,62,301
Legal and professional charges	5,64,10,854	5,75,35,523
Telephone and telex	1,92,35,853	2,15,06,825
Bad debts written off	3,34,23,124	2,47,69,487
Auditors' remuneration (Refer note 26.1)	36,23,759	40,28,982
Directors' fees	12,40,000	17,05,000
Bank charges	1,17,94,154	1,53,06,069
Loss on fixed assets sold/discarded (Net)	-	10,41,538
Backcharges on contracts (Refer note 47)	41,39,278	1,05,50,957
Establishment and Other Miscellaneous Expenses	18,55,24,500	16,94,52,078
	98,06,73,419	1,01,06,02,650

26.1 AUDITORS' REMUNERATION

	31st March 2014	31st March 2013
	Rupees	Rupees
As auditor:		
- Audit fees	14,75,000	14,75,000
- Tax audit fees	3,00,000	3,00,000
- Limited review	5,25,000	5,25,000
In other capacity:		
- Other services (Certification fees)	8,55,000	14,30,000
Reimbursement of expenses	1,86,259	1,73,982
Branch auditor		
- Audit fees	2,50,000	1,25,000
- Other services (Certification fees)	25,000	-
- Reimbursement of expenses	7,500	-
	36,23,759	40,28,982

NOTES TO FINANCIAL STATEMENTS for the year ended 31st March 2014 (contd...)**27. EARNINGS PER SHARE (EPS)**

Particulars		31st March 2014	31st March 2013
I	Profit computation for both basic and diluted earnings per share of Rs. 10 each		
	Net profit as per the statement of profit and loss available for equity shareholders (in Rupees)	20,52,05,312	21,49,25,033
II	Weighted average number of equity shares for earnings per share computation		
A)	For basic earnings per share		
	No. of equity share outstanding	1,33,40,033	1,32,90,952
	Add: No. of equity share in share capital suspense (Refer Note 51)	-	11,80,256
	Add: Equity shares issued as per the Scheme of Amalgamation (Refer Note 51)	11,80,256	-
	No. of shares for basic earnings per share	1,45,20,289	1,44,71,208
B)	For Diluted Earnings per Share		
	No. of shares for Basic EPS as per IIA	1,45,20,289	1,44,71,208
	Add: Weighted Average outstanding employee stock options deemed to be issued for no consideration	58,361	2,86,156
	No. of Shares for Diluted Earnings per Share	1,45,78,650	1,47,57,364
III	Earnings per Share in Rupees (Weighted Average)		
	Basic	14.13	14.85
	Diluted	14.08	14.56

28. EMPLOYEE BENEFITS

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

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

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

Amount (in Rupees)

Particulars		2013-2014 (Gratuity)	2012-2013 (Gratuity)	2013-2014 (Provident Fund)	2012-2013 (Provident Fund)
I	The statement of profit and loss				
	Net employee benefit expense (recognized in employee cost)				
	1. Current service cost	64,31,137	62,52,608	1,16,29,203	1,12,97,414
	2. Interest cost on benefit obligation	62,19,082	56,71,293	1,81,98,086	1,68,30,058
	3. Expected return on plan assets	(69,26,000)	(58,82,745)	(1,81,98,086)	(1,68,30,058)
	4. Net actuarial loss / (gain) recognized in the year	32,00,259	94,10,831	-	-
	Net benefit expenses	89,24,478	1,54,51,987	1,16,29,203	1,12,97,414
	Actual return on plan assets	54,55,086	60,43,638	1,81,98,086	1,68,30,058
II	Net assets / (liability) recognized in the balance sheet				
	1. Present value of defined benefit obligation	(8,74,29,504)	(7,82,25,032)	(26,28,39,456)	(24,32,84,287)
	2. Fair value of plan assets	8,90,04,787	7,97,32,275	27,22,69,335	25,00,84,390

NOTES TO FINANCIAL STATEMENTS for the year ended 31st March 2014 (contd...)
28. EMPLOYEE BENEFITS (contd...)

Amount (in Rupees)

Particulars		2013-2014 (Gratuity)	2012-2013 (Gratuity)	2013-2014 (Provident Fund)	2012-2013 (Provident Fund)
III	Changes in the present value of the defined benefit obligation are as follows:				
	1. Opening defined benefit obligation	(7,77,38,525)	(6,70,56,758)	(24,32,84,287)	(22,97,51,760)
	2. Employee contribution	-	-	(1,93,92,264)	(1,91,40,500)
	3. Interest cost	(62,19,082)	(56,71,293)	(1,81,98,086)	(1,68,30,058)
	4. Current service cost	(64,31,137)	(62,52,608)	(1,16,29,203)	(1,12,97,414)
	5. Liability transferred in	-	-	(90,77,242)	(6,90,093)
	6. Opening balance adjustment	-	-	45,137	-
	7. Benefits paid	52,94,618	1,09,21,115	3,86,96,489	3,44,25,538
	8. Actuarial gains / (losses) on obligation	(23,35,378)	(1,01,65,488)	-	-
	Closing defined benefit obligation	(8,74,29,504)	(7,82,25,032)	(26,28,39,456)	(24,32,84,287)
IV	Changes in the fair value of plan assets are as follows:				
	1. Opening fair value of plan assets	7,97,32,275	6,77,18,805	25,00,84,390	23,30,07,070
	2. Expected returns	69,26,000	58,82,745	1,81,98,086	1,68,30,058
	3. Contributions by employer	85,06,011	1,62,97,183	3,10,21,467	3,04,37,914
	4. Transfer from others	-	-	90,77,242	6,90,093
	5. Benefits paid	(52,94,618)	(1,09,21,115)	(3,86,96,489)	(3,44,25,538)
	6. Actuarial gains / (losses)	(8,64,881)	7,54,657	25,84,639	35,44,793
	7. Closing fair value of plan assets	8,90,04,787	7,97,32,275	27,22,69,335	25,00,84,390
V	Actuarial assumptions:				
	1. Discount rate	9.10% & 8.00%	8.50%	9.10%	8.00%
	2. Expected rate of salary increase [Refer note (b) below]	8% & 7%	8%		
	3. Mortality	Indian Assured Lives Mortality (2006-08) Ultimate	Indian Assured Lives Mortality (2006-08) Ultimate	Indian Assured Lives Mortality (2006-08) Ultimate	Indian Assured Lives Mortality (2006-08) Ultimate
	4. Attrition rate	16%	16%	16%	16%
	5. Rate of return on plan assets	8.70%	8.70%	8.75%	8.50%

The Company expects to contribute Rs. 50,35,603 (2013-2014: Rs. 48,00,813) to gratuity in 2014-2015.

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)		% of holding (Provident Fund)	
		2013-2014	2012-2013	2013-2014	2012-2013
1	Central & State Government Bonds	13%	14%	41%	37%
2	Public Sector Undertaking	4%	17%	33%	28%
3	Insurance Policy	83%	69%	-	-
4	Special Deposit Scheme 1975	-	-	19%	27%
5	Other Assets	-	-	7%	8%

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

NOTES TO FINANCIAL STATEMENTS for the year ended 31st March 2014 (contd...)

Amounts for the current and previous periods are as follows:

	2013-2014	2012-2013	2011-2012	2010-2011	2009-2010
Gratuity					
Defined benefit obligation	(8,74,29,504)	(7,82,25,032)	(6,13,50,389)	(5,18,55,318)	(4,74,53,695)
Plan assets	8,90,04,787	7,97,32,275	6,14,99,782	5,22,31,181	4,74,53,695
Surplus / (deficit)	15,75,283	15,07,243	1,49,393	3,75,863	Nil
Experience adjustments on plan liabilities	(23,35,378)	23,35,049	21,24,453	24,00,079	1,62,808
Experience adjustments on plan assets	(8,64,881)	7,54,657	1,27,192	(14,10,826)	12,13,874

Provident fund	2013-2014	2012-2013
Defined benefit obligation	(26,28,39,456)	(24,32,84,287)
Plan assets	27,22,69,335	25,00,84,390
Surplus / (deficit)	94,29,879	68,00,103
Experience adjustments on plan liabilities	Nil	Nil
Experience adjustments on plan assets	25,84,639	35,44,793

Notes:

a) Amounts recognized as an expense and included in note 23:

Gratuity in "Contribution to provident and other funds" Rs. 90,78,554 (2012-2013: Rs. 1,60,73,795)

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

B) Defined Contribution Plan:

Amount recognized as an expense and included in the note 23:

"Contribution to provident and other funds" of the statement of profit and loss Rs. 1,97,66,567 (2012-2013 : Rs. 2,01,34,402)

C) Other employee benefits:

Amounts recognized as an expense and included in note 23:

Leave encashment in "Salaries, wages and bonus" Rs. 1,26,34,140 (2012-2013 : Rs. 23,40,240)

NOTES TO FINANCIAL STATEMENTS for the year ended 31st March 2014 (contd...)
29. EMPLOYEE STOCK OPTION SCHEME (ESOS)
ESOS 2001

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

ESOS 2003

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

ESOS 2008

Pursuant to the resolution passed by the shareholders at the annual general meeting held on 26th September 2008, the employee stock compensation committee at its meeting held on 13th October 2008 implemented the fourth employees stock options scheme (ESOS 2008) and granted 12,00,000 options to directors and other employees at a price of Rs. 58.20 per share which constituted a discount of approximately 25% of the closing market price prior to the date of the grant. Under the scheme, the options shall vest after one year from the date of the grant. The vested options were exercisable upto 13th October 2013.

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

Details of options granted are as follows:

Particulars	ESOS Schemes			Total
	2001	2003	2008	
	(1 st , 2 nd & 3 rd Grant)	(1 st & 2 nd Grant)	(1 st Grant)	
Options outstanding as at 31st March 2013	2,50,000	2,82,000	2,60,600	7,92,600
	(2,50,000)	(2,82,000)	(2,95,100)	(8,27,100)
Granted during the year	-	-	-	-
	-	-	-	-
Lapsed during the year	10,000	5,000	2,12,800	2,27,800
	-	-	(5,200)	(5,200)
Exercised/ Allotted during the year	-	-	47,800	47,800
	-	-	(29,300)	(29,300)
Outstanding as at 31st March 2014	2,40,000	2,77,000	-	5,17,000
	(2,50,000)	(2,82,000)	(2,60,600)	(7,92,600)
Exercisable as at 31st March 2014	2,40,000	2,77,000	-	5,17,000

Figures in bracket denote previous year figures.

As at 31st March 2014, the company has received commitment deposit of Rs. 33,348 (2012-2013: Rs. 33,348) from its directors and employees under ESOS 2001 and ESOS 2003.

Weighted average remaining contractual life is 2.2 years (2012-2013: 2.3 years).

Weighted average share price at exercise date was Rs.96.69 (2012-2013: Rs.120.35)

NOTES TO FINANCIAL STATEMENTS for the year ended 31st March 2014 (contd...)Stock Option granted

The company has not granted stock options during the year. The Black Scholes valuation model has been used for computing the weighted average fair value considering the followings inputs:

Particulars	ESOS Schemes 2001 3 rd Grant	ESOS Schemes 2003 2 nd Grant	ESOS Schemes 2008 1 st Grant
Exercise price	94.00	94.00	58.20
Weighted average share price	127.45	127.45	123.15
Expected volatility *	45%	45%	45%
Life of the options granted (vesting and exercise period) in years	4	4	1
Expected dividends	2	2	2
Average risk-free interest rate	8.50%	8.50%	8.50%
Expected dividend rate	20%	20%	20%

* The expected volatility was determined based on historical volatility data; historical volatility includes early years of the company's life. Since the company used the intrinsic value method, the impact on the reported net profit and earnings per share by applying the fair value method:

Amount (in Rupees)

Particulars	2013-2014	2012-2013
Profit as reported	20,52,05,312	21,49,25,033
Add : Employee stock compensation under intrinsic value method	(45,84,179)	(3,80,521)
Less : Employee stock compensation under fair value method	(6,14,750)	51,028
Pro forma profit	20,12,35,883	21,44,93,484
Earnings Per Share		
Basic - As reported	14.13	14.85
- Pro forma	13.86	14.82
Diluted - As reported	14.08	14.56
- Pro forma	13.80	14.53

30. CONTRACTS IN PROGRESS (CIP):

Amount (in Rupees)

Sr. No.	Particulars	2013-2014	2012-2013
A.	Aggregate amount recognized as contract revenue	2,02,73,30,932	2,89,22,07,727
B.	In respect of contracts in progress as on 31st March :		
1)	Aggregate amount of costs incurred and recognized profits (less recognized losses)	6,95,33,15,434	7,85,69,94,457
2)	Amount of customer advance received	11,09,55,192	15,18,65,829
3)	Amount of retentions	33,84,49,047	20,05,76,530
C.	Gross amount due from customers for contract work	1,17,59,115	1,44,10,579

NOTES TO FINANCIAL STATEMENTS for the year ended 31st March 2014 (contd...)

31. SEGMENT

I. Information about Primary Business Segments

	Amount (in Rupees)					
	Engineering		Chemicals		Consumer Products	
	31.03.2014	31.03.2013	31.03.2014	31.03.2013	31.03.2014	31.03.2013
Revenue						
External sales and services (Gross)	3,92,65,14,384	4,62,17,46,972	2,55,58,44,080	2,43,49,24,433	86,81,80,996	88,87,95,820
Less: Excise duty recovered	(4,83,39,723)	(6,28,96,967)	(17,47,41,364)	(20,15,42,635)	(1,25,26,771)	(1,11,91,836)
External sales and services (Net)	3,87,81,74,661	4,55,88,50,005	2,38,11,02,716	2,23,33,81,798	85,56,52,225	87,76,03,982
Inter-segmental sales	23,82,96,065	21,29,17,744	10,37,95,120	11,05,88,874	4,52,251	34,000
Other income	1,12,27,598	22,45,738	1,24,84,139	(89,007)	9,79,476	2,86,687
Total revenue	4,12,76,98,324	4,77,40,13,487	2,49,73,81,975	2,34,38,81,665	85,70,83,952	87,79,24,669
Less: Eliminations						
Add : Interest income						
Total enterprise revenue					4,26,32,164	4,07,34,920
						7,20,08,75,215
Result						
Segment results	16,95,61,250	19,84,52,600	30,17,68,266	25,67,10,852	(1,06,18,724)	2,74,91,078
Unallocated expenditure net of unallocated income					(9,13,56,021)	(7,86,38,529)
Finance cost					(9,79,47,246)	(11,99,11,065)
Interest income					4,26,32,164	4,07,34,920
Profit before taxation					(14,66,71,103)	(15,78,14,673)
						32,48,39,856
Other Information						
Segment assets	2,69,71,30,591	2,43,99,45,883	1,54,35,20,631	1,55,14,47,159	1,49,87,19,546	1,47,27,01,825
Segment liabilities	2,02,60,88,587	1,97,72,11,457	79,93,94,396	83,53,64,873	1,05,29,98,099	91,30,95,129
Capital expenditure	1,09,17,272	2,81,53,595	4,60,62,127	19,71,11,992	64,98,317	3,19,30,411
Depreciation	85,28,931	76,99,650	5,51,36,083	5,19,98,024	1,70,33,190	1,56,67,949
Non cash expenditure other than depreciation	3,48,26,524	8,25,66,383	48,72,515	1,38,72,807	(94,08,824)	(2,21,15,538)
					3,90,26,528	9,01,70,465

II. Information about Secondary Geographical Segments

	Amount (in Rupees)			
	India		Outside India	
	31.03.2014	31.03.2013	31.03.2014	31.03.2013
External revenue (Net)	5,81,21,21,637	6,55,97,23,899	1,30,73,58,342	1,11,36,49,761
Carrying amount of segment assets	5,23,25,10,426	5,01,59,94,524	78,88,62,164	73,08,03,587
Additions to fixed assets	6,39,69,690	25,75,43,710	5,25,611	12,00,662
			6,44,95,301	25,87,44,372

NOTES TO FINANCIAL STATEMENTS for the year ended 31st March 2014 (contd...)

III. Notes:

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

32. RELATED PARTY DISCLOSURES (As identified by the Management):Where control exists

- a) Subsidiary Companies
- Ion Exchange Enviro Farms Limited
 - Watercare Investments (India) Limited
 - Aqua Investments (India) Limited
 - Ion Exchange Asia Pacific Pte. Ltd., Singapore
 - Ion Exchange Asia Pacific (Thailand) Limited**
 - IEI Environmental Management (M) Sdn. Bhd., Malaysia
 - Ion Exchange Environment Management (BD) Limited, Bangladesh
 - Ion Exchange Infrastructure Limited
 - Ion Exchange LLC, USA
 - Ion Exchange & Company LLC, Oman
 - Ion Exchange WTS (Bangladesh) Limited
 - Ion Exchange Projects and Engineering Limited
 - Global Composites and Structurals Limited
 - Ion Exchange Safic Pty. Ltd., South Africa
 - Total Water Management Services (I) Limited
 - Ion Exchange Purified Drinking Water Private Limited (w.e.f. 25.09.2013)

Others

- b) Associates
- Aquanomics Systems Limited
 - IEI Water-Tech (M) Sdn. Bhd., Malaysia *
 - Astha Technical Services Limited
 - Ion Exchange PSS Co. Limited, Thailand *
 - Ion Exchange Financial Products Pvt. Limited *
- c) Joint Venture
- Ion Exchange Waterleau Limited
- d) Entity having significant influence
- IEI Shareholding Trusts
- e) Key Management Personnel
- Mr. Rajesh Sharma - Chairman & Managing Director
 - Mr. Dinesh Sharma - Executive Director
 - Mr. Aankur Patni - Executive Director
- f) Relatives of Key Management Personnel
- Mr. Mahabir Patni - Father of Mr. Aankur Patni
 - Mrs. Nirmala Patni - Mother of Mr. Aankur Patni
 - Mrs. Aruna Sharma - Wife of Mr. Rajesh Sharma
 - Mrs. Poonam Sharma - Wife of Mr. Dinesh Sharma
 - Mrs. Nidhi Patni - Wife of Mr. Aankur Patni
 - Ms. Pallavi Sharma - Daughter of Mr. Rajesh Sharma
- g) Enterprise owned or significantly influenced by Key Management Personnel or their Relatives
- Arkepp and Associates
 - Ion Foundation

** Subsidiary Company of Subsidiary

* Associate Companies of Subsidiaries

NOTES TO FINANCIAL STATEMENTS for the year ended 31st March 2014 (contd...)

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

Amount (in Rupees)

Nature of transaction	Parties referred to in (a) above		Parties referred to in (b) and (c) above		Parties referred to in (e), (f) and (g) above		Total	
	2013-2014	2012-2013	2013-2014	2012-2013	2013-2014	2012-2013	2013-2014	2012-2013
Sale of goods *								
Aquanomic Systems Ltd	-	-	23,40,23,814	18,47,13,159	-	-	23,40,23,814	18,47,13,159
IEI Environmental Management (M) Sdn. Bhd., Malaysia	29,59,720	1,30,34,831	-	-	-	-	29,59,720	1,30,34,831
Ion Exchange Asia Pacific Pte. Ltd, Singapore	8,46,36,570	2,13,32,363	-	-	-	-	8,46,36,570	2,13,32,363
Ion Exchange and Company LLC, Oman	4,41,31,785	1,93,72,399	-	-	-	-	4,41,31,785	1,93,72,399
Ion Exchange Environment Management (BD) Ltd., Bangladesh	1,80,51,295	1,66,79,343	-	-	-	-	1,80,51,295	1,66,79,343
Ion Exchange Infrastructure Ltd.	5,02,207	45,843	-	-	-	-	5,02,207	45,843
Ion Exchange LLC, USA	10,70,91,763	11,06,38,026	-	-	-	-	10,70,91,763	11,06,38,026
Ion Exchange Waterleau Ltd.	-	-	47,11,524	2,63,32,190	-	-	47,11,524	2,63,32,190
Ion Exchange Asia Pacific (Thailand) Ltd	1,40,63,045	1,03,55,478	-	-	-	-	1,40,63,045	1,03,55,478
Ion Exchange Enviro Farms Ltd.	21,37,546	25,31,966	-	-	-	-	21,37,546	25,31,966
Ion Foundation	-	-	-	-	4,90,764	-	4,90,764	-
Ion Exchange Safic Pty. Ltd., South Africa	1,18,39,480	1,53,07,167	-	-	-	-	1,18,39,480	1,53,07,167
Ion Exchange Projects & Engineering Ltd.	36,61,75,456	9,78,92,835	-	-	-	-	36,61,75,456	9,78,92,835
Ion Exchange PSS Co. Ltd., Thailand	-	-	2,88,87,983	57,36,970	-	-	2,88,87,983	57,36,970
Total	65,15,88,867	30,71,90,251	26,76,23,321	21,67,82,319	4,90,764	-	91,97,02,952	52,39,72,570
Management Fees								
Aquanomic Systems Ltd	-	-	45,00,000	35,00,000	-	-	45,00,000	35,00,000
Total	-	-	45,00,000	35,00,000	-	-	45,00,000	35,00,000
Rental Income								
Ion Exchange Waterleau Ltd.	-	-	12,04,500	11,95,375	-	-	12,04,500	11,95,375
Ion Exchange Infrastructure Ltd.	3,87,904	11,63,712	-	-	-	-	3,87,904	11,63,712
Ion Exchange Projects & Engineering Ltd.	52,62,400	33,12,000	-	-	-	-	52,62,400	33,12,000
Total	56,50,304	44,75,712	12,04,500	11,95,375	-	-	68,54,804	56,71,087
Interest Income on Debenture and Loans and Advances								
IEI Environmental Management (M) Sdn. Bhd., Malaysia	2,02,976	1,66,098	-	-	-	-	2,02,976	1,66,098
Ion Exchange Enviro Farms Ltd.	1,89,38,869	1,69,30,673	-	-	-	-	1,89,38,869	1,69,30,673
Ion Exchange Waterleau Ltd.	-	-	1,45,51,000	1,40,55,589	-	-	1,45,51,000	1,40,55,589
Ion Exchange Safic Pty. Ltd., South Africa	3,97,142	1,17,102	-	-	-	-	3,97,142	1,17,102
Total	1,95,38,987	1,72,13,873	1,45,51,000	14,055,589	-	-	3,40,89,987	3,12,69,462
Services Rendered								
Ion Exchange Waterleau Ltd.	-	-	1,16,49,985	57,06,845	-	-	1,16,49,985	57,06,845
Total Water Management Services (India) Ltd.	6,71,579	4,70,474	-	-	-	-	6,71,579	4,70,474
Aquanomic Systems Ltd	-	-	1,500	6,462	-	-	1,500	6,462
Ion Exchange Enviro Farms Ltd.	1,79,168	2,75,010	-	-	-	-	1,79,168	2,75,010

NOTES TO FINANCIAL STATEMENTS for the year ended 31st March 2014 (contd...)

Amount (in Rupees)

Nature of transaction	Parties referred to in (a) above		Parties referred to in (b) and (c) above		Parties referred to in (e), (f) and (g) above		Total	
	2013-2014	2012-2013	2013-2014	2012-2013	2013-2014	2012-2013	2013-2014	2012-2013
Services Rendered (Contd.)								
Ion Exchange Projects & Engineering Ltd.	86,68,891	60,60,641	-	-	-	-	86,68,891	60,60,641
Ion Exchange Infrastructure Ltd.	-	10,36,000	-	-	-	-	-	10,36,000
Total	95,19,639	78,42,125	1,16,51,485	57,13,307	-	-	2,11,71,123	1,35,55,432
Purchase of Goods/ Materials								
Ion Exchange Infrastructure Ltd.	72,44,777	8,38,71,001	-	-	-	-	72,44,777	8,38,71,001
Aquanomics Systems Ltd.	-	-	1,37,27,975	2,20,68,586	-	-	1,37,27,975	2,20,68,586
Global Composites & Structurals Ltd.	10,01,42,503	15,48,47,932	-	-	-	-	10,01,42,503	15,48,47,932
Ion Exchange Waterleau Ltd.	-	-	1,83,21,685	11,73,63,815	-	-	1,83,21,685	11,73,63,815
Total	10,73,87,280	23,87,18,933	3,20,49,660	13,94,32,401	-	-	13,94,36,940	37,81,51,334
Purchase of Miscellaneous items								
Ion Exchange Enviro Farms Ltd.	45,44,375	45,36,294	-	-	-	-	45,44,375	45,36,294
Total	45,44,375	45,36,294	-	-	-	-	45,44,375	45,36,294
Services Received								
Ion Exchange Infrastructure Ltd.	1,13,86,160	1,32,80,000	-	-	-	-	1,13,86,160	1,32,80,000
Astha Technical Services Ltd.	-	-	1,09,08,202	2,32,79,613	-	-	1,09,08,202	2,32,79,613
Ion Exchange Waterleau Ltd.	-	-	1,30,98,029	2,26,12,715	-	-	1,30,98,029	2,26,12,715
Ion Exchange Projects & Engineering Ltd.	6,83,16,614	6,84,02,778	-	-	-	-	6,83,16,614	6,84,02,778
Total	7,97,02,774	8,16,82,778	2,40,06,231	4,58,92,328	-	-	10,37,09,005	12,75,75,105
Interest Paid on Deposits								
Watercare Investments (India) Ltd.	4,74,727	4,16,100	-	-	-	-	4,74,727	4,16,100
Aqua Investments (India) Ltd.	5,78,698	5,03,454	-	-	-	-	5,78,698	5,03,454
Total	10,53,425	9,19,554	-	-	-	-	10,53,425	9,19,554
Advances Given								
Astha Technical Services Ltd.	-	-	60,670	33,886	-	-	60,670	33,886
Global Composites & Structurals Ltd.	1,34,084	99,561	-	-	-	-	1,34,084	99,561
Ion Exchange Asia Pacific Pte. Ltd, Singapore	52,698	37,850	-	-	-	-	52,698	37,850
Ion Exchange Enviro Farms Ltd.	12,98,988	-	-	-	-	-	12,98,988	-
Ion Exchange Infrastructure Ltd.	45,288	1,500	-	-	-	-	45,288	1,500
Ion Exchange Waterleau Ltd.	-	-	1,08,841	76,21,000	-	-	1,08,841	76,21,000
Total Water Management Services (India) Ltd.	1,62,537	90,972	-	-	-	-	1,62,537	90,972
Ion Foundation	-	-	-	-	32,448	600	32,448	600
Ion Exchange Projects & Engineering Ltd.	50,04,95,438	11,65,49,279	-	-	-	-	50,04,95,438	11,65,49,279
Ion Exchange Safic Pty. Ltd., South Africa	-	77,22,996	-	-	-	-	-	77,22,996
Ion Exchange Purified Drinking Water Pvt Ltd.	5,19,293	-	-	-	-	-	5,19,293	-
Total	50,27,08,326	12,45,02,158	1,69,511	76,54,886	32,448	600	50,29,10,285	13,21,57,644
Advances Repaid								
Ion Exchange Financial Products Pvt. Ltd.	-	-	1,60,000	-	-	-	1,60,000	-
Ion Exchange Waterleau Ltd.	-	-	-	87,65,170	-	-	-	87,65,170
Ion Exchange Projects & Engineering Ltd.	47,18,52,477	9,69,06,927	-	-	-	-	47,18,52,477	9,69,06,927
Ion Foundation	-	-	-	-	32,448	600	32,448	600

NOTES TO FINANCIAL STATEMENTS for the year ended 31st March 2014 (contd...)

Amount (in Rupees)

Nature of transaction	Parties referred to in (a) above		Parties referred to in (b) and (c) above		Parties referred to in (e), (f) and (g) above		Total	
	2013-2014	2012-2013	2013-2014	2012-2013	2013-2014	2012-2013	2013-2014	2012-2013
Advances Repaid (contd...)								
Ion Exchange Asia Pacific Pte. Ltd, Singapore	-	25,57,472	-	-	-	-	-	25,57,472
Ion Exchange Safic Pty. Ltd., South Africa	-	40,66,949	-	-	-	-	-	40,66,949
Astha Technical Services Ltd.	-	-	-	33,886	-	-	-	33,886
Global Composites & Structural Ltd.	-	99,561	-	-	-	-	-	99,561
Total Water Management Services (India) Ltd.	-	36,790	-	-	-	-	-	36,790
Ion Exchange Environment Management (BD) Ltd., Bangladesh	-	3,18,998	-	-	-	-	-	3,18,998
Ion Exchange Enviro Farms Ltd.	1,06,625	-	-	-	-	-	1,06,625	-
Total	47,19,59,102	10,39,86,697	1,60,000	87,99,056	32,448	600	47,21,51,550	11,27,86,353
Loans Given								
Ion Exchange Enviro Farms Ltd.	2,61,77,000	2,46,86,078	-	-	-	-	2,61,77,000	2,46,86,078
Ion Exchange & Company LLC, Oman	-	36,127	-	-	-	-	-	36,127
Ion Exchange LLC, USA	15,50,908	3,07,936	-	-	-	-	15,50,908	3,07,936
Ion Exchange Safic Pty. Ltd., South Africa	18,60,000	-	-	-	-	-	18,60,000	-
Ion Exchange Asia Pacific Pte. Ltd, Singapore	5,32,37,120	-	-	-	-	-	5,32,37,120	-
Total	8,28,25,028	2,50,30,141	-	-	-	-	8,28,25,028	2,50,30,141
Loans Repaid								
Ion Exchange Enviro Farms Ltd.	7,00,000	3,10,000	-	-	-	-	7,00,000	3,10,000
Ion Exchange LLC, USA	22,15,543	47,792	-	-	-	-	22,15,543	47,792
Ion Exchange Asia Pacific Pte. Ltd., Singapore	5,34,21,302	-	-	-	-	-	5,34,21,302	-
Total	5,63,36,845	3,57,792	-	-	-	-	5,63,36,845	3,57,792
Inter Corporate Deposits Received								
Watercare Investments (India) Ltd.	1,30,75,000	47,00,000	-	-	-	-	1,30,75,000	47,00,000
Aqua Investments (India) Ltd.	1,39,70,000	56,65,000	-	-	-	-	1,39,70,000	56,65,000
Total	2,70,45,000	1,03,65,000	-	-	-	-	2,70,45,000	1,03,65,000
Inter Corporate Deposits Repaid								
Watercare Investments (India) Ltd.	52,75,000	47,00,000	-	-	-	-	52,75,000	47,00,000
Aqua Investments (India) Ltd.	65,45,000	56,65,000	-	-	-	-	65,45,000	56,65,000
Total	1,18,20,000	1,03,65,000	-	-	-	-	1,18,20,000	1,03,65,000
Inter Corporate Deposits (Outstanding)								
Watercare Investments (India) Ltd.	78,00,000	-	-	-	-	-	78,00,000	-
Aqua Investments (India) Ltd.	74,25,000	-	-	-	-	-	74,25,000	-
Total	1,52,25,000	-	-	-	-	-	1,52,25,000	-
Dividend Received								
Aquanomics Systems Ltd.	-	-	4,60,000	9,20,000	-	-	4,60,000	9,20,000
Total	-	-	4,60,000	9,20,000	-	-	4,60,000	9,20,000

NOTES TO FINANCIAL STATEMENTS for the year ended 31st March 2014 (contd...)

Amount (in Rupees)

Nature of transaction	Parties referred to in (a) above		Parties referred to in (b) and (c) above		Parties referred to in (e), (f) and (g) above		Total	
	2013-2014	2012-2013	2013-2014	2012-2013	2013-2014	2012-2013	2013-2014	2012-2013
Dividend Paid								
Water Care Investments (India) Ltd.	3,68,142	3,27,800	-	-	-	-	3,68,142	3,27,800
Aqua Investments (India) Ltd.	5,07,606	3,28,000	-	-	-	-	5,07,606	3,28,000
Mr. Rajesh Sharma	-	-	-	-	15,22,436	12,50,872	15,22,436	12,50,872
Mr. Dinesh Sharma	-	-	-	-	11,37,042	7,50,200	11,37,042	7,50,200
Mr. Aankur Patni	-	-	-	-	4,69,336	4,69,336	4,69,336	4,69,336
Mr. Mahabir Prasad Patni	-	-	-	-	13,87,494	9,75,408	13,87,494	9,75,408
Relatives of Key Management Personnel	-	-	-	-	3,37,690	1,71,900	3,37,690	1,71,900
Ion Exchange Financial Products Pvt. Ltd.	-	-	1,00,844	-	-	-	1,00,844	-
Aquanomics Systems Ltd.	-	-	2,000	2,000	-	-	2,000	2,000
Total	8,75,748	6,55,800	1,02,844	2,000	48,53,998	36,17,716	58,32,590	42,75,516
Sales Commission								
Arkepp and Associates	-	-	-	-	46,08,916	60,22,116	46,08,916	60,22,116
Total	-	-	-	-	46,08,916	60,22,116	46,08,916	60,22,116
Remuneration								
Mr. Rajesh Sharma	-	-	-	-	2,60,17,252	2,25,45,175	2,60,17,252	2,25,45,175
Mr. Dinesh Sharma	-	-	-	-	1,20,12,068	1,08,67,094	1,20,12,068	1,08,67,094
Mr. Aankur Patni	-	-	-	-	1,18,32,600	1,09,81,740	1,18,32,600	1,09,81,740
Total	-	-	-	-	4,98,61,920	4,43,94,009	4,98,61,920	4,43,94,009
Business Transfer (Net of Liabilities transferred)								
Ion Exchange Projects & Engineering Ltd.	-	21,41,64,390	-	-	-	-	-	21,41,64,390
Total	-	21,41,64,390	-	-	-	-	-	21,41,64,390
Director Sitting Fees								
Mr. Mahabir Prasad Patni	-	-	-	-	1,50,000	1,90,000	1,50,000	1,90,000
Total	-	-	-	-	1,50,000	1,90,000	1,50,000	1,90,000
Outstanding Advance to Supplier								
Ion Exchange Infrastructure Ltd.	1,71,43,973	88,20,318	-	-	-	-	1,71,43,973	88,20,318
Astha Technical Services Ltd.	-	-	30,00,000	-	-	-	30,00,000	-
Global Composites & Structural Ltd.	7,27,88,210	2,09,87,511	-	-	-	-	7,27,88,210	2,09,87,511
Total	8,99,32,183	2,98,07,829	30,00,000	-	-	-	9,29,32,183	2,98,07,829
Outstanding Loans and Advances								
Aquanomic Systems Ltd.	-	-	1,864	364	-	-	1,864	364
Global Composites & Structural Ltd.	1,34,084	-	-	-	-	-	1,34,084	-
IEI Environmental Management (M) Sdn. Bhd., Malaysia	23,26,531	19,26,983	-	-	-	-	23,26,531	19,26,983
Ion Exchange Asia Pacific Pte. Ltd., Singapore	81,19,570	73,01,000	-	-	-	-	81,19,570	73,01,000
Ion Exchange & Company LLC, Oman	40,207	36,387	-	-	-	-	40,207	36,387
Ion Exchange Enviro Farms Ltd.	10,86,84,680	8,63,80,524	-	-	-	-	10,86,84,680	8,63,80,524
Ion Exchange Infrastructure Ltd.	48,788	3,500	-	-	-	-	48,788	3,500
Ion Exchange LLC, USA	-	23,279	-	-	-	-	-	23,279
Ion Exchange Financial Products Pvt. Ltd. **	-	-	25,55,134	27,15,134	-	-	25,55,134	27,15,134
Ion Exchange Waterleau Ltd.	-	-	10,15,48,415	10,21,54,063	-	-	10,15,48,415	10,21,54,063
Total Water Management Services (India) Ltd.	3,40,045	4,41,879	-	-	-	-	3,40,045	4,41,879
Ion Exchange Asia Pacific (Thailand) Ltd.	1,19,960	1,08,554	-	-	-	-	1,19,960	1,08,554

NOTES TO FINANCIAL STATEMENTS for the year ended 31st March 2014 (contd...)
Amount (in Rupees)

Nature of transaction	Parties referred to in (a) above		Parties referred to in (b) and (c) above		Parties referred to in (e), (f) and (g) above		Total	
	2013-2014	2012-2013	2013-2014	2012-2013	2013-2014	2012-2013	2013-2014	2012-2013
Outstanding Loans and Advances (Contd...)								
Astha Technical Services Ltd.	-	-	60,670	-	-	-	60,670	-
Ion Exchange Projects & Engineering Ltd.	24,06,02,117	15,01,66,452	-	-	-	-	24,06,02,117	15,01,66,452
Ion Exchange Safic Pty Ltd., South Africa	62,61,745	36,85,630	-	-	-	-	62,61,745	36,85,630
Ion Exchange Purified Drinking Water Pvt Ltd.	5,19,293	-	-	-	-	-	5,19,293	-
Total	36,71,97,020	25,00,74,188	10,41,66,083	10,48,69,561	-	-	47,13,63,103	35,49,43,749
Corporate Guarantees Given								
Aquanomics Systems Ltd.	-	-	-	4,00,00,000	-	-	-	4,00,00,000
Global Composites & Structurals Ltd.	-	10,00,00,000	-	-	-	-	-	10,00,00,000
Ion Exchange PSS Co. Ltd., Thailand	-	-	-	5,55,60,000	-	-	-	5,55,60,000
Ion Exchange Projects & Engineering Ltd.	9,35,36,100	8,83,00,000	-	-	-	-	9,35,36,100	8,83,00,000
Ion Exchange Safic Pty Ltd., South Africa	13,29,94,000	-	-	-	-	-	13,29,94,000	-
Ion Exchange Purified Drinking Water Pvt Ltd.	7,60,20,000	-	-	-	-	-	7,60,20,000	-
Total	30,25,50,100	18,83,00,000	-	9,55,60,000	-	-	30,25,50,100	28,38,60,000
Outstanding Receivables (Net of Payable) excluding Loans and Advances								
Aquanomic Systems Ltd.	-	-	7,56,38,461	8,81,38,727	-	-	7,56,38,461	8,81,38,727
IEI Environmental Management(M) Sdn. Bhd., Malaysia	1,62,28,069	1,32,39,999	-	-	-	-	1,62,28,069	1,32,39,999
IEI Water Tech(M) Sdn. Bhd., Malaysia	-	-	2,03,282	2,03,282	-	-	2,03,282	2,03,282
Ion Exchange Asia Pacific Pte. Ltd., Singapore	4,45,24,583	28,55,149	-	-	-	-	4,45,24,583	28,55,149
Ion Exchange & Company LLC, Oman	6,77,61,253	5,68,97,408	-	-	-	-	6,77,61,253	5,68,97,408
Ion Exchange Enviro Farms Ltd.	49,54,483	37,16,937	-	-	-	-	49,54,483	37,16,937
Ion Exchange Environment Management (BD) Ltd., Bangladesh	33,48,860	58,44,098	-	-	-	-	33,48,860	58,44,098
Ion Exchange LLC, USA	9,14,35,017	9,80,85,639	-	-	-	-	9,14,35,017	9,80,85,639
Ion Exchange Asia Pacific (Thailand) Ltd.	2,80,55,600	2,40,09,897	-	-	-	-	2,80,55,600	2,40,09,897
Ion Foundation	-	-	-	-	1,08,004	-	1,08,004	-
Ion Exchange Projects & Engineering Ltd.	31,70,48,356	2,87,21,210	-	-	-	-	31,70,48,356	2,87,21,210
Ion Exchange Safic Pty. Ltd., South Africa	10,05,621	87,14,707	-	-	-	-	10,05,621	87,14,707
Ion Exchange PSS Co. Ltd., Thailand	-	-	1,97,70,985	41,80,502	-	-	1,97,70,985	41,80,502
Total	57,43,61,842	24,20,85,044	9,56,12,728	9,25,22,511	1,08,004	-	67,00,82,574	33,46,07,555
Outstanding Payables (Net of Receivable) excluding Loans and Advances								
Arkepp & Associates	-	-	-	-	44,82,999	40,09,338	44,82,999	40,09,338
Global Composites & Structurals Ltd.	2,12,91,989	2,36,07,086	-	-	-	-	2,12,91,989	2,36,07,086
Ion Exchange Infrastructure Ltd.	52,51,902	97,33,585	-	-	-	-	52,51,902	97,33,585
Ion Exchange Waterleau Ltd.	-	-	1,08,62,464	4,96,61,795	-	-	1,08,62,464	4,96,61,795
Total Water Management Services (India) Ltd.	20,790	20,790	-	-	-	-	20,790	20,790
Astha Technical Services Ltd.	-	-	2,70,761	7,99,862	-	-	2,70,761	7,99,862
Total	2,65,64,681	3,33,61,461	1,11,33,225	5,04,61,657	44,82,999	40,09,338	4,21,80,905	8,78,32,456

NOTES TO FINANCIAL STATEMENTS for the year ended 31st March 2014 (contd...)

Amount (in Rupees)

Nature of transaction	Parties referred to in (a) above		Parties referred to in (b) and (c) above		Parties referred to in (e), (f) and (g) above		Total	
	2013-2014	2012-2013	2013-2014	2012-2013	2013-2014	2012-2013	2013-2014	2012-2013
Investments made during the year								
Ion Exchange Asia Pacific Pte. Ltd., Singapore	-	2,93,36,057	-	-	-	-	-	2,93,36,057
Ion Exchange Projects & Engineering Ltd.	-	9,95,00,000	-	-	-	-	-	9,95,00,000
Ion Exchange Safic Pty Ltd., South Africa	-	40,66,949	-	-	-	-	-	40,66,949
Ion Exchange Environment Management (BD) Ltd., Bangladesh	-	28,74,493	-	-	-	-	-	28,74,493
Ion Exchange LLC, USA	-	3,28,68,000	-	-	-	-	-	3,28,68,000
Ion Exchange Purified Drinking Water Pvt. Ltd.	1,00,000	-	-	-	-	-	1,00,000	-
Total	1,00,000	16,86,45,499	-	-	-	-	1,00,000	16,86,45,499
Corporate Guarantees Discharged								
Ion Exchange Waterleau Ltd.	-	-	3,00,00,000	-	-	-	3,00,00,000	-
Total	-	-	3,00,00,000	-	-	-	3,00,00,000	-
Investment in Equity Shares / Debentures								
Aqua Investments (India) Ltd.	1,76,00,000	1,76,00,000	-	-	-	-	1,76,00,000	1,76,00,000
Aquanomics Systems Ltd.	-	-	46,00,000	46,00,000	-	-	46,00,000	46,00,000
Astha Technical Services Ltd.	-	-	13,00,000	13,00,000	-	-	13,00,000	13,00,000
Global Composites & Structurals Ltd.	2,17,00,000	2,17,00,000	-	-	-	-	2,17,00,000	2,17,00,000
IEI Environmental Management (M) Sdn. Bhd., Malaysia	18,10,111	18,10,111	-	-	-	-	18,10,111	18,10,111
Ion Exchange Asia Pacific Pte. Ltd., Singapore	7,70,24,565	7,70,24,565	-	-	-	-	7,70,24,565	7,70,24,565
Ion Exchange & Company LLC, Oman	1,80,85,140	1,80,85,140	-	-	-	-	1,80,85,140	1,80,85,140
Ion Exchange Enviro Farms Ltd.***	15,54,70,000	15,54,70,000	-	-	-	-	15,54,70,000	15,54,70,000
Ion Exchange Environment Management (BD) Ltd., Bangladesh	35,74,493	35,74,493	-	-	-	-	35,74,493	35,74,493
Ion Exchange WTS (Bangladesh) Ltd.	2,45,000	2,45,000	-	-	-	-	2,45,000	2,45,000
Ion Exchange Infrastructure Ltd.	3,12,00,000	3,12,00,000	-	-	-	-	3,12,00,000	3,12,00,000
Ion Exchange LLC, USA	3,72,01,000	3,72,01,000	-	-	-	-	3,72,01,000	3,72,01,000
Ion Exchange Waterleau Ltd.	-	-	2,49,95,000	2,49,95,000	-	-	2,49,95,000	2,49,95,000
Total Water Management Services (India) Ltd.	4,99,930	4,99,930	-	-	-	-	4,99,930	4,99,930
Watercare Investments (India) Ltd.	1,77,00,000	1,77,00,000	-	-	-	-	1,77,00,000	1,77,00,000
Ion Exchange Projects & Engineering Ltd.	10,00,00,000	10,00,00,000	-	-	-	-	10,00,00,000	10,00,00,000
Ion Foundation	-	-	-	-	10,000	10,000	10,000	10,000
Ion Exchange Safic Pty Ltd., South Africa	40,66,949	40,66,949	-	-	-	-	40,66,949	40,66,949
Ion Exchange Purified Drinking Water Pvt. Ltd.	1,00,000	-	-	-	-	-	1,00,000	-
Total	48,62,77,188	48,61,77,188	3,08,95,000	3,08,95,000	10,000	10,000	51,71,82,188	51,70,82,188
Corporate Guarantees (Outstanding)								
Aquanomics Systems Ltd.	-	-	11,00,00,000	11,00,00,000	-	-	11,00,00,000	11,00,00,000
Ion Exchange Infrastructure Ltd.	22,50,00,000	22,50,00,000	-	-	-	-	22,50,00,000	22,50,00,000
Ion Exchange Asia Pacific Pte. Ltd., Singapore	8,71,44,710	7,88,64,485	-	-	-	-	8,71,44,710	7,88,64,485
Ion Exchange Environment Management (BD) Ltd., Bangladesh	82,42,000	82,42,000	-	-	-	-	82,42,000	82,42,000
Global Composites & Structurals Ltd.	10,00,00,000	10,00,00,000	-	-	-	-	10,00,00,000	10,00,00,000
Ion Exchange PSS Co. Ltd., Thailand	-	-	5,50,50,000	5,55,60,000	-	-	5,50,50,000	5,55,60,000
Ion Exchange Projects & Engineering Ltd.	18,18,36,100	8,83,00,000	-	-	-	-	18,18,36,100	8,83,00,000

NOTES TO FINANCIAL STATEMENTS for the year ended 31st March 2014 (contd...)
Amount (in Rupees)

Nature of transaction	Parties referred to in (a) above		Parties referred to in (b) and (c) above		Parties referred to in (e), (f) and (g) above		Total	
	2013-2014	2012-2013	2013-2014	2012-2013	2013-2014	2012-2013	2013-2014	2012-2013
Corporate Guarantees (Outstanding) (Contd....)								
Ion Exchange Waterleau Ltd.	-	-	5,00,00,000	8,00,00,000	-	-	5,00,00,000	8,00,00,000
Ion Exchange Safic Pty Ltd., South Africa	13,03,63,120	-	-	-	-	-	13,03,63,120	-
Ion Exchange Purified Drinking Water Pvt Ltd.	7,60,20,000	-	-	-	-	-	7,60,20,000	-
Total	80,86,05,930	50,04,06,485	21,50,50,000	24,55,60,000	-	-	1,02,36,55,930	74,59,66,485

* Gross Sales amount has been considered.

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

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

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

Amount (in Rupees)

Name of the Related Party	Outstanding Receivable		Loan given during the year		Loans repaid during the year		Dividend paid during the year	
	2013-2014	2012-2013	2013-2014	2012-2013	2013-2014	2012-2013	2013-2014	2012-2013
IEI Shareholding Trusts	22,27,46,000	22,68,53,000	-	-	41,13,000	41,00,000	53,25,828	53,25,828

III. Stock options granted to key management personnel during the year: Nil (2012-2013: Nil).

IV. Disclosure pursuant to clause 32 of the listing agreement:

(a) Loans and Advances in the nature of loans

Amount (in Rupees)

Name of the related party		As at 31st March 2014	Maximum Balance in 2013-2014	As at 31st March 2013	Maximum Balance in 2012-2013
Ion Exchange Enviro Farms Ltd.	Subsidiary	10,86,84,680	10,86,94,305	8,63,80,524	8,86,66,359
Ion Exchange Environment Management (BD) Ltd., Bangladesh	100% Subsidiary	-	-	-	34,12,382
Ion Exchange LLC, USA	100% Subsidiary	-	15,63,072	23,279	3,37,98,313
Ion Exchange Asia Pacific Pte. Ltd, Singapore	100% Subsidiary	81,19,570	6,16,71,990	73,01,000	1,04,34,289
IEI Environmental Management (M) Sdn. Bhd., Malaysia	Subsidiary	23,26,531	23,94,648	19,26,983	19,39,601
Ion Exchange Projects & Engineering Ltd.	100% Subsidiary	24,08,53,114	35,14,08,006	15,01,66,452	47,38,25,473
Ion Exchange Safic Pty. Ltd., South Africa	Subsidiary	62,61,745	64,49,051	36,85,630	50,97,243
Ion Exchange Waterleau Ltd.	Joint Venture	10,15,48,415	10,69,64,597	10,21,54,063	10,62,15,854

Notes:

1) Loans and advances shown above to the Subsidiaries fall under the category of 'Loans and Advances in nature of Loans where there is no repayment schedule'.

2) Interest on Loans and Advances to the Subsidiaries are charged at the prevailing market rates.

(b) Investment made by the borrower in the shares of the Company

Name of the Related Party	No. of shares as at	
	31st March 2014	31st March 2013
IEI Shareholding Trusts	26,62,914	26,62,914

NOTES TO FINANCIAL STATEMENTS for the year ended 31st March 2014 (contd...)

33. In early 90s, the company had given loans to Employees' IEI Shareholding Trusts. The amount outstanding as at 31st March 2014 is Rs. 22,27,46,000 (2012-2013: Rs. 22,68,53,000). The Company has carried out valuation of the assets held by the Trusts. Considering the valuation, book value of the corpus of the Trusts as on the Balance Sheet date and future opportunities, the Management does not anticipate any ultimate loss arising out of these loans.
34. The Company has an investment of Rs. 54,70,000 (2012-2013: Rs. 54,70,000) in Equity Shares and 15,00,000 (2012-2013 : 15,00,000) 7% secured redeemable non-convertible debentures of Rs. 100 each fully paid up, in Ion Exchange Enviro Farms Limited (IEEFL), a subsidiary company, as at 31st March 2014 and it has also granted loans and advances aggregating Rs. 10,86,84,680 (2012-2013 : Rs. 8,63,80,524) as at 31st March 2014 to IEEFL. As at 31st March 2014, the accumulated losses of IEEFL have substantially exceeded its paid-up share capital.

IEEFL has undertaken various cost reduction programs and it expects better returns in the coming years from its organic farming activities, bio-pesticides and bio-fertilizers marketing. Moreover, IEEFL has adequate assets in the form of developed and undeveloped land and the redeemable non-convertible debentures are secured by way of mortgage of office premises.

Also the company 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 company'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.

The reply from SEBI is awaited and hence presently the company is unable to ascertain the exact liabilities that may arise, if any, for refund of monies to the investors with return and to wind up the scheme.

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

35. INTEREST IN JOINT VENTURE

- i) Jointly Controlled Entity by the Company:

Name of the Entity	Country of Incorporation	% Holding
Ion Exchange Waterleau Limited (w.e.f. 24th November 2005)	India	50%

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

	31st March 2014	31st March 2013
	Rupees	Rupees
Current assets	6,29,42,933	10,67,27,136
Non current assets	44,84,790	34,05,199
Current liabilities	(11,27,59,986)	(14,53,44,299)
Non current liabilities	(4,56,162)	(3,97,876)
Equity	(4,57,88,425)	(3,56,09,840)
Revenue	5,33,77,782	19,24,06,562
Cost of material consumed	(4,04,91,626)	(14,24,05,586)
Depreciation	(2,44,225)	(2,35,945)
Employee benefit expenses	(72,20,556)	(56,44,093)
Other expenses	(1,55,99,960)	(5,92,01,867)
Profit/(loss) before tax	(1,01,78,585)	(1,50,80,929)
Income tax expense / adjustment	Nil	Nil
Profit/(loss) after tax	(1,01,78,585)	(1,50,80,929)

NOTES TO FINANCIAL STATEMENTS for the year ended 31st March 2014 (contd...)

36. Capital expenditure incurred on research and development during the year is Rs. 29,39,424 (2012–2013:Rs. 78,87,174). Revenue expenditure of Rs. 4,02,22,666 (2012–2013:Rs. 3,82,38,914) incurred on research and development has been expensed to the statement of profit and loss under various expense heads. Location wise details are as follows : **(Amount in Rupees)**

Nature	2013-2014			2012-2013		
	Location		Total	Location		Total
	Patancheru	Vashi		Patancheru	Vashi	
Capital expenditure	19,12,299	10,27,125	29,39,424	3,22,638	75,64,536	78,87,174
Revenue expenditure	1,81,36,495	2,20,86,171	4,02,22,666	1,42,19,425	2,40,19,489	3,82,38,914

37. 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 2014 Rupees	31st March 2013 Rupees
Within one year	1,26,81,448	Nil
After one year but not more than five years	4,43,85,068	Nil
More than five years	Nil	Nil

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.

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

	31st March 2014 Rupees	31st March 2013 Rupees
Within one year	89,21,244	Nil
After one year but not more than five years	3,61,31,025	Nil
More than five years	Nil	Nil

B. Finance Lease

Office equipment's includes data processing equipments obtained on finance lease. The lease term is between 3 & 4 years and can be renewed at the option of the company. There is no escalation clause in the lease agreement. There are no subleases. Future minimum lease payment (MLP) under finance leases together with the present value of the net MLP are as follows

	31st March 2014 Rupees	31st March 2013 Rupees
Total minimum lease payments at the year end	70,19,640	34,56,013
Less : Amount representing finance charges	8,11,169	2,49,635
Present value of minimum lease payments (Rate of interest: 4.95% p.a. to 6.8% p.a.)	62,08,471	32,06,378
Minimum lease payments :		
Not later than one year [Present value Rs.58,67,835 as on 31.03.2014 (Rs. 62,08,471 as on 31.03.2013)]	70,19,640	70,19,640
Later than one year but not later than five years [Present value Rs. 60,59,040 as on 31.03.2014 (Rs. 1,19,26,590 as on 31.03.2013)]	76,50,915	1,46,70,555

38. CAPITAL AND OTHER COMMITMENTS

Estimated amount of contracts (net of advances) remaining to be executed on capital account not provided for is Rs. 95,89,322 (2012–2013: Rs. 1,92,08,722).

NOTES TO FINANCIAL STATEMENTS for the year ended 31st March 2014 (contd...)**39. CONTINGENT LIABILITIES**

Contingent liabilities not provided for:

- (a) Guarantee given by the company on behalf of :
- i) Subsidiaries – Rs. 80,86,05,930 (2012-2013 : Rs. 50,04,06,485)
 - ii) Associates – Rs. 16,50,50,000 (2012-2013 : Rs. 16,55,60,000)
 - iii) Joint venture – Rs.5,00,00,000 (2012-2013 : Rs. 8,00,00,000)
 - iv) Others – Rs. 38,88,000 (2012-2013 : Rs. 38,88,000)
- (b) Demand raised by authorities against which the company has filed an appeal.
- i) Income tax – Rs. Nil (2012-2013 : Rs. 63,13,907)
 - ii) Excise duty – Rs. 16,78,600 (2012-2013 : Rs. 16,78,600)
 - iii) Service tax – Rs. 5,61,092(2012-2013 : Rs. 8,55,356)
 - iv) Customs Duty (to the extent ascertainable) – Rs. 22,58,117 (2012-2013 : Rs. 22,58,117)
- (c) Claims against the company arising in the course of business not acknowledged as debts (to the extent ascertainable) Rs.1,79,72,673 (2012-2013: Rs. 2,68,40,673).

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

40. UNHEDGED FOREIGN CURRENCY EXPOSURE

Particulars of Unhedged foreign currency exposure as at Balance Sheet date

Particulars	Particulars of derivative			
	2013-2014		2012-2013	
	Amount (Rs.)	Foreign currency	Amount (Rs.)	Foreign currency
Buyer's credit	-	-	4,41,78,278	USD 8,12,250
Import Payables	14,76,73,585	USD 22,95,758 Euro 33,195 GBP 9,225 AED 94,320 SAR 2,71,454 QR 8,492	17,45,69,114	USD 27,81,307 Euro 2,15,204 GBP 3,500 AED 2,36,439 SAR 3,04,131 QR 8,492
Export Receivables	60,79,24,252	USD 69,59,464 Euro 1,52,804 OMR 71,187 AED 37,80,717 BHD 28,367 QR 2,11,908 GBP 6,65,498 SAR 18,43,687	54,26,80,635	USD 64,71,082 Euro 1,02,868 OMR 27,656 AED 70,42,867 BHD 48,117 QR 42,320 GBP 7,07,604 SAR 6,52,647
Foreign currency bank account	42,15,245	USD 31,625 AED 2,19,801 BHD (10,952) Euro 5,563	1,27,72,770	USD 31,632 AED 3,63,473 BHD 8,694 Euro 63,453
Foreign currency in hand	5,81,072	AED 33,033 BHD 251	3,09,109	AED 20,731 BHD 13
Advances to subsidiaries	1,68,68,013	USD 2,80,666	1,30,81,832	USD 2,40,519
Investments	14,20,07,258	USD 7,00,000 SGD 19,53,211 MYR 1,50,000 OMR 1,53,000 BDT 59,70,755 ZAR 6,00,000	14,20,07,258	USD 7,00,000 SGD 19,53,211 MYR 1,50,000 OMR 1,53,000 BDT 59,70,755 ZAR 6,00,000

NOTES TO FINANCIAL STATEMENTS for the year ended 31st March 2014 (contd...)

41. 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 2014 Rupees	31st March 2013 Rupees
The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year		
Principal amount due to micro and small enterprises	23,47,287	9,77,149
Interest due on above	1,62,320	1,06,576
	25,09,607	10,83,725
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	5,69,233	3,08,850
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	-	-

43. VALUE OF IMPORTS CALCULATED ON CIF BASIS

Amount (in Rupees)

	2013-2014	2012-2013
Raw materials	57,17,37,228	70,29,31,871
Traded goods	14,92,969	52,96,478
Capital goods	Nil	Nil

44. EXPENDITURE IN FOREIGN CURRENCY (ACCRUAL BASIS)

Amount (in Rupees)

	2013-2014	2012-2013
Foreign travel	2,59,21,615	3,07,62,352
Legal and professional fees	2,16,26,893	2,97,15,652
Other expenses	7,34,48,207	5,59,82,044

45. IMPORTED AND INDIGENOUS RAW MATERIALS AND SPARE PARTS

	2013-2014		2012-2013	
	Value Rupees	% of total Consumption	Value Rupees	% of total consumption
Imported: Raw materials	59,63,26,864	13.18	79,50,86,984	15.93
Indigenous: Raw materials	3,92,81,45,114	86.80	4,19,35,61,111	84.03
Indigenous: Spares parts	7,56,896	0.02	17,75,565	0.04
	4,52,52,28,874	100.00	4,99,04,23,660	100.00

NOTES TO FINANCIAL STATEMENTS for the year ended 31st March 2014 (contd...)**45. EARNING IN FOREIGN CURRENCY (ACCRUAL BASIS)**

Amount (in Rupees)

	2013-2014	2012-2013
Exports of goods calculated on F.O.B basis (Excluding exports to Bhutan and Nepal in Indian Rupees)	1,30,73,58,342	1,11,36,49,761
Freight and other Recoveries	1,01,67,676	1,21,00,414
Interest	6,00,118	2,83,200

46. During the year 47,800 (2012-2013: 17,300) equity shares were allotted to employees and directors under ESOS 2008 on 30th May 2013 and 24th July 2013. Accordingly, dividend of Rs. 2.00 per share (20%) declared at the annual general meeting held on 24th September 2013 was also paid to those shareholders (book closure date being 24th September 2013).
47. Back charges represent reimbursement of costs incurred by customers on the company's behalf in the course of contract execution.
48. Book values of certain long term unquoted investments, aggregating to Rs. 30,75,67,625 (2012-2013 :Rs. 28,58,67,625) are lower than its cost.

Considering the strategic and long term nature of the aforesaid investments, and asset base and business plan of the investee companies; in the opinion of the management, the decline in the book value of the aforesaid investments is of temporary nature, requiring no provision.

49. DISCONTINUED OPERATIONS

The Board of Directors of the Company at their meeting held on 22nd February 2011, had accorded their approval for the proposal to sell its Projects Division (covering domestic turnkey projects) as going concern under a 'Slump Sale' basis to Ion Exchange Projects and Engineering Limited, a wholly owned subsidiary company. On 11th April 2011, the company has received approval of the shareholders for the transfer of the Project Division (covering domestic turnkey projects) by way of postal ballot, accordingly the Company has transferred the Project Division (covering domestic turnkey projects) with effect from 31st July 2012 on completion of necessary formalities. The Company has transferred the assets and liabilities of Project Division (covering domestic turnkey projects) at book values. All work-in-progress in respect of contracts and projects where consents for assignment are yet to be received on Execution date shall be completed by the Transferor till the date consents for assignment are received, subsequently to which these contracts will be assigned to and executed by Transferee. All profit and loss arising out of and relating to such Contracts shall be for and on account of the Transferor till the date consents for assignment are received. The Project Division is being reported as a part of Engineering segment under Segment disclosures as given in note 31.

The details of the discontinued operations are as under:

Amount (in Rupees)

Particulars	For the year ended 31st March 2014	Period ended on 31st July 2012
Total Assets	NIL	1,52,91,93,577
Total Liabilities	NIL	1,31,50,29,187
Total Revenue	NIL	56,11,29,387
Total Expenses	NIL	58,39,20,428
Loss for the period	NIL	2,27,91,041

The net cash flows attributable to the discontinuing operation are as follows:

Amount (in Rupees)

Particulars	For the year ended 31st March 2014	Period ended on 31st July 2012
Operating	NIL	(3,71,12,065)
Investing	NIL	97,53,463
Financing	NIL	(10,69,39,144)

NOTES TO FINANCIAL STATEMENTS for the year ended 31st March 2014 (contd...)

50. The details of shares allotted to the company by the following companies against the receivables /advances are given below.

Name of company	Relation	Number of shares	
		2013-2014	2012-2013
Ion Exchange Asia Pacific Pte. Ltd., Singapore	Subsidiary	Nil	6,69,737
Ion Exchange LLC, USA	Subsidiary	Nil	6,00,000
Ion Exchange Environmental Management BD Ltd., Bangladesh	Subsidiary	Nil	45,862
Ion Exchange Projects and Engineering Ltd.	Subsidiary	Nil	99,50,000

51. During the previous year ended 31st March 2013, Ion Exchange Services Limited was amalgamated with the Ion Exchange India Ltd (the Company) with effect from 1st April 2012, pursuant to a scheme of amalgamation sanction by the High Court. Consequent to this amalgamation, during the year the company has issued 11,80,256 equity shares of Rs.10 each against the 'Share capital suspense account' of Rs. 1,18,02,560 outstanding as at 31st March 2013.
52. Capital advance includes amount of Rs. 25,33,481 (2012-2013: Rs. 25,33,481) paid for acquiring furnished office premises, the ownership of which is under legal dispute for which transfer formalities are in progress.
53. Previous year figures have been regrouped / reclassified wherever necessary, to conform to current year's classification.

As per our report of even date

For S. R. BATLIBOI & CO. LLP
Chartered Accountants
ICAI Firm registration no.: 301003E

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

per VIJAY MANIAR
Partner
Membership No.: 36738

RAJESH SHARMA
Chairman & Managing Director

M. P. PATNI
Director

MILIND PURANIK
Company Secretary

Place : Mumbai
Date : 28th May 2014

Place : Mumbai
Date : 28th May 2014

**Statement pursuant to Section 212 of the Companies Act, 1956
relating to Subsidiary Companies**

1	Name of subsidiary Company	Ion Exchange Enviro Farms Ltd.	Watercare Investments (India) Ltd	Aqua Investments (India) Ltd.	Ion Exchange Asia Pacific Pte. Ltd.
2	Financial Year of subsidiary Company ended	1st April 2013 to 31st March 2014	1st April 2013 to 31st March 2014	1st April 2013 to 31st March 2014	1st April 2013 to 31st March 2014
3	Number of shares held in subsidiary Company	5,47,000 Equity Shares of INR 10 each	17,70,000 Equity Shares of INR 10 each	17,60,000 Equity Shares of INR 10 each	19,53,211 Equity Shares of SGD 1 each
4	Total issued share capital of subsidiary Company	6,94,700 Equity Shares of INR 10 each	17,80,200 Equity Shares of INR 10 each	17,70,200 Equity Shares of INR 10 each	19,53,211 Equity Shares of SGD 1 each
5	Percentage of shares held in subscribed capital of subsidiary Company	78.74 %	99.43 %	99.42 %	100.00 %
6	Net aggregate amount of subsidiary's profit / (losses) so far as relates to Holding Company not dealt with Holding Company's Accounts:				
	i) for the subsidiary's financial year ended 31st March 2014.	INR (1,94,27,380)	INR 7,80,032	INR 2,10,847	USD 50,615
	ii) for its previous financial years	INR (11,33,08,461)	INR (35,35,752)	INR (27,19,417)	USD (12,36,446)
		INR (13,27,35,841)	INR (27,55,720)	INR (25,08,570)	USD (11,85,831)
7	Net Aggregate amount of Subsidiary's profit / (losses) so far as relates to Holding Company dealt with Holding Company's Accounts:				
	i) for the subsidiary financial year ended 31st March 2014.	INR Nil	INR Nil	INR Nil	USD Nil
	ii) for its previous financial years	INR Nil	INR Nil	INR Nil	USD Nil
		INR Nil	INR Nil	INR Nil	USD Nil

**Statement pursuant to Section 212 of the Companies Act, 1956
relating to Subsidiary Companies (contd...)**

1	Name of subsidiary Company	Ion Exchange Asia Pacific (Thailand) Ltd.*	IEI Environmental Management (M) Sdn. Bhd.	Ion Exchange Environment Management (BD) Ltd.	Ion Exchange WTS (Bangladesh) Ltd.
2	Financial Year of subsidiary Company ended	1st April 2013 to 31st March 2014	1st April 2013 to 31st March 2014	1st April 2013 to 31st March 2014	1st April 2013 to 31st March 2014
3	Number of shares held in subsidiary Company	30,000 Equity Shares of THB 100 each	1,50,000 Equity Shares of MYR 1 each	55,862 Equity Shares of BDT 100 each	27,469 Equity Shares of BDT 100 each
4	Total issued share capital of subsidiary Company	30,000 Equity Shares of THB 100 each	2,50,000 Equity Shares of MYR 1 each	55,862 Equity Shares of BDT 100 each	27,469 Equity Shares of BDT 100 each
5	Percentage of shares held in subscribed capital of subsidiary Company	100.00 %	60.00 %	100.00 %	100.00 %
6	Net aggregate amount of subsidiary's profit / (losses) so far as relates to Holding Company not dealt with Holding Company's Accounts:				
	i) for the subsidiary's financial year ended 31st March 2014.	THB 6,30,163	MYR (67,745)	BDT 27,03,409	BDT (18,400)
	ii) for its previous financial years	THB (81,80,583)	MYR (67,249)	BDT 97,76,084	BDT (1,11,252)
		THB (75,50,420)	MYR (1,34,994)	BDT 1,24,79,493	BDT (1,29,652)
7	Net Aggregate amount of Subsidiary's profit / (losses) so far as relates to Holding Company dealt with Holding Company's Accounts:				
	i) for the subsidiary financial year ended 31st March 2014.	THB Nil	MYR Nil	BDT Nil	BDT Nil
	ii) for its previous financial years	THB Nil	MYR Nil	BDT Nil	BDT Nil
		THB Nil	MYR Nil	BDT Nil	BDT Nil

* By virtue of section 4(1)(c) of the companies Act, 1956, Ion Exchange Asia Pacific (Thailand) Ltd is subsidiary of the Company, as Ion Exchange Asia Pacific Pte Ltd. holds 100% of nominal value of its Share Capital

**Statement pursuant to Section 212 of the Companies Act, 1956
relating to Subsidiary Companies (contd...)**

1	Name of subsidiary Company	Ion Exchange LLC	Ion Exchange & Company LLC	Ion Exchange Infrastructure Ltd.	Ion Exchange Projects and Engineering Ltd.
2	Financial Year of subsidiary Company ended	1st April 2013 to 31st March 2014	1st April 2013 to 31st March 2014	1st April 2013 to 31st March 2014	1st April 2013 to 31st March 2014
3	Number of shares held in subsidiary Company	7,00,000 Equity Shares of USD 1 each	1,53,000 Equity Shares of OMR 1 each	31,20,000 Equity Shares of INR 10 each	1,00,00,000 Equity Shares of INR 10 each
4	Total issued share capital of subsidiary Company	7,00,000 Equity Shares of USD 1 each	3,00,000 Equity Shares of OMR 1 each	41,00,000 Equity Shares of INR 10 each	1,00,00,000 Equity Shares of INR 10 each
5	Percentage of shares held in subscribed capital of subsidiary Company	100.00 %	51.00 %	76.10 %	100.00 %
6	Net aggregate amount of subsidiary's profit / (losses) so far as relates to Holding Company not dealt with Holding Company's Accounts:				
	i) for the subsidiary's financial year ended 31st March 2014.	USD (3,19,425)	OMR 13,926	INR (73,74,693)	INR (4,50,20,468)
	ii) for its previous financial years	USD (9,93,180)	OMR 99,907	INR 3,91,31,677	INR (67,33,436)
		USD (13,12,605)	OMR 1,13,833	INR 3,17,56,984	INR (5,17,53,904)
7	Net Aggregate amount of Subsidiary's profit / (losses) so far as relates to Holding Company dealt with Holding Company's Accounts:				
	i) for the subsidiary financial year ended 31st March 2014.	USD Nil	OMR Nil	INR Nil	INR Nil
	ii) for its previous financial years	USD Nil	OMR 91,800	INR 25,50,000	INR Nil
		USD Nil	OMR 91,800	INR 25,50,000	INR Nil

**Statement pursuant to Section 212 of the Companies Act, 1956
relating to Subsidiary Companies (contd...)**

1	Name of subsidiary Company	Global Composites & Structurals Ltd.	Total Water Management Services (India) Ltd.	Ion Exchange Safic Pty. Ltd.	Ion Exchange Purified Drinking Water Pvt. Ltd.
2	Financial Year of subsidiary Company ended	1st April 2013 to 31st March 2014	1st April 2013 to 31st March 2014	1st April 2013 to 31st March 2014	25th September 2013 to 31st March 2014
3	Number of shares held in subsidiary Company	21,70,000 Equity Shares of INR 10 each	49,993 Equity Shares of INR 10 each	600 Equity Shares of ZAR 1 each	10,000 Equity Shares of INR 10 each
4	Total issued share capital of subsidiary Company	28,30,000 Equity Shares of INR 10 each	50,000 Equity Shares of INR 10 each	1,000 Equity Shares of ZAR 1 each	10,000 Equity Shares of INR 10 each
5	Percentage of shares held in subscribed capital of subsidiary Company	76.68 %	99.87 %	60.00 %	100.00 %
6	Net aggregate amount of subsidiary's profit / (losses) so far as relates to Holding Company not dealt with Holding Company's Accounts:				
	i) for the subsidiary's financial year ended 31st March 2014.	INR (3,72,56,902)	INR (3,34,377)	ZAR (6,16,234)	INR (63,411)
	ii) for its previous financial years	INR (2,75,383)	INR (1,37,436)	ZAR (8,65,926)	INR Nil
		INR (3,75,32,285)	INR (4,71,813)	ZAR (14,82,160)	INR (63,411)
7	Net Aggregate amount of Subsidiary's profit / (losses) so far as relates to Holding Company dealt with Holding Company's Accounts:				
	i) for the subsidiary financial year ended 31st March 2014.	INR Nil	INR Nil	ZAR Nil	INR Nil
	ii) for its previous financial years	INR Nil	INR Nil	ZAR Nil	INR Nil
		INR Nil	INR Nil	ZAR Nil	INR Nil

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INDEPENDENT AUDITOR'S REPORT

To
**The Board of Directors of
Ion Exchange (India) Limited**

We have audited the accompanying consolidated financial statements of Ion Exchange (India) Limited ("the Company") and its subsidiaries, joint venture and associates, which comprise the consolidated Balance Sheet as at 31st March 2014, and the consolidated Statement of Profit and Loss and the consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Company in accordance with accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. 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. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and presentation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Basis of Qualified Opinion

The Auditors of Ion Exchange Enviro Farms Limited (IEEFL), a subsidiary company have qualified their audit report in respect of the matters stated below:

- a. *As stated in note 40, the Hon'ble Supreme Court of India has dismissed IEEFL's appeal against the order of Securities Appellate Tribunal for refunding monies to investors with*

return and winding up of scheme. Further the Company has furnished requisite details to SEBI, whose response is still awaited. For reasons stated therein, the liability, if any, arising on this account is presently not ascertainable.

- b. *As stated in note 41, maintenance expenses aggregating Rs.3,73,48,676 (net of provision) is considered as fully recoverable by IEEFL. However, in view of the significant uncertainties involved, the amount of provisions for eventual non-recovery of maintenance expense, if any is presently not ascertainable.*

We are unable to comment on the effect of the above matter on the accompanying consolidated financial statements. Our audit report on the consolidated financial statements for the year ended 31st March 2013 was also modified in respect of the matters stated above.

Qualified Opinion

In our opinion and to the best of our information and according to the explanations given to us, *except for the possible effects of the matter described in the Basis of Qualified Opinion paragraph*, the consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the consolidated Balance Sheet, of the state of affairs of the Company as at 31st March 2014;
- (b) in the case of the consolidated Statement of Profit and Loss, of the profit for the year ended on that date; and
- (c) in the case of the consolidated Cash Flow Statement, of the cash flows for the year ended on that date.

Other Matter

We did not audit the financial statement of certain subsidiaries, whose financial statements reflect total assets of Rs. 1,27,71,93,310 as at 31st March 2014 total revenues of Rs. 1,03,62,44,311 and net cash outflows amounting to Rs. 99,69,704 for the year then ended and certain associates whose financial statements reflect a total loss (net) of such associates being Rs. 10,57,467 for the year ended 31st March 2014, the Company's share in the loss (net) of such associates being Rs. 3,02,589 whose financial statements and other financial information have been audited by other auditors and whose reports have been furnished to us. Our opinion, in so far as it relates to the affairs of such subsidiaries and associates is based solely on the report of other auditors. Our opinion is not qualified in respect of this matter.

For **S.R. Batliboi & CO. LLP**
Chartered Accountants
ICAI Firm Registration Number: 301003E

per **Vijay Maniar**
Partner
Membership Number: 36738

Place : Mumbai
Date : 28th May 2014

CONSOLIDATED BALANCE SHEET as at 31st March 2014

	Notes	31st March 2014 Rupees	31st March 2013 Rupees
EQUITY AND LIABILITIES			
SHAREHOLDERS' FUNDS			
(a) Share capital	8	14,09,42,850	12,97,62,030
(b) Share capital suspense account	51	-	1,18,02,560
(c) Reserves and surplus	9	1,38,12,20,608	1,36,55,92,128
		1,52,21,63,458	1,50,71,56,718
MINORITY INTEREST		7,81,02,665	7,59,94,517
NON-CURRENT LIABILITIES			
(a) Long-term borrowings	10	11,09,03,888	11,38,99,402
(b) Other Long term liabilities	11	8,10,41,128	7,16,56,164
(c) Deferred tax liabilities (Net)	12	6,77,41,544	7,50,55,274
(d) Long-term provisions	13	6,06,89,536	5,45,76,084
		32,03,76,096	31,51,86,924
CURRENT LIABILITIES			
(a) Short-term borrowings	14	77,94,56,105	58,96,66,003
(b) Trade payables	15 (a)	3,15,44,58,257	3,47,84,23,646
(c) Other current liabilities	15 (b)	54,76,71,761	69,73,96,283
(d) Short-term provisions	13	15,27,34,732	16,48,87,035
		4,63,43,20,855	4,93,03,72,967
TOTAL		6,55,49,63,074	6,82,87,11,126
ASSETS			
NON-CURRENT ASSETS			
(a) Fixed assets			
(i) Tangible assets	16	92,75,10,060	1,00,21,91,003
(ii) Intangible assets	17	88,62,039	86,42,094
(iii) Capital Work In Progress		1,16,56,311	1,45,65,243
(b) Non-current investments	18	2,45,58,952	2,52,76,131
(c) Deferred tax assets (Net)	12	74,42,465	47,74,130
(d) Long-term loans and advances	19	49,73,67,859	50,41,44,855
(e) Trade Receivables	20	19,17,65,745	21,60,11,437
(f) Other non-current assets	21	8,53,225	7,32,891
		1,67,00,16,656	1,77,63,37,784
CURRENT ASSETS			
(a) Current investments	22	8,87,369	16,52,941
(b) Inventories	23	75,45,61,400	72,44,34,117
(c) Trade receivables	20	3,48,37,51,798	3,57,85,03,307
(d) Cash and Bank balances	24	23,79,40,485	26,01,02,917
(e) Short-term loans and advances	19	40,46,59,661	48,57,33,616
(f) Other current assets	21	31,45,705	19,46,444
		4,88,49,46,418	5,05,23,73,342
TOTAL		6,55,49,63,074	6,82,87,11,126

Summary of Significant accounting policies

7

The accompanying notes are an integral part of the consolidated financial statements

As per our report of even date

For S. R. BATLIBOI & CO. LLP
Chartered Accountants
ICAI Firm registration no.: 301003E

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

per VIJAY MANIAR
Partner
Membership No.: 36738

RAJESH SHARMA
Chairman & Managing Director

M. P. PATNI
Director

MILIND PURANIK
Company Secretary

Place : Mumbai
Date : 28th May 2014

Place : Mumbai
Date : 28th May 2014

CONSOLIDATED STATEMENT OF PROFIT AND LOSS for the year ended 31st March 2014

	Notes	31st March 2014 Rupees	31st March 2013 Rupees
REVENUE			
Revenue from operations (Gross)	25	8,17,53,43,087	8,87,28,40,483
Less: Excise Duty	25	24,51,55,199	30,00,04,205
Revenue from operations (Net)	25	7,93,01,87,888	8,57,28,36,278
Other income	26	4,82,72,780	4,70,08,564
TOTAL REVENUE		7,97,84,60,668	8,61,98,44,842
EXPENSES			
Cost of materials consumed	27	5,18,96,85,246	5,60,26,50,940
Purchases of Traded Goods	28	28,31,17,513	29,79,89,117
(Increase)/decrease in inventories of Finished Goods, Work-in-Progress and Traded Goods	28	(3,89,56,499)	(5,04,44,306)
Employee benefits expense	29	96,50,20,491	98,00,48,421
Finance costs	30	13,61,35,773	15,62,10,399
Depreciation and amortization	31	10,56,40,551	12,29,80,160
Other expenses	32	1,19,02,29,345	1,25,02,83,429
TOTAL EXPENSES		7,83,08,72,420	8,35,97,18,160
PROFIT BEFORE TAX		14,75,88,248	26,01,26,682
TAX EXPENSE			
Current tax		10,99,74,688	8,57,67,387
Deferred Tax (Refer note 12)		(1,01,96,176)	2,77,47,744
TOTAL TAX EXPENSE		9,97,78,512	11,35,15,131
PROFIT AFTER TAX		4,78,09,736	14,66,11,551
Add : Share of profit / (loss) of associates (Net)		(1,82,498)	(12,21,842)
Less : Minority Interest		21,08,148	39,29,139
PROFIT AFTER MINORITY INTEREST		4,55,19,090	14,14,60,570
EARNINGS PER EQUITY SHARE:			
[Nominal value of shares Rs. 10 (2012-2013 : Rs. 10)] (Refer Note 33)			
Basic		3.23	10.00
Diluted		3.22	9.80

Summary of Significant accounting policies

7

The accompanying notes are an integral part of the consolidated financial statements

As per our report of even date

For S. R. BATLIBOI & CO. LLP
Chartered Accountants
ICAI Firm registration no.: 301003E

per VIJAY MANIAR
Partner
Membership No.: 36738

Place : Mumbai
Date : 28th May 2014

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

RAJESH SHARMA
Chairman & Managing Director

M. P. PATNI
Director

MILIND PURANIK
Company Secretary

Place : Mumbai
Date : 28th May 2014

CONSOLIDATED CASH FLOW STATEMENT for the year ended 31st March 2014

	31st March 2014 Rupees	31st March 2014 Rupees	31st March 2013 Rupees	31st March 2013 Rupees
A. CASH FLOW FROM OPERATING ACTIVITIES:				
Net Profit before tax as per statement of Profit and Loss		14,75,88,248		26,01,26,682
Adjusted for:				
Depreciation and ammortisation Expense	10,56,40,551		12,29,80,160	
(Profit) / Loss on assets sold / discarded (Net)	(1,94,080)		8,94,229	
Employee compensation income	(45,84,179)		(3,80,521)	
Finance cost	13,61,35,773		15,62,10,399	
Dividend received	(2,50,702)		(15,53,228)	
Interest received	(1,83,74,374)		(2,50,74,388)	
Bad debts written off	3,34,23,124		2,47,69,487	
Backcharges on contracts	41,39,278		1,05,50,957	
Diminution in value of investments	8,43,750		-	
Amount set aside for liabilities, no longer required, written back	(1,35,473)		(2,50,229)	
Unrealised exchange loss / (gain)	(1,59,10,003)		(1,14,07,534)	
		24,07,33,665		27,67,39,332
Operating Profit Before Working Capital Changes		38,83,21,913		53,68,66,014
Movements in Working Capital:				
(Increase) / Decrease in Trade Receivables	10,10,15,997		(15,60,40,443)	
(Increase) / Decrease in Inventories	(3,01,27,283)		(57,69,633)	
(Increase) / Decrease in Loans and Advances	8,76,22,487		(3,84,28,340)	
(Increase) / Decrease in Other Current Assets	(10,62,137)		29,16,225	
(Decrease) / Increase in Trade Payables	(32,44,25,907)		39,26,25,820	
(Decrease) / Increase in Other liabilities	(5,69,24,178)		(31,14,00,215)	
(Decrease) / Increase in Provisions	69,38,819		(35,63,931)	
		(21,69,62,202)		(11,96,60,517)
Cash Generated From Operations		17,13,59,711		41,72,05,497
Taxes Paid		(11,91,89,196)		(10,70,47,085)
Net Cash from Operating Activities		5,21,70,515		31,01,58,412
B. CASH FLOW FROM INVESTING ACTIVITIES:				
Purchase of Fixed Assets	(7,30,30,890)		(17,77,73,654)	
Proceeds from sale of Fixed Assets	4,65,51,261		7,16,572	
Deposit made during the year (with maturity more than three months)	(3,34,07,565)		(4,83,61,634)	
Deposit matured / received during the year (with maturity more than three months)	3,29,11,007		2,78,92,586	
Dividend received	2,50,702		15,53,228	
Interest received	1,81,16,916		2,53,95,821	
Net Cash Used in Investing Activities		(86,08,569)		(17,05,77,081)

Consolidated Cash Flow Statement (contd...)

	31st March 2014	31st March 2014	31st March 2013	31st March 2013
	Rupees	Rupees	Rupees	Rupees
C. CASH FLOW FROM FINANCING ACTIVITIES:				
Proceeds from issuance of share capital on exercise of options	27,81,960		75,79,380	
Repayment of Borrowings	(20,53,55,907)		(9,33,70,108)	
Proceeds from Borrowings	30,46,63,421		16,99,42,597	
Dividend Paid	(2,84,08,518)		(2,67,71,550)	
Dividend Tax Paid	(49,39,481)		(44,05,759)	
Finance Cost	(13,49,62,411)		(15,72,05,307)	
Net Cash Used in Financing Activities		(6,62,20,936)		(10,42,30,747)
Net Increase / (Decrease) in Cash and Cash Equivalents		(2,26,58,990)		3,53,50,584
Cash and Cash Equivalents as at the beginning of the year		14,09,48,378		10,26,38,926
Cash and Cash Equivalents acquired on Merger of Ion Exchange Services Limited		-		29,58,868
Cash and Cash Equivalents as at the end of the year		11,82,89,388		14,09,48,378
Cash and Cash Equivalent Comprises of :				
Cash in hand		33,29,055		33,02,065
Balance with Banks (See notes 3 and 4 below)		11,49,60,333		13,76,46,313
Total		11,82,89,388		14,09,48,378

Notes:

- The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in the Notified Accounting Standard - 3 on Cash Flow Statements.
- Figures in bracket indicate cash outgo.
- Cash and cash equivalents excludes the following Balances with Bank:
 - On deposit account Rs. 1,65,48,227 (2012-2013 : Rs. 1,16,61,138)
 - On margin money account Rs. 10,31,02,870 (2012-2013 : Rs. 10,74,93,401)
- Balances with bank includes Rs. 31,28,462 (2012-2013 : Rs. 37,73,360) being unclaimed dividend and unclaimed interest on fixed deposits which are not available for use by the company as they represent corresponding Unpaid Liabilities.
- The figures of the previous year include changes in cash flow of erstwhile Ion Exchange Services Limited, which was amalgamated with the company w.e.f. 1st April 2012 and the amalgamation of Ion Exchange Services Limited, with the company was a non-cash transaction and hence, has no impact on the company's cash flow of previous year
- Previous years' figures have been regrouped/rearranged to conform with current years' classifications.

As per our report of even date

For S. R. BATLIBOI & CO. LLP
Chartered Accountants
ICAI Firm registration no.: 301003E

per VIJAY MANIAR
Partner
Membership No.: 36738

Place : Mumbai
Date : 28th May 2014

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

RAJESH SHARMA
Chairman & Managing Director

M. P. PATNI
Director

MILIND PURANIK
Company Secretary

Place : Mumbai
Date : 28th May 2014

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31st March 2014**1. Basis of Preparation:**

The financial statements of the company have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP). The financial statements have been prepared under historical cost convention on accrual basis except in case of assets acquired before 30th April 1986 which are carried at revalued amounts. The financial statements comply in all material respects with the accounting standards notified under the Companies Act, 1956 of India (the "Act") read with general circular 8/2014 dated 4th April 2014 issued by the Ministry of Corporate Affairs. The accounting policies have been consistently applied in the preparation of financial statements by the group and are consistent with those in the previous year.

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

2. Principles of Consolidation:

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

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

- The consolidated financial statements have been prepared on the following basis:
- The financial statements of the Company and its Subsidiary Companies have been combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after fully eliminating intra-group balances and intra-group transactions resulting in unrealized profits. Unrealized losses are eliminated unless costs cannot be recovered.
- Subsidiaries are consolidated from the date on which effective control is transferred to the Group and are no longer consolidated from the date of disposal.
- The difference between the cost of investment in the subsidiaries over the Company's portion of equity of the subsidiary is recognized in the financial statements as Goodwill or Capital Reserve.
- Goodwill on consolidation is amortized over a period of 5 years.
- Investments of the Company in Associates are accounted as per the Equity Method prescribed under Notified Accounting Standard 23 – 'Accounting for Investments in Associates in Consolidated Financial Statements' under Companies Accounting Standard Rules, 2006 (as amended).
- Interest in Jointly Controlled Entity is accounted as per the Proportionate Consolidation Method prescribed under Notified Accounting Standard 27 – 'Financial Reporting of Interests in Joint Venture in Consolidated Financial Statements' under Companies Accounting Standard Rules, 2006 (as amended).
- Minority interest in the net assets of consolidated subsidiaries consists of the amount of equity attributable to the minority shareholders at the dates on which investments are made by the Company in the subsidiary companies and further movements in their shares in the equity, subsequent to the dates of investments as stated above.
- The financial statement of the Subsidiaries, Associates and Joint Venture used for consolidation are drawn up to the same reporting date as that of the company i.e. 31st March 2014.

3. Subsidiary Companies considered in the consolidated financial statements are:

Name of the Company	Country of Incorporation	% of Voting Power as at	
		31st March 2014	31st March 2013
Aqua Investments (India) Limited	India	99.42	99.42
Water care 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	60.00	60.00
Ion Exchange Environment Management (BD) Limited	Bangladesh	100.00	100.00
Ion Exchange Infrastructure Limited	India	76.00	76.00
Ion Exchange LLC	USA	100.00	100.00
Ion Exchange & Company LLC	Oman	51.00	51.00
Ion Exchange Asia Pacific (Thailand) Limited	Thailand	100.00	100.00
Ion Exchange WTS (Bangladesh) Limited	Bangladesh	100.00	100.00

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31st March 2014 (contd...)

Name of the Company	Country of Incorporation	% of Voting Power as at	
		31st March 2014	31st March 2013
Ion Exchange Projects & Engineering Limited	India	100.00	100.00
Global Composites & Structurals Limited	India	76.78	76.78
Total Water Management Services (I) Limited	India	99.87	99.87
Ion Exchange Safic Pty. Limited	South Africa	60.00	60.00
Ion Exchange Purified Drinking Water Private Limited (w.e.f 25.09.2013)	India	100.00	-

4. The Group's interest in Jointly Controlled Entity considered in the consolidated financial statements:

Name of the Company	Country of Incorporation	% of Voting Power as at	
		31st March 2014	31st March 2013
Ion Exchange Waterleau Limited	India	50.00	50.00

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

Name of the Company	Country of Incorporation	% of Voting Power as at	
		31st March 2014	31st March 2013
IEI Water-Tech (M) Sdn. Bhd. *	Malaysia	30.00	30.00
Astha Technical Services Limited **	India	46.53	46.53
Aquanomics Systems Limited	India	48.42	48.42
Ion Exchange Financial Products Pvt. Limited ***	India	24.02	24.02
Ion Exchange PSS Co. Limited *	Thailand	49.00	49.00

* Holding through Subsidiary Company – Ion Exchange Asia Pacific Pte. Limited, Singapore.

** Inclusive of holding through Subsidiary Company – Ion Exchange Infrastructure Limited.

*** Holding through Subsidiary companies – Aqua Investments (India) Limited and Water care Investments (India) Limited.

6. The Company has made fresh investment in the following Subsidiary during the year, which has been considered for consolidation:

a.	Subsidiaries	- Ion Exchange Purified Drinking Water Private Limited
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7. Significant Accounting Policies:

(i) Fixed Assets, Depreciation and Impairment:

Tangible Assets:

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

Depreciation is provided at the following rates which is the useful lives estimated by the Management, on straight-line basis for assets acquired upto 31st March 1994:

Assets	Depreciation rate applied %
Buildings – Other than Factory Buildings	5
– Factory Buildings	5
Plant and Machinery	10/12.5
Effluent Treatment Plants	20
Moulds and Dies	20
Furniture and Fixtures	10
Office Equipments	15
Vehicles	20
Computers	16.25

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31st March 2014 (contd...)

Depreciation on additions made since April 1994 has been made on a pro-rata basis at the rates as prescribed in Schedule XIV to the Act on straight-line basis or as per the useful lives estimated by the Management, whichever is higher as stated below:

- Farm Equipments are depreciated @15%
- Site equipments are depreciated over 3 years
- Lease hold Lands/Assets are amortised over the period of lease being 3 to 5 years.
- In respect of certain Associates, the depreciation has been made on pro-rata basis at the rates as prescribed in Schedule XIV to the Act on WDV basis. The impact on account of the different method however is not material.
- In respect of certain foreign Subsidiaries, the depreciation has been made on pro-rata basis at the rates and methods as prescribed in the respective local regulations of the country of incorporation. The impact on account of the different rates and methods, is however not material.
- Leasehold lands/assets are amortized over the period of lease.

All assets individually costing less than Rs. 5,000 are depreciated at 100% in the year of acquisition.

The incremental depreciation attributable to the revalued amount is transferred from the Revaluation Reserve to the statement of profit and loss.

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

Intangible Assets:

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

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

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

(ii) Foreign Currency Transactions:

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

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

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

(iii) Investments:

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31st March 2014 (contd...)

(iv) Inventories:

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

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

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

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

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

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

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

(v) Accounting for CENVAT:

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

(vi) Research and Development:

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

(vii) Retirement & Other Employee Benefits:

- a. Retirement benefit in the form of provident fund managed by Government Authorities, Employee State Insurance Corporation, Labour Welfare Fund and Superannuation Fund are defined contribution scheme and the contribution is charged to the statement of profit and loss of the year when the contribution to the respective fund is due. There is no other obligation other than the contribution payable.
- b. Gratuity Liability is defined benefit obligation and is provided for on the basis of an actuarial valuation on Projected Unit Credit method made at the end of each financial year.
- c. Short term employee benefits are charged off at the undiscounted amount in the year in which the related service is rendered. Long Term compensated absences are provided for based on actuarial valuation. The actuarial valuation is done as per Projected Unit Credit method made at the end of each financial year. The Company presents the leave liability as non- current in the Balance Sheet, to the extent it has an unconditional right to defer its settlement for a period beyond 12 months, balance amount is presented as current.
- d. Provident Fund scheme managed by trust set up by the company is a defined benefit plan. Employee benefits, in form of contribution to provident fund managed by such trust, are charged to the statement of profit and loss as and when the related services are rendered. The deficit, if any, in the accumulated corpus of the trust is recognised in the statement of profit and loss based on actuarial valuation.
- e. Actuarial gains/losses are immediately taken to the statement of profit and loss and are not deferred.

(viii) Revenue Recognition:

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

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

Contract Revenue and Contract Costs in respect of construction contracts, execution of which is spread over different accounting periods, is recognized as revenue and expense respectively by reference to the basis of percentage of completion method of the

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31st March 2014 (contd...)

project at the Balance Sheet date.

Determination of revenues under the percentage of completion method by the Company is based on estimates (some of which are technical in nature) concerning the percentage of completion, costs to completion, contracted revenue from the contract and the foreseeable losses of completion.

Foreseeable losses, if any, which are based on technical estimates, are provided in the accounts irrespective of the work done. The group does not have outflow on account of warranty given to customers as all the outsourced work has a back to back guarantee.

Income from Services:

Revenue from maintenance contracts are recognized pro-rata over the period of the contract as and when services are rendered. Income from commission and management fees is recognized on completion of services. Service income is accounted net of service tax.

Interest:

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

Dividends:

Revenue is recognized when the shareholders' right to receive payment is established by the Balance Sheet date.

(ix) Taxation:

- a) Provision for current taxation has been made in accordance with the tax laws of respective jurisdiction.
- b) Deferred tax is recognized, subject to the consideration of prudence, on timing differences being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax is measured on the tax rates and the tax laws enacted or substantively enacted at the Balance Sheet date. Deferred tax assets are recognized only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. If the Company has unabsorbed depreciation or carry forward losses, deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that such deferred tax assets can be realized against future taxable profits.

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

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

(x) Employee Stock Compensation cost:

Measurement and disclosure of the employee share-based payment plans is done in accordance with SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and Guidance note on Accounting for Employee Share-based Payments, issued by the Institute of Chartered Accountants of India. The Company measures compensation cost relating to employee stock options using the Intrinsic Value method. Compensation expense is amortized over the vesting period of the option on a straight-line basis. The unamortized portion of the cost is shown under Stock Options Outstanding.

(xi) Provisions and Contingent Liabilities:

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

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

(xii) Earnings Per Share:

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31st March 2014 (contd...)

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

(xiii) Segment Reporting Policies:

Identification of segments:

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

Inter-segment Transfers:

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

Allocation of common costs:

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

Unallocated costs:

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

Segment policies:

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

(xiv) Cash and Cash Equivalents:

Cash and Cash equivalents in the Cash Flow statement comprise Cash at Bank and in Hand and short-term investments with an original maturity of three months or less.

(xv) Leases:

Where the group is the lessor

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

Where the group is the lessee

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

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

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

(xvi) Borrowing costs:

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

(xvii) Use of estimates:

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31st March 2014 (contd...)**8. SHARE CAPITAL**

	31st March 2014	31st March 2013
	Rupees	Rupees
Authorised shares: 1,70,00,000 (2012-2013 : 1,70,00,000) equity shares of Rs. 10 each.	17,00,00,000	17,00,00,000
Issued, Subscribed and fully paid-up shares*: 1,40,94,285 (2012-2013 : 1,29,76,203) equity shares of Rs. 10 each.	14,09,42,850	12,97,62,030
	14,09,42,850	12,97,62,030

* Issued, subscribed and fully paid-up shares are net of elimination of shares held by subsidiaries.

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

	31st March 2014		31st March 2013	
	No. of Shares	Rupees	No. of Shares	Rupees
At the beginning of the period	1,29,76,203	12,97,62,030	1,32,33,961	13,23,39,610
Add: Issued during the period - ESOS	47,800	4,78,000	29,300	2,93,000
Add: Shares issued as per scheme of amalgamation (Refer note 51)	10,70,282	1,07,02,820	-	-
Less: Shares extinguished as per scheme of amalgamation	-	-	2,87,058	28,70,580
Outstanding at the end of the period	1,40,94,285	14,09,42,850	1,29,76,203	12,97,62,030

(b) Terms/rights attached to equity shares

The company has only one class of equity shares having a par value of Rs. 10 per share. Each holder of equity shares is entitled to one vote per share. The company declares and pays dividends in Indian rupees. The dividend proposed by the boards of directors is subject to the approval of the shareholders in the ensuing annual general meeting.

During the year ended 31st March 2014, the amount of per share dividend recognized as distribution to equity shareholders is Rs. 2 (2012-2013 : Rs. 2)

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

	31st March 2014		31st March 2013	
	No. of Shares	% of holding**	No. of Shares	% of holding**
Rakesh Jhunjunwala	8,75,000	6.21%	8,75,000	6.74%
Rajesh Sharma	7,81,218	5.54%	6,25,436	4.82%
Mahavir Prasad Patni	7,11,747	5.05%	4,87,704	3.76%

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

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

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

The company has issued 9,46,500 shares (2012-2013 : 9,34,250) during the period of five years immediately preceding the reporting date on exercise of options granted under the Employee Stock Option Scheme (ESOS) wherein part consideration was received in form of employee services.

(e) Shares reserved for issued under ESOS

For details of shares allotted under various Employee Stock Option Schemes (ESOS) and shares reserved for issue under the Employees Stock Option Scheme (ESOS) of the company please refer note 35.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31st March 2014 (contd...)

9. RESERVES AND SURPLUS

	31st March 2014 Rupees	31st March 2013 Rupees
<u>Capital Reserve</u>		
Balance as at April 1	-	26,67,745
Add: Transfer from General Reserve	-	1,59,16,760
Less: Extinguishment of cross holding investments and excess of share capital credited by the Company over the Share Capital of Ion Exchange Services Limited	-	1,85,84,505
	-	-
<u>Capital Reserve on Consolidation</u>		
Balance as at April 1	2,46,47,807	2,45,08,450
Add : Adjustment on change in Investment in Subsidiaries and Associates	10,99,740	1,39,357
	2,57,47,547	2,46,47,807
<u>Security Premium Account</u>		
Balance as at April 1	81,47,73,734	80,69,20,399
Add: Received on exercise of Employee Stock Option Scheme	32,28,890	78,53,335
	81,80,02,624	81,47,73,734
<u>Revaluation Reserve</u> [Refer note 7(i)]		
Balance as at April 1	10,48,860	10,77,330
Less: Transfer to Profit and Loss Account	28,470	28,470
	10,20,390	10,48,860
<u>Employee Stock Options Outstanding</u>		
Balance as at April 1	2,15,87,810	2,22,55,385
Less: Transferred to securities premium account on excise of options	9,24,930	5,66,955
Less: Transferred to employee compensation income	45,84,179	1,00,620
	1,60,78,701	2,15,87,810
<u>Special Reserve</u> (As per Section 45 - IC of the Reserve Bank of India Act)		
Balance as at April 1	16,00,060	16,00,060
Add: Transfer from the statement of profit and loss	6,17,280	-
	22,17,340	16,00,060
<u>General Reserve</u>		
Balance as at April 1	25,64,79,006	23,08,64,297
Add: Reserves and Surplus transferred on Amalgamation	-	4,46,84,101
Less: Transfer to Capital Reserve	-	1,59,16,760
Less: Profit of amalgamated company already considered in consolidated financials of previous years	-	1,93,52,632
Add: Transfer from Profit and Loss Account	1,55,00,000	1,62,00,000
	27,19,79,006	25,64,79,006
<u>Legal Reserve</u> (in accordance with Commercial Companies Law of Oman, 1974)		
The reserve is not available for distribution to the Members		
Balance as at April 1	61,31,859	56,85,741
Add: Transfer from Profit and Loss Account	4,22,783	4,46,118
	65,54,642	61,31,859
<u>Foreign Currency Translation Reserve</u>		
Balance as at April 1	34,57,500	(5,91,692)
Add: Foreign Currency Translation Profit / (Loss) during the year	45,58,237	40,49,192
	80,15,737	34,57,500
<u>Carried Forward</u>	1,14,96,15,987	1,12,97,26,636

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31st March 2014 (contd...)**9. Reserves and surplus (Contd.)**

	31st March 2014 Rupees	31st March 2013 Rupees
<u>Brought Forward</u>	1,14,96,15,987	1,12,97,26,636
<u>Surplus in the statement of Profit and Loss</u>		
Balance as per last financial statements	23,58,65,492	14,43,27,405
Profit for the year	4,55,19,090	14,14,60,570
Less: Appropriations		
Dividend	95,600	34,600
Tax on dividend	16,247	5,613
Proposed final dividend (amount per share Rs. 2 (2012-2013 : Rs. 2)	2,81,88,570	2,83,12,918
Tax on proposed final dividend	49,39,481	49,23,234
Transfer to special reserve	6,17,280	-
Transfer to legal reserve	4,22,783	4,46,118
Transfer to general reserve	1,55,00,000	1,62,00,000
Net Surplus in the statement of Profit and Loss	23,16,04,621	23,58,65,492
Total Reserves and Surplus	1,38,12,20,608	1,36,55,92,128

10. LONG-TERM BORROWINGS

	Non-current portion		Current maturities	
	31st March 2014 Rupees	31st March 2013 Rupees	31st March 2014 Rupees	31st March 2013 Rupees
<u>Term Loans from Banks (Secured)</u>				
Indian rupee loan from bank [See note (a) below]	-	-	-	10,00,00,000
Indian rupee loan from bank [Refer note (b) below]	2,96,08,333	-	2,09,00,000	-
Indian rupee loan from financial institution [Refer note (c) below]	65,62,500	1,45,25,000	79,12,500	70,00,000
Indian rupee loans from bank [Refer note (d) below]	3,99,90,589	5,55,35,163	1,58,14,449	1,45,04,282
Loan from bank [Refer note (e) below]	92,89,778	1,05,25,168	61,91,741	1,38,46,549
Indian rupee vehicle loan from banks [Refer note (f) below]	53,10,146	53,38,696	30,12,258	25,32,555
<u>Other Loans and Advances</u>				
Finance lease obligation (Secured) [Refer note (g) below]	60,59,542	1,19,27,375	58,67,835	62,08,471
Deposits (Unsecured) [Refer note (h) below]				
Deposit from shareholders	1,76,000	3,51,000	1,75,000	40,000
Deposit from public	1,39,07,000	1,56,97,000	74,04,000	1,06,33,000
	11,09,03,888	11,38,99,402	6,72,77,783	15,47,64,857
<u>The above amount includes</u>				
Secured borrowings	9,68,20,888	9,78,51,402	5,96,98,783	14,40,91,857
Unsecured borrowings	1,40,83,000	1,60,48,000	75,79,000	1,06,73,000
Amount disclosed under the head "Other current liabilities" [Refer note 15 (b)]			(6,72,77,783)	(15,47,64,857)
	11,09,03,888	11,38,99,402	-	-

- (a) Indian rupees loan from bank taken for a specific project carries interest @ 11.75% to 13.00% p.a. Indian rupees loan from bank is repayable within 20 months from the date of first disbursement being 21.09.2011 or out of excess contract proceeds whichever is earlier. The loan is secured by pari passu first charge on project specific current assets, both present and future.
- (b) Indian rupees loan from bank taken for capital expenditure carries interest @ 13.25% p.a. Indian rupees loan from bank is repayable within 36 months from the month following the month of first disbursement being 16.08.2013. The loan is secured by exclusive first charge on properties situated at Mumbai.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31st March 2014 (contd...)

- (c) Indian rupees loan from bank taken from a financial institution carries interest @ 15.00%. The loan is secured by first charge on property situated at Bangalore and is repayable in 6 years.
- (d) (i) Term loan from a bank carries interest rate @ 13.35% to 14% p.a.. The loan is repayable in 75 monthly installments of Rs. 4,18,000 along with interest, from the date of loan. The loan is secured against hypothecation of plant & machinery, tools and equipments, & furniture and fixtures, both present and future.
- (ii) Property loan from a bank carries interest rate @ 13.35% to 14% p.a. The loan is repayable in 71 monthly installments of Rs. 5,70,000 along with interest, from the date of loan. The loan is secured against equitable mortgage of Land and building situated at village Nichole, Tal. Wada, Dist. Thane.
- (iii) Corporate Loan from a bank carries interest rate @ 13.35% p.a.. The loan is repayable in 96 monthly installments of Rs. 9,19,139 along with interest, after six months from the date of loan. The loan is secured against supplementary mortgage of factory land and building situated at village Nichole, Taluka Wada, District Thane.
- (e) Borrowing from a bank has been taken at an interest rate of 7.5% to 8% p.a. Interest rate are renewable on quarterly basis at bank's discretion. The bank borrowing is secured by Joint and several guarantees of directors of Ion Exchange & Co. LLC Oman, and assignment of specific receivables and cash margin and corporate guarantee.
- (f) Vehicle loans from banks and finance company carries interest @ 10.25% to 13.50% p.a. The loans are repayable in equal monthly installments along with interest, from the various dates of disbursements. The loans are secured by hypothecation of vehicles
- (g) Finance lease obligation is secured by hypothecation of equipment's taken on lease. It will be discharged by quarterly lease rental payments on various dates mentioned in asset lease agreement.
- (h) Deposits from shareholders and public carry interest @7.00% to 8.00% p.a for deposits repayable after 1 year to 3 years from the respective dates of deposits.

11. OTHER LONG-TERM LIABILITIES

	31st March 2014 Rupees	31st March 2013 Rupees
Deposits	5,57,47,494	3,92,56,396
Trade Payables	1,52,33,120	2,62,71,106
Interest accrued but not due	2,55,961	3,40,436
Other	98,04,553	57,88,226
	8,10,41,128	7,16,56,164

12. DEFERRED TAX LIABILITY (NET)

	31st March 2014		31st March 2013	
	Deferred Tax Liability Rupees	Deferred Tax Assets Rupees	Deferred Tax Liability Rupees	Deferred Tax Assets Rupees
Difference between book and tax depreciation	10,98,48,474	-	11,13,65,894	-
Provision for doubtful debts	-	20,26,482	-	20,26,482
Provision for doubtful advances	-	61,24,776	-	61,24,776
Effect of expenditure allowable for the tax purposes in following years	-	3,42,44,875	-	2,81,26,509
Business Losses and Depreciation	-	69,95,923	-	45,90,649
Provision for Leave Encashment and Gratuity	-	1,57,339	-	2,16,334
	10,98,48,474	4,95,49,395	11,13,65,894	4,10,84,750
	6,02,99,079		7,02,81,144	
Disclosed as under				
Deferred tax liabilities (Net)	6,77,41,544		7,50,55,274	
Deferred tax assets (Net)	74,42,465		47,74,130	
	6,02,99,079		7,02,81,144	

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31st March 2014 (contd...)**13. PROVISIONS**

	Long-term		Short-term	
	31st March 2014	31st March 2013	31st March 2014	31st March 2013
	Rupees	Rupees	Rupees	Rupees
Provision for Income Tax	-	-	9,88,40,852	11,17,10,421
Provision for Leave Encashment and Gratuity	6,05,65,590	5,41,78,208	1,82,53,211	1,72,08,787
Provision for warranties	-	-	21,36,600	27,00,000
Proposed Dividend	-	-	2,81,88,570	2,83,12,918
Tax on Proposed Dividend	-	-	49,39,481	49,23,234
Group's Share in Provisions of Joint Venture	1,23,946	3,97,876	3,76,018	31,675
	6,06,89,536	5,45,76,084	15,27,34,732	16,48,87,035

Provision for Warranties

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

	31st March 2014	31st March 2013
	Rupees	Rupees
At the beginning of the year	27,00,000	-
Arising during the year	21,36,600	27,00,000
Utilised during the year	27,00,000	-
Unused amounts reversed	-	-
At the end of the year	21,36,600	27,00,000

14. SHORT TERM BORROWINGS

	31st March 2014	31st March 2013
	Rupees	Rupees
Working capital loan from banks (Secured) [See note (a), (b), (c), (d), (e), (f), (g) and (h) below]	75,94,56,105	54,54,87,725
Buyers credit from bank (Secured) - [See note (a) below]	-	4,41,78,278
Inter-corporate deposits (Unsecured)	2,00,00,000	-
	77,94,56,105	58,96,66,003
<u>The above amount includes:</u>		
Secured borrowings	75,94,56,105	58,96,66,003
Unsecured borrowings	2,00,00,000	-
	77,94,56,105	58,96,66,003

- (a) Includes working capital loan of Rs. 54,47,49,817 (2012-2013 : Rs. 33,94,19,791) and buyers credit of Rs. Nil (2012-2013 : Rs. 4,41,78,278) is secured by joint hypothecation of book debts and stocks and collateral security by way of pari passu first charge on all immovable and movable properties and plant and machinery situated at Hosur and Patancheru and pari passu second charge on movable and immovable properties situated at Mumbai (Office Premises), Vashi and Goa. The Working Capital Loan is repayable on demand.
- (b) Includes working capital loan of Rs. 4,19,29,687 (2012-2013 : Rs. 5,85,51,766) from a bank is secured by joint hypothecation of book debts and stocks and collateral security by way of first charge on the immovable property situated at Kolkata and second charge of immovable property situated at Bangalore apart from fixed deposit of Rs. 1,74,99,783 (2012-2013 : Rs. 1,62,68,111). The working capital loan is repayable on demand.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31st March 2014 (contd...)

- (c) Includes working capital loan of Rs. Nil (2012-2013 : Rs. 17,80,592) from a bank secured against corporate guarantees and carries interest of 15.50% p.a.
- (d) Includes working capital loan of Rs. 1,48,37,248 (2012-2013 : Rs. 1,50,10,498) from a bank secured against fixed deposits and corporate guarantees and carries interest of 6% p.a.
- (e) Includes working capital loan of Rs. 33,72,682 (2012-2013 : Rs. 31,82,578) from a bank secured against corporate guarantees and carries interest of 12.5% p.a.
- (f) Includes working capital loan of Rs. 78,88,251 (2012-2013 : Rs. Nil) 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.
- (g) Includes working capital loan of Rs. 1,99,11,359 (2012-2013 : Rs. 1,13,31,389) from a bank secured against charges on all stock, trade receivables and corporate guarantee. Working capital loan is repayable on demand and carries interest of 13% p.a. to 14.50% p.a.
- (h) Includes working capital loan of Rs. 12,67,67,061 (2012-2013 : Rs. 11,62,11,111) from a bank secured against hypothecation of stock and book debts and supplementary mortgagage of factory land and building at village Nichole, talujar 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 @ 13.35% p.a.

15. OTHER CURRENT LIABILITIES

	31st March 2014	31st March 2013
	Rupees	Rupees
15 (a) <u>Trade payable</u>		
Trade payable (including acceptances)	3,11,20,49,793	3,33,77,30,001
Group's Share in Trade Payable of Joint Venture	4,24,08,464	14,06,93,645
	3,15,44,58,257	3,47,84,23,646
15 (b) <u>Other Current Liabilities</u>		
Current maturities of long term borrowings (Refer note 10)	6,72,77,783	15,47,64,857
Interest accrued but not due	19,10,301	6,52,464
Creditors for Capital Goods	60,84,096	83,22,927
Investor Education and Protection Fund will be credited by following amounts (as and when due)		
- Unpaid Dividend	26,49,009	24,16,215
- Unclaimed Interest on Fixed Deposit	4,79,453	13,57,145
- Unclaimed Matured Deposit	15,90,000	21,21,000
Advance from Customers	41,40,89,466	45,29,90,135
Unearned revenue on AMC services	2,58,58,197	2,97,58,769
Taxes (Service tax, Sales Tax, TDS)	1,71,71,549	3,12,67,121
Others Liabilities	82,66,424	91,26,669
Group Share in other current liabilities of Joint Venture	22,95,483	46,18,981
	54,76,71,761	69,73,96,283
	3,70,21,30,018	4,17,58,19,929

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31st March 2014 (contd...)

16. TANGIBLE ASSETS

	Land (Freehold)	Land (Leasehold)	Building On Leasehold Land	Building on Freehold Land (Refer Note 1,2,3 & 4)	Plant & Machinery	Furniture & Fixtures	Vehicles	Office Equipments (Refer Note 5)	Group's Share in Joint Venture	Total
Gross Block										
As at 1st April 2012	87,01,593	3,78,18,898	23,26,11,599	17,79,57,616	79,82,80,956	10,43,15,314	4,65,91,273	19,42,45,532	26,80,567	1,60,32,03,348
Addition during the year	-	-	4,58,41,869	1,54,91,306	17,36,45,316	90,14,988	59,38,423	3,34,65,537	1,37,673	28,35,35,112
Addition on amalgamation of Ion Exchange Services Limited (Refer note 51)	1,17,27,460	-	-	8,51,67,563	62,83,228	27,80,104	23,23,575	1,15,96,182	-	11,98,78,112
Other adjustments - Gross block of subsidiary emerged as a result of merger	-	-	-	-	35,266	43,797	-	3,63,130	-	4,42,193
Disposal during the year	-	-	-	-	16,73,521	-	37,50,484	3,60,471	-	57,84,476
Add : Exchange gain / (loss)	-	-	51,737	-	32,75,553	2,07,422	6,75,160	2,91,395	-	45,01,267
As at 31st March 2013	2,04,29,053	3,78,18,898	27,85,05,205	27,86,16,485	97,98,46,798	11,63,61,625	5,17,77,947	23,96,01,305	28,18,240	2,00,57,75,556
Addition during the year	-	-	33,58,130	33,82,119	4,34,46,411	32,52,634	43,06,505	65,49,541	1,58,913	6,44,54,253
Other adjustments	-	-	-	-	-	-	-	-	-	-
Disposal during the year	-	-	-	-	4,66,38,565	1,11,958	35,63,019	31,87,718	-	5,35,01,260
Add : Exchange gain / (loss)	-	-	70,462	-	86,81,606	3,98,168	13,99,540	5,53,319	-	1,11,03,095
As at 31st March 2014	2,04,29,053	3,78,18,898	28,19,33,797	28,19,98,604	98,53,36,250	11,99,00,469	5,39,20,973	24,35,16,447	29,77,153	2,02,78,31,644
Depreciation / Amortisation										
As at 1st April 2012	-	61,35,375	9,34,29,057	4,12,94,167	46,82,25,615	6,95,86,673	2,67,83,534	15,61,71,520	12,41,609	86,28,67,550
Charge for the year	-	3,02,993	76,57,837	4,76,859	7,76,89,667	61,85,794	65,77,092	1,89,22,601	1,92,050	11,80,04,893
Addition on Amalgamation of Ion Exchange Services Limited (Refer note 51)	-	-	-	98,56,285	34,09,425	23,51,261	12,52,512	84,59,470	-	2,53,28,953
Other adjustments - Cumulative depreciation of Subsidiary emerged as a result of merger	-	-	-	-	28,911	43,797	-	3,43,665	-	4,16,373
Deduction during the year	-	-	-	-	16,69,773	-	21,95,571	2,82,510	-	41,47,854
Add : Exchange (gain) / loss	-	-	13,256	-	85,498	1,03,310	4,39,725	4,72,849	-	11,14,638
As at 31st March 2013	-	64,38,368	10,11,00,150	5,16,27,311	54,77,69,343	7,82,70,835	3,28,57,292	18,40,87,595	14,33,659	1,00,35,84,553
Charge for the year	-	3,02,993	84,30,291	57,03,314	6,11,43,683	64,68,800	38,06,327	1,70,36,502	1,72,976	10,30,64,886
Other adjustments	-	-	-	-	-	-	-	-	-	-
Deduction during the year	-	-	-	-	91,74,299	50,337	26,63,701	3,92,905	-	1,22,81,242
Add : Exchange (gain) / loss	-	-	19,144	-	26,06,224	2,86,062	12,39,153	18,02,804	-	59,53,387
As at 31st March 2014	-	67,41,361	10,95,49,585	5,73,30,625	60,23,44,951	8,49,75,360	3,52,39,071	20,25,33,996	16,06,635	1,10,03,21,584
Net Block										
As at 31st March 2013	2,04,29,053	3,13,80,530	17,74,05,055	22,69,89,174	43,20,77,455	3,80,90,790	1,89,20,655	5,55,13,710	13,84,581	1,00,21,91,003
As at 31st March 2014	2,04,29,053	3,10,77,537	17,23,84,212	22,46,67,979	38,29,91,299	3,49,25,109	1,86,81,902	4,09,82,451	13,70,518	92,75,10,060

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31st March 2014 (contd...)**16. TANGIBLE ASSETS (contd...)**

1. Buildings on freehold land includes ownership blocks, the cost of which includes:
 - Rs. 250 (2012-2013 : Rs. 250) being the value of 5 Shares (unquoted) of Rs. 50 each, fully paid up in Sunrise Co-operative Housing Society Limited.
 - Rs. 3,500 (2012-2013 : Rs. 3,500) being the value of 70 Shares (unquoted) of Rs. 50 each, fully paid up in Usha Milan Co-operative Society Limited.
2. Buildings on freehold land includes ownership blocks acquired at Mumbai, the society formation of which is in progress.
Gross book value Rs. 62,16,250 (2012-2013 : Rs. 62,16,250)
Net book value Rs. 43,22,204 (2012-2013 : Rs. 44,23,529)
3. Buildings on freehold land includes ownership blocks comprising of 2 LIG flats (Nos. B-16 and B-17) and 1 MIG flat (No. B-14) at Hosur, the title deeds of which are awaited from authorities.
Gross book value Rs. 76,882 (2012-2013 : Rs. 76,882)
Net book value Rs. Nil (2012-2013 : Rs. Nil)
4. Buildings on freehold land includes office premises given on operating lease :
Gross book value Rs. 2,30,77,146 (2012-2013 : Rs. 2,29,34,730)
Accumulated depreciation Rs. 83,06,094 (2012-2013 : Rs. 80,01,292)
Depreciation for the year Rs. 5,66,774 (2012-2013 : Rs. 5,16,263)
Net book value Rs. 1,47,71,052 (2012-2013 : Rs. 1,49,33,438)
5. Office equipment includes data processing items taken on finance lease :
Gross book value Rs. 2,17,75,889 (2012-2013 : Rs. 2,17,75,889)
Accumulated depreciation Rs. 90,43,703 (2012-2013 : Rs. 30,65,331)
Depreciation for the year Rs. 59,78,372 (2012-2013 : Rs. 28,06,332)
Net book value Rs. 1,27,32,186 (2012-2013 : Rs. 1,87,10,558)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31st March 2014 (contd...)**17. INTANGIBLE ASSETS**

	Amount (in Rupees)			
	Computer Software	Goodwill on consolidation	Group's Share in Joint Venture	Total
<u>Gross Block</u>				
As at 1st April 2012	-	77,72,308	-	77,72,308
Addition during the year	3,68,053	40,63,421	4,52,472	48,83,946
Addition on amalgamation of Ion Exchange Services Limited (Refer note 51)	1,46,76,658	-	-	1,46,76,658
Disposal during the year	-	-	-	-
As at 31st March 2013	1,50,44,711	1,18,35,729	4,52,472	2,73,32,912
Addition during the year	28,24,080	-	-	28,24,080
Disposal during the year	-	-	-	-
As at 31st March 2014	1,78,68,791	1,18,35,729	4,52,472	3,01,56,992
<u>Depreciation / Amortization</u>				
As at 1st April 2012	-	16,52,221	-	16,52,221
Charge for the year	27,01,459	22,58,383	43,895	50,03,737
Addition on amalgamation of Ion Exchange Services Limited (Refer note 51)	1,20,34,860	-	-	1,20,34,860
Deduction during the year	-	-	-	-
As at 31st March 2013	1,47,36,319	39,10,604	43,895	1,86,90,818
Charge for the year	1,85,292	23,47,594	71,249	26,04,135
Deduction during the year	-	-	-	-
As at 31st March 2014	1,49,21,611	62,58,198	1,15,144	2,12,94,953
<u>Net Block</u>				
As at 31st March 2013	3,08,392	79,25,125	4,08,577	86,42,094
As at 31st March 2014	29,47,180	55,77,531	3,37,328	88,62,039

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31st March 2014 (contd...)**19. LOANS AND ADVANCES**

		Non-current		Current	
		31st March 2014 Rupees	31st March 2013 Rupees	31st March 2014 Rupees	31st March 2013 Rupees
<u>Capital advances</u>					
Unsecured, considered good		66,20,981	53,48,031	-	-
(A)		66,20,981	53,48,031	-	-
<u>Tender, Security and other Deposits</u>					
Unsecured, considered good		3,56,92,380	3,01,77,501	1,34,77,458	1,40,76,197
Doubtful		7,68,733	6,08,733	-	-
		3,64,61,113	3,07,86,234	1,34,77,458	1,40,76,197
Less: Provision for doubtful deposits		7,68,733	6,08,733	-	-
(B)		3,56,92,380	3,01,77,501	1,34,77,458	1,40,76,197
<u>Loans and advances to related parties</u> [refer note 38 (I) and (II)]					
Unsecured, considered good		22,27,46,000	22,68,53,000	5,08,36,741	10,21,54,427
Doubtful		25,55,134	27,15,134	-	-
		22,53,01,134	22,95,68,134	5,08,36,741	10,21,54,427
Less: Provision for doubtful Loans and advances		25,55,134	27,15,134	-	-
(C)		22,27,46,000	22,68,53,000	5,08,36,741	10,21,54,427
<u>Advance to suppliers</u>					
Unsecured, considered good		31,27,455	33,90,392	8,77,48,025	13,81,26,902
Unsecured, considered doubtful		30,90,078	30,90,078	-	-
		62,17,533	64,80,470	8,77,48,025	13,81,26,902
Less: Provision for doubtful advances		30,90,078	30,90,078	-	-
(D)		31,27,455	33,90,392	8,77,48,025	13,81,26,902
<u>Other Loans and advances</u> (Unsecured, considered good unless otherwise stated)					
- Prepaid Expenses		50,66,184	-	4,20,55,123	4,19,61,656
- Claims Receivables		-	-	2,33,08,525	1,38,53,038
- Balances with Statutory Authorities		7,12,15,865	8,40,17,722	15,86,84,674	13,26,70,138
- Loans & Advance to Employees		2,01,850	50,000	51,91,426	1,14,10,506
- Income tax Paid (net of provision for taxation)		5,78,88,618	6,13,29,568	87,65,266	1,12,44,980
- Inter Corporate Deposits		-	-	-	25,00,000
Inter Corporate Deposits (doubtful)		57,07,289	57,07,289	-	-
		57,07,289	57,07,289	-	25,00,000
Less: Provision for doubtful advances		57,07,289	57,07,289	-	-
		-	-	-	25,00,000
- Other Loans and Advances		9,20,31,582	9,13,66,599	1,01,79,258	1,33,56,908
Other Loans and Advances (doubtful)		2,25,14,884	2,25,14,884	-	-
		11,45,46,466	11,38,81,483	1,01,79,258	1,33,56,908
Less: Provision for doubtful advances		2,25,14,884	2,25,14,884	-	-
		9,20,31,582	9,13,66,599	1,01,79,258	1,33,56,908
(E)		22,64,04,099	23,67,63,889	24,81,84,272	22,69,97,226
Group Share in Joint Venture	(F)	27,76,944	16,12,042	44,13,165	43,78,864
Total	(A+B+C+D+E+F)	49,73,67,859	50,41,44,855	40,46,59,661	48,57,33,616

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31st March 2014 (contd...)

20. TRADE RECEIVABLES

	Non-current		Current	
	31st March 2014 Rupees	31st March 2013 Rupees	31st March 2014 Rupees	31st March 2013 Rupees
Outstanding for a period exceeding six months from the date they are due for payment				
- Unsecured Considered good	19,17,65,745	21,60,11,437	57,93,32,916	65,81,97,038
- Doubtful	1,14,91,132	1,14,91,132	-	-
	20,32,56,877	22,75,02,569	57,93,32,916	65,81,97,038
Less: Provision for doubtful receivable	1,14,91,132	1,14,91,132	-	-
(A)	19,17,65,745	21,60,11,437	57,93,32,916	65,81,97,038
Other receivables				
- Unsecured, considered good	-	-	2,87,45,84,493	2,82,47,34,039
- Doubtful	-	-	-	-
	-	-	2,87,45,84,493	2,82,47,34,039
Less: Provision for doubtful receivables	-	-	-	-
(B)	-	-	2,87,45,84,493	2,82,47,34,039
Group's share in Trade Receivable of Joint Venture	-	-	2,98,34,389	9,55,72,230
(C)	-	-	2,98,34,389	9,55,72,230
Total	(A+B+C) 19,17,65,745	21,60,11,437	3,48,37,51,798	3,57,85,03,307

21. OTHER ASSETS

	Non-current		Current	
	31st March 2014 Rupees	31st March 2013 Rupees	31st March 2014 Rupees	31st March 2013 Rupees
Unsecured, considered good				
Non current bank balances	1,972	4,00,139	-	-
Interest accrued on margin money	8,51,253	3,32,752	15,98,122	18,59,165
Rent Receivables	-	-	9,27,583	87,279
Others	-	-	6,20,000	-
(A)	8,53,225	7,32,891	31,45,705	19,46,444
Unsecured, considered doubtful				
Rent Receivables	17,05,011	17,05,011	-	-
Less: Provision	17,05,011	17,05,011	-	-
	-	-	-	-
(B)	-	-	-	-
Total	(A+B) 8,53,225	7,32,891	31,45,705	19,46,444

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31st March 2014 (contd...)**22. CURRENT INVESTMENTS**

	31st March 2014	31st March 2013
	Rupees	Rupees
Current investments (valued at lower of cost or fair value unless stated otherwise)		
<u>Non Trade and Quoted</u>		
5,875 (2012-2013 : 5,875) Equity Shares of Rs. 2 each, fully paid-up in Sterlite Technologies Limited	2,05,000	2,05,000
3,570 (2012-2014: 3,570) Equity Shares of Rs. 2 each, fully paid-up in Jain Irrigation Systems Limited [Net of provision for diminution in the value Rs. Nil (2012-2013 : Rs. 3,178)]	92,534	89,356
8,100 (2012-2013 : 8,100) Equity Shares of Rs. 10 each, fully paid-up in Canara Bank	2,83,500	2,83,500
83,600 (2012-2013 : 83,600) Equity Shares of Rs. 10 each, fully paid-up in Fairdeal Filaments Limited	2,94,070	2,94,070
6,100 (2012-2013 : 6,100) Equity Shares of Rs. 10 each, fully paid-up in Thambi Modern Spinning Mills Limited	12,265	12,265
87,000 (2012-2013 : 87,000) Equity Shares of Rs. 10 each, fully paid-up in Somani Swiss Industries Limited [Net of provision for diminution in the value Rs. 1,09,295 (2012-2013 : Rs. 1,09,295)]	-	-
29,700 (2012-2013 : 29,700) Equity Shares of Rs. 10 each, fully paid-up in Nova Steels Industries Limited [Net of provision for diminution in the value Rs. 32,835 (2012-2013 : Rs. 32,835)]	-	-
4,500 (2012-2013 : 4,500) Equity Shares of Rs. 10 each, fully paid-up in Rajender Pipes Limited [Net of provision for diminution in the value Rs. 7,240 (2012-2013 : Rs. 7,240)]	-	-
3,700 (2012-2013 : 3,700) Equity Shares of Rs. 10 each, fully paid-up in Mardia Steels Limited [Net of provision for diminution in the value Rs. 6,880 (2012-2013 : Rs. 6,880)]	-	-
3,75,000 (2012-2013 : 3,75,000) Equity shares of Rs.10 each, fully paid-up in MTZ Polyester Limited [Net of provision for diminution in the value Rs. 7,68,750 (2012-2013 : Rs. Nil)]	-	7,68,750
	8,87,369	16,52,941
Aggregate amount of quoted investments [(Market value Rs. 40,50,976 (2012-2013 : Rs. 48,39,901)]	8,87,369	16,52,941
Aggregate provision for diminution in value of investments	9,25,000	1,59,429

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31st March 2014 (contd...)
23. INVENTORIES (valued at lower of cost and net realizable value)

	31st March 2014 Rupees	31st March 2013 Rupees
Raw Materials and components (Refer note 27)	21,62,90,935	23,35,39,985
Work-in-Progress	11,74,81,900	12,01,41,229
Finished goods	22,46,17,126	18,46,44,400
Traded goods	5,58,77,749	5,41,26,352
Stores and spares	4,95,88,044	3,87,21,343
Contract Work-in-Progress	8,93,08,444	8,94,16,739
Group's Share in Inventories of Joint Venture	13,97,202	38,44,069
	75,45,61,400	72,44,34,117

24. CASH AND BANK BALANCES

	Non-current 31st March 2014 Rupees	31st March 2013 Rupees	Current 31st March 2014 Rupees	31st March 2013 Rupees
Cash and Cash Equivalents				
<u>Balances with banks:</u>				
- On current accounts	-	-	10,59,47,624	13,02,31,384
- On Exchange Earner's Foreign Currency Accounts	-	-	7,84,090	7,09,595
- On Unclaimed Dividend Account	-	-	26,49,009	24,16,215
- On Unclaimed Interest on Fixed Deposits	-	-	4,79,453	13,57,145
<u>Cash on Hand</u>	-	-	33,29,055	33,02,065
(A)	-	-	11,31,89,231	13,80,16,404
<u>Other bank balances</u>				
On Deposit Account with original maturity for more than 12 months	1,972	4,00,139	1,65,48,227	1,16,61,138
On Margin Money Account	-	-	10,31,02,870	10,74,93,401
(B)	1,972	4,00,139	11,96,51,097	11,91,54,539
Group Share in Cash and Bank Balance of Joint Venture	-	-	51,00,157	29,31,974
(C)	-	-	51,00,157	29,31,974
Amount disclosed under non-current assets (Refer note 21)	(1,972)	(4,00,139)	-	-
(D)	(1,972)	(4,00,139)	-	-
Total (A+B+C+D)	-	-	23,79,40,485	26,01,02,917

a) Margin money deposit given as security

Margin money deposits with a carrying amount of Rs. 8,56,03,087 (2012-2013 : Rs. 9,12,25,290) are subject to first charge to secure bank guarantees issued by bank on our behalf.

b) Margin money includes fixed deposit of Rs. 1,74,99,783 (2012-13 : Rs. 1,62,68,111) being security towards Working capital of the Company.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31st March 2014 (contd...)**25. REVENUE FROM OPERATIONS**

	31st March 2014 Rupees	31st March 2013 Rupees
Revenue from Operations		
<u>Sale of Products</u>		
Finished Goods	6,96,05,52,634	7,52,57,51,842
Traded Goods	46,78,48,800	45,67,00,315
<u>Sale of services</u>	68,45,03,915	67,01,63,663
Group's Share of Sales and Services Income of Joint Venture	3,73,07,364	19,18,59,763
<u>Others operating revenue</u>		
Scrap Sale	99,61,284	1,21,61,689
Management Fees	45,00,000	35,00,000
Income from Inputs and Contract Farming	1,06,69,090	1,27,03,211
Revenue from operations (gross)	8,17,53,43,087	8,87,28,40,483
Less: Excise Duty*	24,51,55,199	30,00,04,205
Revenue from operations (net)	7,93,01,87,888	8,57,28,36,278

* Excise duty on sales amounting to Rs. 24,51,55,199 (2012-2013 : Rs. 30,00,04,205) has been reduced from sales in Profit and Loss Account and Excise duty on (increase)/decrease in stock amounting to Rs. 28,78,546 (2012-2013 : Rs. 55,75,199) has been considered as (income)/expenses in note 32 of financial statements.

26. OTHER INCOME

	31st March 2014 Rupees	31st March 2013 Rupees
Interest Income		
- From Banks	93,11,232	95,63,198
- From Joint Venture	72,75,500	1,40,55,589
- From Others	17,87,642	14,55,601
Rent	21,74,379	19,69,677
Dividend Income	2,50,702	15,53,228
Amount set aside for liabilities, no longer required, written back	1,35,473	2,50,229
Exchange Gain (Net)	1,92,75,933	68,34,633
Profit on assets sold/discarded (Net)	1,94,080	-
Other non operating Income	75,07,278	1,07,79,610
Group's Share of Other Income of Joint Venture	3,60,561	5,46,799
	4,82,72,780	4,70,08,564

27. COST OF RAW MATERIAL AND COMPONENTS CONSUMED

	31st March 2014 Rupees	31st March 2013 Rupees
Inventory at the beginning of the year	23,35,39,985	22,46,18,485
Add: Purchases*	5,13,76,36,231	5,46,91,66,853
Less: Inventory at the end of the year	21,62,90,935	23,35,39,985
Group's Share in Cost of Goods Sold of Joint Venture	3,47,99,965	14,24,05,587
Cost of Raw Material and components consumed **	5,18,96,85,246	5,60,26,50,940

* Includes direct expenses incurred on contracts Rs. 8,75,65,842 (2012-2013 : Rs. 9,09,07,839)

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31st March 2014 (contd...)

28. (INCREASE) / DECREASE IN INVENTORIES

	31st March 2014	31st March 2013	(Increase)/Decrease
	Rupees	Rupees	Rupees
Inventories at the end of the year			
Traded goods	5,58,77,749	5,41,26,352	(17,51,397)
Work-in-progress	11,74,81,900	12,01,41,229	26,59,329
Finished goods	22,46,17,126	18,46,44,400	(3,99,72,726)
Contract work-in-progress	8,93,08,444	8,94,16,739	1,08,295
	<u>48,72,85,219</u>	<u>44,83,28,720</u>	<u>(3,89,56,499)</u>
Inventories at the beginning of the year			
Traded goods	5,41,26,352	3,88,74,952	(1,52,51,400)
Work-in-progress	12,01,41,229	9,32,75,042	(2,68,66,187)
Finished goods	18,46,44,400	21,74,48,890	3,28,04,490
Contract work-in-progress	8,94,16,739	4,82,85,530	(4,11,31,209)
	<u>44,83,28,720</u>	<u>39,78,84,414</u>	<u>(5,04,44,306)</u>
	<u>(3,89,56,499)</u>	<u>(5,04,44,306)</u>	

Details of purchase of traded goods

	31st March 2014	31st March 2013
	Rupees	Rupees
Consumer products	21,07,37,187	21,65,63,002
Activated Carbon	-	3,12,000
Spares	3,38,91,298	4,86,42,187
Others	3,84,89,028	3,24,71,928
	<u>28,31,17,513</u>	<u>29,79,89,117</u>

**29. EMPLOYEE BENEFITS EXPENSE
(Refer note 34)**

	31st March 2014	31st March 2013
	Rupees	Rupees
Salaries, wages and bonus	85,97,12,494	86,50,98,620
Contribution to provident and other funds	5,91,28,034	6,79,33,065
Employee compensation expense / (income) (Refer note 35)	(45,84,179)	(3,80,521)
Staff welfare expense	4,35,43,586	4,17,53,164
Group's share in employee benefits expense of Joint Venture	72,20,556	56,44,093
	<u>96,50,20,491</u>	<u>98,00,48,421</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31st March 2014 (contd...)

30. FINANCE COSTS

31st March 2014	31st March 2013
Rupees	Rupees
12,53,53,259	13,51,11,838
1,07,62,123	1,40,70,748
20,391	70,27,813
13,61,35,773	15,62,10,399

31. DEPRECIATION AND AMORTIZATION EXPENSE

31st March 2014	31st March 2013
Rupees	Rupees
10,28,91,910	11,78,12,843
25,32,886	49,59,842
28,470	28,470
2,44,225	2,35,945
10,56,40,551	12,29,80,160

32. OTHER EXPENSES (Refer note 44)

31st March 2014	31st March 2013
Rupees	Rupees
49,92,621	91,75,807
11,42,53,088	11,53,45,578
48,65,258	40,81,022
2,59,75,792	1,89,40,032
2,53,06,169	2,39,81,762
4,67,98,536	4,02,03,372
4,34,29,480	4,69,82,828
89,85,881	89,86,890
23,19,63,799	24,06,84,035
28,78,546	55,75,199
15,05,41,003	17,40,15,163
3,19,08,905	3,07,60,742
5,81,05,657	7,06,45,596
6,30,77,097	4,81,71,989
7,09,03,320	7,01,59,247
2,52,20,734	2,69,11,429
47,28,096	55,00,020
3,34,23,124	2,47,69,487
36,23,759	40,28,982
12,40,000	17,05,000
1,47,74,572	1,83,73,839
-	8,94,229
8,43,750	-
41,39,278	1,05,50,957
20,99,46,812	19,76,66,169
83,04,068	5,21,74,055
1,19,02,29,345	1,25,02,83,429

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31st March 2014 (contd...)
32.1 AUDITORS' REMUNERATION

	31st March 2014	31st March 2012
	Rupees	Rupees
As Auditor:		
- Audit fees	14,75,000	14,75,000
- Tax audit fees	3,00,000	3,00,000
- Limited review	5,25,000	5,25,000
In other capacity:		
- Other services (Certification fees)	8,55,000	14,30,000
Reimbursement of expenses	1,86,259	1,73,982
Branch auditor		
- Audit fees	2,50,000	1,25,000
- Other services (Certification fees)	25,000	-
- Reimbursement of expenses	7,500	-
	36,23,759	40,28,982

33. EARNINGS PER SHARE (EPS)

Particulars		31st March 2014	31st March 2013
I	Profit Computation for both Basic and Diluted Earnings per Share of Rs. 10 each		
	Net Profit as per Statement of profit and loss available for Equity Shareholders (In Rupees)	4,55,19,090	14,14,60,570
II	Weighted average number of equity shares for earnings per share computation		
A)	For Basic Earnings per Share		
	No. of Equity Share outstanding	1,29,02,159	1,29,63,052
	Add: No. of Equity Share in Share Capital suspense (Refer Note 51)	-	11,80,256
	Add: Equity Shares issued as per the Scheme of Amalgamation (Refer Note 51)	11,80,256	-
	No. of Shares for Basic Earnings per Share	1,40,82,415	1,41,43,308
B)	For Diluted Earnings per Share		
	No. of shares for Basic EPS as per IIA	1,40,82,415	1,41,43,308
	Add: Weighted Average outstanding employee stock options deemed to be issued for no consideration	58,361	2,86,156
	No. of Shares for Diluted Earnings per Share	1,41,40,776	1,44,29,464
III	Earnings per Share in Rupees (Weighted Average)		
	Basic	3.23	10.00
	Diluted	3.22	9.80

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31st March 2014 (contd...)**34. EMPLOYEE BENEFITS**

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

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

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

Amount (in Rupees)

Particulars		2013-2014 (Gratuity)	2012-2013 (Gratuity)	2013-2014 (Provident Fund)	2012-2013 (Provident Fund)
I	The statement of profit and loss				
	Net employee benefit expense (recognized in employee cost)				
	1. Current service cost	74,78,874	65,77,574	1,16,29,203	1,12,97,414
	2. Interest cost on benefit obligation	69,19,078	57,52,603	1,81,98,086	1,68,30,058
	3. Expected return on plan assets	(76,42,640)	(59,40,949)	(1,81,98,086)	(1,68,30,058)
	4. Net actuarial loss / (gain) recognized in the year	32,81,828	1,07,80,915	-	-
	Net benefit expenses	1,00,37,140	1,71,70,143	1,16,29,203	1,12,97,414
	Actual return on plan assets	54,55,086	60,43,638	1,81,98,086	1,68,30,058
II	Net assets / (liability) recognized in the balance sheet				
	1. Present value of defined benefit obligation	(9,63,96,757)	(8,61,20,383)	(26,28,39,456)	(24,32,84,287)
	2. Fair value of plan assets	9,81,85,130	8,81,85,547	27,22,69,335	25,00,84,390
III	Changes in the present value of the defined benefit obligation are as follows:				
	1. Opening defined benefit obligation	(8,64,91,612)	(7,45,78,997)	(24,32,84,287)	(22,97,51,760)
	2. Employee contribution	-	-	(1,93,92,264)	(1,91,40,500)
	3. Interest cost	(69,19,078)	(57,86,778)	(1,81,98,086)	(1,68,30,058)
	4. Current service cost	(74,78,874)	(67,13,631)	(1,16,29,203)	(1,12,97,414)
	5. Liability transferred in	-	-	(90,77,242)	(6,90,093)
	6. Opening balance adjustment	-	-	45,137	-
	7. Benefits paid	69,87,590	1,10,98,592	3,86,96,489	34,425,538
	8. Actuarial gains / (losses) on obligation	(24,94,784)	(1,09,97,305)	-	-
	Closing defined benefit obligation	(9,63,96,758)	(8,69,78,119)	(26,28,39,456)	(24,32,84,287)
IV	Changes in the fair value of plan assets are as follows:				
	1. Opening fair value of plan assets	8,81,85,547	6,84,40,656	25,00,84,390	23,30,07,070
	2. Expected returns	76,42,640	59,77,328	1,81,98,086	1,68,30,058
	3. Contributions by employer	-	2,39,97,483	3,10,21,467	3,04,37,914
	4. Transfer from others	98,45,230	-	90,77,242	6,90,093
	5. Benefits paid	(67,01,243)	(1,09,84,577)	(3,86,96,489)	(3,44,25,538)
	6. Actuarial gains / (losses)	(7,87,044)	7,54,657	25,84,639	35,44,793
	7. Closing fair value of plan assets	9,81,85,130	8,81,85,547	27,22,69,335	25,00,84,390
V	Actuarial assumptions:				
	1. Discount rate	8%- 9.38%	8% - 8.50%	9.10%	8%
	2. Expected rate of salary increase [Refer note below]	5% - 8%	5% - 8%		
	3. Mortality	Indian Assured Lives Mortality (2006-08) Ultimate	Indian Assured Lives Mortality (2006-08) Ultimate	Indian Assured Lives Mortality (2006-08) Ultimate	Indian Assured Lives Mortality (2006-08) Ultimate
	4. Attrition rate	2% - 16%	2% - 16%	16%	16%
	5. Rate of Return on Plan assets	8.70% - 9%	8.70% - 9%	8.75%	8.50%

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31st March 2014 (contd...)

Amounts for the current and previous periods are as follows:

Gratuity	2013-2014	2012-2013	2011-2012	2010-2011	2009-2010
Defined benefit obligation	(9,63,96,757)	(8,69,78,119)	(6,28,08,122)	(5,23,31,234)	(4,76,84,022)
Plan assets	9,81,85,130	8,81,85,547	6,22,21,633	5,27,80,044	4,77,34,145
Surplus / (deficit)	17,88,373	12,07,428	(5,86,489)	4,48,810	50,123
Experience adjustments on plan liabilities	(24,94,784)	(1,09,97,305)	21,66,031	23,43,139	1,62,808
Experience adjustments on plan assets	(7,87,044)	(7,54,657)	1,27,192	(14,10,826)	12,13,874

Note:

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

35. EMPLOYEE STOCK OPTION SCHEME (ESOS)
ESOS 2001

The Employee Stock Compensation Committee in its meeting held on 5th June 2007, granted 3,00,000 options to directors and other employees at a price of Rs. 94.00 per share, which constituted a discount of approximately 25% to the price as calculated on the basis of average of weekly closing price on The Stock Exchange, Mumbai for 13 weeks prior to the date of the grant. As in the case of First and Second grant, 25% of these options shall vest and become exercisable in June every year. Pursuant to this, Fourth 25% of the options vested in June 2012. The vested options are exercisable upto 5th June 2016.

ESOS 2003

The Employee Stock Compensation Committee in its meeting held on 5th June 2007, granted 3,50,000 options to directors and other employees at a price of Rs. 94.00 per share, which constituted a discount of approximately 25% to the price as calculated on the basis of average of weekly closing price on The Stock Exchange, Mumbai for 13 weeks prior to the date of the grant. As in the case of First grant, 25% of these options shall vest and become exercisable in June every year. Pursuant to this, the Fourth 25% of the options vested in June 2012. The vested options are exercisable upto 5th June 2016.

ESOS 2008

Pursuant to the resolution passed by the shareholders at the Annual General Meeting held on 26th September 2008, the Employee Stock Compensation Committee at its meeting held on 13th October 2008 implemented the Fourth Employees Stock Options Scheme (ESOS 2008) and granted 12,00,000 options to directors and other employees at a price of Rs. 58.20 per share which constituted a discount of approximately 25% of the closing market price prior to the date of the grant. Under the scheme, the options shall vest after one year from the date of the grant. The vested options were exercisable upto 13th October 2013.

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

Details of options granted are as follows:

Particulars	ESOS Schemes			
	2001	2003	2008	Total
	(1st, 2nd&3rd Grant)	(1st & 2nd Grant)	(1st Grant)	
Options outstanding as at 31st March 2013	2,50,000	2,82,000	2,60,600	7,92,600
	(2,50,000)	(2,82,000)	(2,95,100)	(8,27,100)
Granted during the year	-	-	-	-
	-	-	-	-
Lapsed during the year	10,000	5,000	2,12,800	2,27,800
	-	-	(5,200)	(5,200)
Exercised/ Allotted during the year	-	-	47,800	47,800
	-	-	(29,300)	(29,300)
Outstanding as at 31st March 2014	2,40,000	2,77,000	-	5,17,000
	(2,50,000)	(2,82,000)	(2,60,600)	(7,92,600)
Exercisable as at 31st March 2014	2,40,000	2,77,000	-	5,17,000

Figures in bracket denote previous year figures.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31st March 2014 (contd...)

As at 31st March 2014, the company has received commitment deposit of Rs. 33,348 (2012-2013: Rs. 33,348) from its directors and employees under ESOS 2001 and ESOS 2003.

Weighted average remaining contractual life is 2.2 years (2012-2013: 2.3 years).

Weighted average share price at exercise date was Rs.96.69 (2012-2013: Rs.120.35)

Stock Option granted

The company has not granted stock options during the year. The Black Scholes valuation model has been used for computing the weighted average fair value considering the followings inputs:

Particulars	ESOS Schemes 2001 3 rd Grant	ESOS Schemes 2003 2 nd Grant	ESOS Schemes 2008 1 st Grant
Exercise Price	94	94	58.20
Weighted Average Share Price	127.45	127.45	123.15
Expected Volatility *	45%	45%	45%
Life of the options granted (Vesting and exercise period) in years	4	4	1
Expected Dividends	2	2	2
Average risk-free interest rate	8.5%	8.5%	8.5%
Expected dividend rate	20%	20%	20%

* The expected volatility was determined based on historical volatility data; historical volatility includes early years of the Company's life

Since the company used the Intrinsic Value Method, the impact on the reported net profit and earnings per share by applying the fair value method:

Amount (in Rupees)

Particulars	2013-2014	2012-2013
Profit as reported	4,55,19,090	14,14,60,570
Add : Employee stock compensation under intrinsic value method	(45,84,179)	(3,80,521)
Less : Employee stock compensation under fair value method	(6,14,750)	51,028
Pro forma profit	4,15,49,661	14,10,29,021
Earnings Per Share		
Basic - As reported	3.23	10.00
- Pro forma	2.95	9.97
Diluted - As reported	3.22	9.80
- Pro forma	2.94	9.77

36. CONTRACTS IN PROGRESS (CIP):

Amount (in Rupees)

Sr. No.	Particulars	2013-2014	2012-2013
A.	Aggregate amount recognized as Contract Revenue	2,77,72,60,719	3,55,95,32,163
B.	In respect of Contracts in Progress as on 31st March :		
	1) Aggregate amount of Costs incurred and recognized profits (less recognized losses)	9,27,16,28,874	9,78,44,88,127
	2) Amount of Customer Advance received	19,46,60,739	20,16,39,896
	3) Amount of Retentions	1,09,79,51,592	39,84,58,614
C.	Gross amount due from customers for contract work	5,88,09,247	5,74,35,025

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31st March 2014 (contd...)

37. SEGMENT

I. Information about Primary Business Segments

	Engineering		Chemicals		Consumer Products		Others Business		Unallocated		Total	
	31.03.2014	31.03.2013	31.03.2014	31.03.2013	31.03.2014	31.03.2013	31.03.2014	31.03.2013	31.03.2014	31.03.2013	31.03.2014	31.03.2013
Revenue												
External Sales and Services (Gross)	4,66,91,81,216	5,44,61,76,801	2,61,81,52,963	2,52,61,99,697	87,73,28,816	88,87,95,820	61,29,715	81,30,290	45,50,377	35,37,875	8,17,53,43,087	8,87,28,40,483
Less: Excise duty recovered	(5,78,85,064)	(8,72,69,732)	(17,47,41,364)	(20,15,42,635)	(1,25,26,771)	(1,11,91,838)	-	-	-	-	(24,51,55,199)	(30,00,04,205)
External Sales and Services (Net)	4,61,12,96,152	5,35,89,07,069	2,44,34,11,599	2,32,46,57,062	86,48,00,045	87,76,03,982	61,29,715	81,30,290	45,50,377	35,37,875	7,93,01,87,888	8,57,28,36,278
Inter-segmental Sales	23,82,96,065	21,29,17,744	10,37,95,120	11,05,88,874	4,52,251	34,000	-	-	-	-	34,25,43,436	32,35,40,618
Other Income	1,01,01,477	42,46,469	1,07,43,228	33,49,952	9,59,640	2,86,687	7,34,756	38,60,289	73,59,305	1,01,90,779	2,98,98,406	2,19,34,176
Total Revenue	4,85,96,93,694	5,57,60,71,282	2,55,79,49,947	2,43,85,95,888	86,62,11,936	87,79,24,669	68,64,471	1,19,90,579	1,19,09,682	1,37,28,654	8,30,26,29,730	8,91,83,11,072
Less: Eliminations											(34,25,43,436)	(32,35,40,618)
Add : Interest Income							-	-	1,83,74,374	2,50,74,388	1,83,74,374	2,50,74,388
Total Enterprise Revenue											7,97,84,60,668	8,61,98,44,842
Result												
Segment Results	12,96,26,427	23,04,53,935	24,07,21,425	21,19,29,031	(25,91,530)	2,75,29,372	(89,21,570)	(46,07,594)	-	-	35,88,34,752	46,53,04,744
Unallocated Expenditure net of unallocated Income									(9,34,85,105)	(7,40,42,051)	(9,34,85,105)	(7,40,42,051)
Finance Cost									(13,61,35,773)	(15,62,10,399)	(13,61,35,773)	(15,62,10,399)
Interest Income									1,83,74,374	2,50,74,388	1,83,74,374	2,50,74,388
Profit before Taxation									(21,12,46,504)	(20,51,78,061)	14,75,88,248	26,01,26,682
Other Information												
Segment Assets	4,03,80,62,997	4,05,95,28,785	1,55,09,21,194	1,64,38,32,658	28,99,22,541	28,27,03,244	11,73,31,627	13,22,21,985	55,87,24,715	71,04,24,454	6,55,49,63,074	6,82,87,11,126
Segment Liabilities	2,90,57,21,113	3,20,90,90,351	85,56,44,256	92,83,80,938	14,15,16,933	18,14,23,389	1,49,38,089	1,42,25,882	1,03,68,76,560	91,24,39,331	4,95,46,96,951	5,24,55,59,891
Capital Expenditure	1,23,46,027	5,12,87,816	4,62,76,861	20,31,84,441	10,28,638	15,48,373	11,28,490	4,68,017	64,98,317	3,19,30,411	6,72,78,333	28,84,19,058
Depreciation	2,73,65,144	4,64,56,294	5,62,43,790	5,55,70,669	32,99,468	37,18,898	15,90,196	15,66,347	1,71,41,953	1,56,67,952	10,56,40,551	12,29,80,160
Non Cash Expenditure other than Depreciation	3,63,33,319	13,42,83,996	50,89,462	1,38,72,807	87,36,313	1,58,46,813	8,45,262	(3,01,136)	(94,08,824)	(2,21,15,538)	4,15,95,532	14,15,86,942

II. Information about Secondary Geographical Segments

	India		Outside India		Total	
	31.03.2014	31.03.2013	31.03.2014	31.03.2013	31.03.2014	31.03.2013
External Revenue (net)	5,94,67,70,694	6,92,12,45,895	1,98,34,17,194	1,65,15,90,383	7,93,01,87,888	8,57,28,36,278
Carrying amount of segment assets	5,17,77,59,801	5,64,37,91,043	1,37,72,03,273	1,18,49,20,083	6,55,49,63,074	6,82,87,11,126
Additions to fixed assets	6,59,47,085	26,09,13,307	13,31,248	2,75,05,751	6,72,78,333	28,84,19,058

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31st March 2014 (contd...)

III. Notes:

- (a) The Company's operations are organized into three business segments, namely:
- Engineering Division – comprising of water treatment plants, spares and services in connection with the plants.
- Chemicals – comprising of resins, water treatment chemicals, sugar chemicals and paper chemicals.
- Consumer Products – comprising of domestic water purifiers.
- (b) The Segment Revenue in the geographical segments considered for disclosure are as follows:
- Revenue within India includes sales to customers located within India and earnings in India. Revenue outside India includes sales to customers located outside India and earnings outside India.

38. RELATED PARTY DISCLOSURES (As identified by the Management):

a)	Associates	Aquanomics Systems Limited IEI Water-Tech (M) Sdn. Bhd., Malaysia * Astha Technical Services Limited Ion Exchange PSS Co. Limited, Thailand * Ion Exchange Financial Products Pvt. Limited *
b)	Joint Venture	Ion Exchange Waterleau Limited
c)	Entity having significant influence	IEI Shareholding Trusts
d)	Key Management Personnel	Mr. Rajesh Sharma - Chairman & Managing Director Mr. Dinesh Sharma - Executive Director Mr. Aankur Patni - Executive Director
e)	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	Arkepp and Associates Ion Foundation

* Associate Companies of Subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31st March 2014 (contd...)

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

Amount (in Rupees)

Nature of transaction	Parties referred to in (a) and (b) above		Parties referred to in (d), (e) and (f) above		Total	
	2013-2014	2012-2013	2013-2014	2012-2013	2013-2014	2012-2013
Sale of Goods*						
Aquanomic Systems Ltd	24,54,97,467	21,14,02,885	-	-	24,54,97,467	21,14,02,885
Ion Exchange Waterleau Ltd.	29,27,619	2,93,35,902	-	-	29,27,619	2,93,35,902
Ion Exchange PSS Co. Ltd., Thailand	2,88,87,983	1,77,81,516	-	-	2,88,87,983	1,77,81,516
Total	27,73,13,069	25,85,20,303	-	-	27,73,13,069	25,85,20,303
Management Fees						
Aquanomic Systems Ltd	45,00,000	35,00,000	-	-	45,00,000	35,00,000
Total	45,00,000	35,00,000	-	-	45,00,000	35,00,000
Rental Income						
Ion Exchange Waterleau Ltd.	6,02,250	11,95,375	-	-	6,02,250	11,95,375
Total	6,02,250	11,95,375	-	-	6,02,250	11,95,375
Interest Income on Loans and Advances						
Ion Exchange Waterleau Ltd.	72,75,500	1,40,55,589	-	-	72,75,500	1,40,55,589
Total	72,75,500	1,40,55,589	-	-	72,75,500	1,40,55,589
Services Rendered						
Aquanomic Systems Ltd	1,500	6,462	-	-	1,500	6,462
Ion Exchange Waterleau Ltd.	3,35,790	87,10,557	-	-	3,35,790	87,10,557
Astha Technical Services Ltd.	-	400,787	-	-	-	400,787
Total	3,37,290	91,17,806	-	-	3,37,290	91,17,806
Purchase of Goods/Materials						
Aquanomic Systems Ltd	1,37,66,450	2,21,45,312	-	-	1,37,66,450	2,21,45,312
Ion Exchange PSS Co Ltd, Thailand	1,95,173	-	-	-	1,95,173	-
Ion Exchange Waterleau Ltd.	91,60,843	11,73,63,815	-	-	91,60,843	11,73,63,815
Total	2,31,22,466	13,95,09,217	-	-	2,31,22,466	13,95,09,217
Services Received						
Ion Exchange Waterleau Ltd.	65,49,014	2,26,12,715	-	-	65,49,014	2,26,12,715
Astha Technical Services Ltd.	1,54,04,024	3,12,58,156	-	-	1,54,04,024	3,12,58,156
Total	2,19,53,038	5,38,70,871	-	-	2,19,53,038	5,38,70,871
Advances Given						
Ion Exchange Waterleau Ltd.	54,421	76,21,000	-	-	54,421	76,21,000
Ion Foundation	-	-	32,448	600	32,448	600
Astha Technical Services Ltd.	60,670	33,886	-	-	60,670	33,886
Total	1,15,091	76,54,886	32,448	600	1,47,539	76,55,486
Advances Repaid						
Ion Exchange Waterleau Ltd.	-	87,65,170	-	-	-	87,65,170
Ion Foundation	-	-	32,448	600	32,448	600
Astha Technical Services Ltd.	-	33,886	-	-	-	33,886
Ion Exchange Financial Products Pvt. Ltd.	1,60,000	-	-	-	1,60,000	-
Total	1,60,000	87,99,056	32,448	600	1,92,448	87,99,656

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31st March 2014 (contd...)

Amount (in Rupees)

Nature of transaction	Parties referred to in (a) and (b) above		Parties referred to in (d), (e) and (f) above		Total	
	2013-2014	2012-2013	2013-2014	2012-2013	2013-2014	2012-2013
Dividend Received						
Aquanomics Systems Ltd.	4,60,000	9,20,000	-	-	4,60,000	9,20,000
Total	4,60,000	9,20,000	-	-	4,60,000	9,20,000
Dividend Paid						
Mr. Rajesh Sharma	-	-	15,22,436	12,50,872	15,22,436	12,50,872
Mr. Dinesh Sharma	-	-	11,37,042	7,50,200	11,37,042	7,50,200
Mr. Aankur Patni	-	-	4,69,336	4,69,336	4,69,336	4,69,336
Mr. Mahabir Prasad Patni	-	-	13,87,494	9,75,408	13,87,494	9,75,408
Relatives of Key Management Personnel	-	-	3,37,690	1,71,900	3,37,690	1,71,900
Total	-	-	48,53,998	36,17,716	48,53,998	36,17,716
Sales Commission						
Arkepp and Associates	-	-	46,08,916	60,22,116	46,08,916	60,22,116
Total	-	-	46,08,916	60,22,116	46,08,916	60,22,116
Remuneration						
Mr. Rajesh Sharma	-	-	2,60,17,252	2,25,45,175	2,60,17,252	2,25,45,175
Mr. Dinesh Sharma	-	-	1,20,12,068	1,08,67,094	1,20,12,068	1,08,67,094
Mr. Aankur Patni	-	-	1,18,32,600	1,09,81,740	1,18,32,600	1,09,81,740
Total	-	-	4,98,61,920	4,43,94,009	4,98,61,920	4,43,94,009
Director Sitting Fees						
Relatives of Key Management Personnel	-	-	1,50,000	1,90,000	1,50,000	1,90,000
Total	-	-	1,50,000	1,90,000	1,50,000	1,90,000
Outstanding Advance to Supplier						
Astha Technical Services Ltd.	30,00,000	-	-	-	30,00,000	-
Total	30,00,000	-	-	-	30,00,000	-
Outstanding Loans and Advances						
Aquanomic Systems Ltd	1,864	364	-	-	1,864	364
Ion Exchange Waterleau Ltd.	5,07,74,207	10,21,54,063	-	-	5,07,74,207	10,21,54,063
Astha Technical Services Ltd.	60,670	-	-	-	60,670	-
Ion Exchange Financial Products Pvt. Ltd.**	25,55,134	27,15,134	-	-	25,55,134	27,15,134
Total	5,33,91,875	10,48,69,561	-	-	5,33,91,875	10,48,69,561
Outstanding Receivables (Net of Payable) excluding Loans and Advances						
Aquanomic Systems Ltd	7,56,38,461	9,15,56,213	-	-	7,56,38,461	9,15,56,213
IEI Water-Tech (M) Sdn. Bhd., Malaysia	23,36,360	21,32,034	-	-	23,36,360	21,32,034
Ion Exchange PSS Co. Ltd., Thailand	2,95,42,043	1,30,23,228	-	-	2,95,42,043	1,30,23,228
Astha Technical Services Ltd.	-	4,49,375	-	-	-	4,49,375
Total	10,75,16,864	10,71,60,850	-	-	10,75,16,864	10,71,60,850

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31st March 2014 (contd...)

Amount (in Rupees)

Nature of transaction	Parties referred to in (a) and (b) above		Parties referred to in (d), (e) and (f) above		Total	
	2013-2014	2012-2013	2013-2014	2012-2013	2013-2014	2012-2013
Outstanding Payables (Net of Receivable) excluding Loans and Advances						
Ion Exchange Waterleau Ltd.	51,95,392	4,73,53,307	-	-	51,95,392	4,73,53,307
Arkepp & Associates	-	-	44,82,999	-	4,482,999	-
Astha Technical Services Ltd.	30,56,407	-	-	-	30,56,407	-
Total	82,51,799	4,73,53,307	44,82,999	-	1,27,34,798	4,73,53,307
Investment in Equity Shares						
Aquanomics Systems Ltd.	46,00,000	46,00,000	-	-	46,00,000	46,00,000
Astha Technical Services Ltd.	22,83,800	22,83,800	-	-	22,83,800	22,83,800
Ion Exchange Waterleau Ltd.	2,49,95,000	2,49,95,000	-	-	2,49,95,000	2,49,95,000
Ion Exchange Financial Products Pvt. Ltd.	24,500	24,500	-	-	24,500	24,500
Ion Exchange PSS Co .Ltd. ,Thailand	16,71,129	16,71,129	-	-	16,71,129	16,71,129
Ion Foundation	-	-	10,000	10,000	10,000	10,000
Total	3,35,74,429	3,35,74,429	10,000	10,000	3,35,84,429	3,35,84,429
Corporate Guarantees Given						
Aquanomics Systems Ltd.	-	4,00,00,000	-	-	-	4,00,00,000
Ion Exchange PSS Co .Ltd. ,Thailand	-	5,55,60,000	-	-	-	5,55,60,000
Total	-	9,55,60,000	-	-	-	9,55,60,000
Corporate Guarantees Discharged						
Ion Exchange Waterleau Ltd.	3,00,00,000	-	-	-	3,00,00,000	-
Total	3,00,00,000	-	-	-	3,00,00,000	-
Corporate Guarantees (Outstanding)						
Aquanomics Systems Ltd.	11,00,00,000	11,00,00,000	-	-	11,00,00,000	11,00,00,000
Ion Exchange PSS Co. Ltd., Thailand	5,50,50,000	5,55,60,000	-	-	5,50,50,000	5,55,60,000
Ion Exchange Waterleau Ltd.	5,00,00,000	8,00,00,000	-	-	5,00,00,000	8,00,00,000
Total	21,50,50,000	24,55,60,000	-	-	21,50,50,000	24,55,60,000

* Gross Sales amount has been considered.

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

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

Amount (in Rupees)

Name of the Related Party	Outstanding Receivable		Loan given during the year		Loans repaid during the year		Dividend paid during the year	
	2013-2014	2012-2013	2013-2014	2012-2013	2013-2014	2012-2013	2013-2014	2012-2013
IEI Shareholding Trusts	22,27,46,000	22,68,53,000	-	-	41,13,000	41,00,000	53,25,828	53,25,828

III. Stock Options granted and outstanding to Key Management Personnel during the year: Nil (2012-2013: Nil).

Investment made by the borrower in the shares of the Company

Name of the Related Party	No. of shares as at	
	31st March 2014	31st March 2013
IEI Shareholding Trusts	26,62,914	26,62,914

39. In early 90s, the Company had given loans to Employees' IEI Shareholding Trusts. The amount outstanding as at 31st March 2014 is Rs. 22,27,46,000 (2012-2013: Rs. 22,68,53,000). The Company has carried out valuation of the assets held by the Trusts. Considering the valuation, book value of the corpus of the Trusts as on the Balance Sheet date and future opportunities, the Management does not anticipate any ultimate loss arising out of these loans.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31st March 2014 (contd...)

40. The Company has an investment of Rs. 54,70,000 (2012-2013: Rs. 54,70,000) in Equity Shares and 15,00,000 (2012-2013: 15,00,000) 7% Secured Redeemable Non-Convertible Debentures of Rs. 100 each fully paid up, in Ion Exchange Enviro Farms Limited (IEEFL), a subsidiary company, as at 31st March 2014 and it has also granted Loans and Advances aggregating Rs. 10,86,84,680 (2012-2013: Rs. 8,63,80,524) as at 31st March 2014 to IEEFL. As at 31st March 2014, the accumulated losses of IEEFL have substantially exceeded its paid-up share capital.

IEEFL has undertaken various cost reduction programs and it expects better returns in the coming years from its organic farming activities, bio-pesticides and bio-fertilizers marketing. Moreover, IEEFL has adequate assets in the form of developed and undeveloped land and the redeemable non-convertible debentures are secured by way of mortgage of office premises.

Also the company 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 company'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.

The reply from SEBI is awaited and hence presently the company is unable to ascertain the exact liabilities that may arise, if any, for refund of monies to the investors with return and to wind up the scheme.

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

41. Maintenance expenses recoverable represent expenses incurred on farms sold under the scheme. As per the terms of agreement, these expenses are allowed to be carried forward and recovered from future income generated through intercrops and main crops.

However, having regard to various factors such as climatic conditions and matter stated in Note 40 above, the recoverability of Maintenance Expenses is subject to significant uncertainties.

The Management expects improved future returns from main crop / land sales to offset these dues and hence no provision is considered necessary for the balance as at the year-end of Rs. 3,73,48,676 (2012-2013 : Rs. 3,74,04,913).

42. Other loans and advances includes Security Deposit of Rs. 2,56,97,178 (2012-2013 : Rs. 2,56,97,178) paid by IEEFL for acquiring agricultural land, inclusive of stamp duty and registration charges, which are unsold as at 31st March 2014. IEEFL has conducted valuation of land and accordingly, provision of Rs. 55,82,922 (2012-2013 : Rs. 55,82,922) has been made as at 31st March 2014.
43. Other loans and advances includes repurchase advance of Rs. 3,42,99,239 (2012-2013 : Rs. 3,36,48,239) paid by IEEFL to investors for repurchase of agricultural land sold to them in earlier years, at prices announced by IEFL from time to time. These amounts are paid to investors on their execution of an irrevocable Power of Attorney in favor of IEEFL's nominees for sale thereof at future date.
44. Capital expenditure incurred on Research and Development during the year is Rs. 29,39,424 (2012-2013: Rs. 78,87,174). Revenue expenditure of Rs. 4,02,22,666 (2012-2013:Rs. 3,82,38,914) incurred on Research and Development has been expensed to the statement of profit and loss under various expense heads

45. LEASE**A. Operating Lease**Group as lessee:

The Company has entered into lease agreements for certain items of plants and machineries and office premises. The lease agreement is for 3 to 5 years. There are no restrictions placed upon the company by entering into this lease.

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

	31st March 2014 Rupees	31st March 2013 Rupees
Within one year	1,99,58,136	41,01,187
After one year but not more than five years	4,46,16,014	57,41,900
More than five years	Nil	78,63,387

Group as lessor:

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31st March 2014 (contd...)

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

	31st March 2014 Rupees	31st March 2013 Rupees
Within one year	90,17,244	96,000
After one year but not more than five years	3,62,27,025	88,000

B. Finance Lease

Office equipment's includes data processing equipments obtained on finance lease. The lease term is between 3 & 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 2014 Rupees	31st March 2013 Rupees
Total minimum lease payments at the year end	70,19,640	34,56,013
Less : Amount representing finance charges	8,11,169	2,49,635
Present value of minimum lease payments (Rate of interest: 4.95% p.a. to 6.8% p.a.)	62,08,471	32,06,378
Minimum lease payments :		
Not later than one year [Present value Rs.58,67,835 as on 31.03.2014 (Rs. 62,08,471 as on 31.03.2013)]	70,19,640	70,19,640
Later than one year but not later than five years [Present value Rs. 60,59,040 as on 31.03.2014 (Rs. 1,19,26,590 as on 31.03.2013)]	76,50,915	1,46,70,555

46. CAPITAL AND OTHER COMMITMENTS

Estimated amount of contracts (net of advances) remaining to be executed on Capital Account not provided for is Rs. 1,45,85,400 (2012-2013: Rs. 1,92,08,722).

47. CONTINGENT LIABILITIES

Contingent Liabilities not provided for:

- (a) Guarantee given by the Group on behalf of :
 - i) Associates – Rs. 16,50,50,000 (2012-2013 : Rs. 16,55,60,000)
 - ii) Joint Venture – Rs. 5,00,00,000 (2012-2013 : Rs. 8,00,00,000)
 - iii) Others – Rs. 4,77,19,155 (2012-2013 : Rs. 13,30,94,110)
- (b) Demand raised by authorities against which the Company has filed an appeal.
 - i) Income Tax – Rs.NIL (2012-2013 : Rs. 63,13,907)
 - ii) Excise Duty – Rs. 16,78,600 (2012-2013 : Rs. 16,78,600)
 - iii) Service Tax – Rs. 5,61,092 (2012-2013 : Rs. 8,55,356)
 - iv) Customs Duty (to the extent ascertainable) – Rs. 22,58,117 (2012-2013 : Rs. 22,58,117)
- (c) Claims against the Company arising in the course of business not acknowledged as debts (to the extent ascertainable) Rs.1,79,72,673 (2012-2013 : Rs. 2,68,40,673).

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 CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31st March 2014 (contd...)**48. UNHEDGED FOREIGN CURRENCY EXPOSURE**

Particulars of Unhedged foreign currency exposure as at Balance Sheet date

Particulars	Particulars of Derivative			
	2013-2014		2012-2013	
	Amount (Rs.)	Foreign currency	Amount (Rs.)	Foreign currency
Buyer's Credit	-	-	4,41,78,278	USD 8,12,250
Import Payables	14,88,17,765	USD 22,95,758	17,55,32,619	USD 27,81,307
		Euro 47,050		Euro 2,28,250
		GBP 9,225		GBP 3,500
		AED 94,320		AED 2,36,439
		SAR 2,71,454		SAR 3,04,131
		QR 8,492		QR 8,492
Export Receivables	38,18,14,578	USD 33,82,326	31,57,96,981	USD 23,71,563
		Euro 1,52,804		Euro 1,02,868
		AED 37,80,717		AED 70,42,867
		BHD 28,367		BHD 48,117
		QR 2,11,908		QR 42,320
		GBP 6,65,498		GBP 7,07,604
		SAR 18,43,687		SAR 6,52,647
Foreign Currency Bank Account	42,15,245	USD 31,625	1,27,72,770	USD 31,632
		AED 2,19,801		AED 3,63,473
		BHD (10,952)		BHD 8,694
		Euro 5,563		Euro 63,453
Foreign Currency in hand	5,81,072	AED 33,033	3,09,109	AED 20,731
		BHD 251		BHD 13

49. During the year 47,800 (2012-2013: 17,300) equity shares were allotted to employees and directors under ESOS 2008 on 30th May 2013 and 24th July, 2013. Accordingly, dividend of Rs. 2.00 per share (20%) declared at the Annual General Meeting held on 24th September 2013 was also paid to those shareholders (book closure date being 24th September 2013).
50. Back charges represent reimbursement of costs incurred by customers on the Company's behalf in the course of contract execution.
51. During the previous year ended 31st March 2013, Ion Exchange Services Limited was amalgamated with the Ion Exchange India Ltd (the Company) with effect from 1st April 2012, pursuant to a scheme of amalgamation sanction by the High Court. Consequent to this amalgamation, during the year the company has issued 11,80,256 equity shares of Rs. 10 each against the 'Share capital suspense account' of Rs. 1,18,02,560 outstanding as at 31st March 2013.
52. Previous year figures have been regrouped / reclassified wherever necessary, to confirm to current year's classification.

As per our report of even date

For S. R. BATLIBOI & CO. LLP
Chartered Accountants
ICAI Firm registration no.: 301003E

per VIJAY MANIAR
Partner
Membership No.: 36738

Place : Mumbai
Date : 28th May 2014

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

RAJESH SHARMA
Chairman & Managing Director

M. P. PATNI
Director

MILIND PURANIK
Company Secretary

Place : Mumbai
Date : 28th May 2014

Summary of Financial Information of Subsidiary Companies under section 212 of the Companies Act, 1956.

Sr. no.	Name of the Company	Financial year / period ending on	Reporting currency	Exchange rate as at 31.03.2014	Capital	Reserves	Total Assets	Total Liabilities	Investments (excluding investment in subsidiaries)	Turnover (including Other Income)	Profit / (Loss) Before Tax	Provision for tax	Profit / (Loss) After Tax	Proposed Dividend	Country of Incorporation
1	Ion Exchange Enviro Farms Ltd.	31.03.2014	INR	1.00	69.47	(1,687.36)	1,164.67	2,782.56	-	112.98	(246.73)	-	(246.73)	-	India
2	Watercare Investments (India) Ltd.	31.03.2014	INR	1.00	178.02	(27.72)	152.13	1.83	0.13	10.33	9.80	1.95	7.85	-	India
3	Aqua Investments (India) Ltd.	31.03.2014	INR	1.00	177.02	(25.23)	153.17	1.38	4.07	12.40	3.92	1.80	2.12	-	India
4	Ion Exchange Asia Pacific Pte. Ltd.	31.03.2014	USD	60.10	887.70	(712.69)	1,830.75	1,655.74	29.45	1,210.50	30.51	-	30.51	-	Singapore
5	Ion Exchange Asia Pacific (Thailand) Ltd.	31.03.2014	THB	1.835	55.05	(138.55)	484.72	568.22	-	702.83	12.06	-	12.06	-	Thailand
6	IEI Environmental Management (M) Sdn. Bhd.	31.03.2014	MYR	18.31	45.77	(85.19)	353.04	392.46	-	459.79	(26.05)	(4.88)	(21.17)	-	Malaysia
7	Ion Exchange Environment Management (BD) Ltd.	31.03.2014	BDT	0.7579	42.34	94.58	408.64	271.72	-	668.29	34.59	13.97	20.62	-	Bangladesh
8	Ion Exchange WTS (Bangladesh) Ltd.	31.03.2014	BDT	0.7579	20.82	(24.70)	0.02	3.90	-	-	(0.14)	-	(0.14)	-	Bangladesh
9	Ion Exchange LLC	31.03.2014	USD	60.10	420.70	(788.88)	872.25	1,240.43	-	1,708.37	(190.87)	1.68	(192.55)	-	USA
10	Ion Exchange & Company LLC	31.03.2014	OMR	154.809	464.43	349.76	1,959.66	1,145.47	-	2,118.98	42.63	-	42.63	-	Oman
11	Ion Exchange Infrastructure Ltd.	31.03.2014	INR	1.00	410.00	617.05	2,735.13	1,708.08	9.84	1,502.59	(107.60)	(10.69)	(96.91)	-	India
12	Ion Exchange Projects and Engineering Ltd.	31.03.2014	INR	1.00	1,000.00	(517.54)	9,954.40	9,471.94	-	6,291.48	(450.20)	-	(450.20)	-	India
13	Global Composite & Structural Ltd.	31.03.2014	INR	1.00	283.00	(624.86)	2,572.19	2,914.05	5.00	1,560.18	(557.24)	(71.36)	(485.88)	-	India
14	Total Water Management Services (India) Ltd.	31.03.2014	INR	1.00	5.00	3.37	12.50	4.13	-	11.73	4.26	0.91	3.35	-	India
15	Ion Exchange Safic Pty. Ltd.	31.03.2014	ZAR	5.646	56.46	(139.47)	127.94	210.95	-	291.35	(85.02)	(23.81)	(61.21)	-	South Africa
16	Ion Exchange Purified Drinking Water Pvt. Ltd. *	31.03.2014	INR	1.00	1.00	(0.64)	5.64	5.28	-	-	(0.77)	(0.13)	(0.64)	-	India

* Subsidiary w.e.f. 25th September 2013

Note :

The annual accounts of the above Subsidiary Companies and the related detailed information will be made available to the Holding and Subsidiary Company investors seeking such information at any point of time. The annual accounts of the Subsidiary Companies are also open for inspection by any investor at the Company's Registered Office and at the Registered Office of the respective Subsidiary Companies.

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[Signature]

*Valid up to 31.03.2015

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(Iron Remover)



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Softener



NGMA
(Carbon Filter)



NGMF
(Sand Filter)



Auto
Softener

Zero B Water Purifier



Zero B Suraksha



Zero B Suraksha Plus Pro



Zero B Solar

Ion Exchange (India) Ltd., Ion House, 4th Floor, Dr. E. Moses Road, Mahalaxmi, Mumbai - 400 011. Ph: 3913 2222 / 2207 / 3047 2042
www.zerobonline.com • zerob@ionexchange.co.in • SMS ZEROB to 54242 or 53030

ECS MANDATE FORM

M/s. TSR Darashaw Pvt. Ltd.
Unit: ION EXCHANGE (INDIA) LTD.
6-10, Haji Moosa Patrawala Industrial Estate,
20, Dr. E. Moses Road, Mahalaxmi,
Mumbai - 400 011

Dear Sir,

I/We hereby authorise you to make payments directly to the bank account given below in respect of my/our holdings in ION EXCHANGE (INDIA) LTD.:

1. Name of the Sole/First holder Mr./Mrs./Ms. _____
Name of the Joint holder (if any) Mr./Mrs./Ms. _____
2. Folio No. _____
3. No. of Shares _____
4. Name of the Bank, branch, and address _____

5. Account No. _____
6. Type of Account
(Current/Savings/Others) _____
7. Ledger Folio No. of the A/c
(as in cheque book) _____
8. Nine digit code of the Bank
(Please enclose copy of blank
cancelled cheque) _____

I/We hereby declare that the particulars furnished above are correct. If for reason due to incorrect or incomplete information credit is not effected, I/We would not hold the Company responsible.

Date:

(Signature of Sole/First holder)

(Signature of Joint holder)

Certificate of Shareholder's Bank

(To be given only if photocopy of blank cancelled cheque is not enclosed)
Certified that the particulars furnished above are correct as per our records.

Date:
Stamp:

(Signature of Authorised official of the bank)



Refreshing the Planet
Ion Exchange (India) Limited
CIN: L74999MH1964PLC014258

Registered Office : Ion House, Dr. E. Moses Road, Mahalaxmi, Mumbai 400 011.

ATTENDANCE SLIP

(To be handed over at the entrance of the Meeting Venue)

50th Annual General Meeting on Friday, 26th September, 2014 at 11.00 a.m.

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

Regd. Folio No. _____ DP ID _____ Client ID _____ No. of Shares held _____

Name of the attending Member (in BLOCK letters) _____ Signature _____

Name of Proxy (in BLOCK letters) _____ Signature _____

Notes:

- Interested Joint Shareholders may obtain attendance slips from the Registered Office of the Company.
- Shareholders/Joint Shareholders and Proxy are requested to bring the attendance slip with them. Duplicate slips will not be issued at the entrance of the meeting venue.



Refreshing the Planet
Ion Exchange (India) Limited
CIN: L74999MH1964PLC014258

Registered Office : Ion House, Dr. E. Moses Road, Mahalaxmi, Mumbai 400 011.

PROXY FORM

[Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014]

Name of the member(s)	:	
Registered Address	:	
E- mail Id	:	
Folio No./ Client ID	:	
DP ID	:	

I/We, being the member (s) of shares of Ion Exchange (India) Limited, hereby appoint

- Name : E-mail Id :
Address :
or failing him Signature :
- Name : E-mail Id :
Address :
or failing him Signature :
- Name : E-mail Id :
Address :
Signature :

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 50th Annual General Meeting of the company, to be held on the 26th day of September 2014 at 11.00 a.m. at Ravindra Natya Mandir, P.L. Deshpande Maharashtra Kala Academy, Near Siddhivinayak Temple, Sayani Road, Prabhadevi, Mumbai – 400 025 and at any adjournment thereof in respect of such resolutions as are indicated below:

- Adoption of Balance Sheet, Statement of Profit & Loss, Report of the Board of Directors and Auditors for the financial year ended March 31, 2014.
- Approval of Dividend.
- Appointment of Mr. M.P. Patni who retires by rotation and being eligible, offers himself for re-appointment.
- Appointment of M/s. S.R.Batliloi & Co. LLP as Statutory Auditors.
- Appointment of M/s. Charantimath Associates as Branch Auditors.
- Appointment of Dr. V. N. Gupchup as an Independent Director of the Company.
- Appointment of Mr. T.M.M.Nambiar as an Independent Director of the Company.
- Appointment of Mr. P. SampathKumar as an Independent Director of the Company.
- Appointment of Mr. Abhiram Seth as an Independent Director of the Company.
- Appointment of Mr. Shishir Tamotia as an Independent Director of the Company.
- Appointment of Mrs. Kishori Udeshi as an Independent Director of the Company.
- Re-appointment of Mr. Rajesh Sharma as Chairman & Managing Director.
- Re-appointment of Mr. Dinesh Sharma as an Executive Director.
- Re-appointment of Mr. Aankur Patni as an Executive Director.
- Authority to Board to create charge / mortgage / hypothecation under section 180 (1) (a) of the Companies Act, 2013.
- Authority to Board to borrow money under Section 180(1)(c) of the Companies Act, 2013.
- Appointment of Cost Auditor & fix their remuneration.

Signed this day of 20....

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.

Affix
Revenue
stamp

NOTES

10 Years at a Glance

Rs. in Lacs

	2013-14	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05
Turnover (including Other Income) *	74,365	80,078	68,274	59,975	51,840	45,474	50,979	44,486	32,457	26,105
Profit Before Tax	3,140	3,248	2,562	1,940	1,021	374	1,567	1,033	703	501
Tax (including Deferred Tax)	1,088	1,099	807	727	360	118	335	337	74	21
Fringe Benefit Tax	-	-	-	-	-	112	167	98	124	-
Profit After Tax	2,052	2,149	1,755	1,213	661	144	1,065	598	505	480
Dividend **	341	339	316	322	223	149	307	211	131	127
Dividend (%)	20%	20%	20%	20%	15%	10%	20%	15%	10%	10%
Retained Earnings	1,711	1,810	1,439	891	438	(5)	758	387	374	353
Share Capital ***	1,453	1,448	1,356	1,343	1,273	1,269	1,266	1,199	1,141	1,113
Reserves & Surplus ****	18,626	16,938	14,857	13,381	12,166	11,581	11,409	10,199	9,582	9,168

* Turnover is inclusive of excise.

** Includes tax on dividend, if any.

*** Including Share capital suspense account, if any.

**** Excluding Revaluation reserve

A rich legacy continues....



1998 Consumer product manufacturing starts at Goa - Zero B

2000 G. S. Ranganathan hands over the baton to Rajesh Sharma



2002 Launched the water vending stations

2003 First package drinking water plant was commissioned for Indian Railways - Rail Neer and Inauguration of Polymer plant at Patancheru



2004 Set-up subsidiary in Bangladesh

2006 Onwards Ion Exchange wins numerous awards



2006 Joint venture set-up in Oman and started O&M operations

2007 Manufacturing set-up in Hamriyah, UAE



2008 Started operations in USA. Integrated turnkey solutions at General Motors, Pune; JSW Steel, Bellary

2010 Largest reverse osmosis based sea water desalination plant in the industrial sector was commissioned for Chennai Petroleum Corporation Limited



2011 Awarded turnkey contract for effluent treatment plant for Maruti Suzuki's Greenfield project at Manesar

2012 Joint venture in South Africa



ION EXCHANGE PSS

2013 Joint venture in Thailand
Obtained the US Water Quality Association's Gold Seal Certification for ion exchange resins used in drinking water and food & beverage applications



Commissioned US FDA compliant pharmaceutical grade resins facility at Ankleshwar

2014
First Zero Liquid Discharge project in the downstream petrochemical segment for Indian Synthetic Rubber Limited





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Website: www.ionindia.com